

PT MITRA NIAGA MULIA

Financial Statements

For the year ended
March 31, 2017

CONTENT

	<u>Pages</u>
Independent Auditors' Report	
Director's Statement	
Statements of Financial Position	1
Statements of Profit or Loss and Other Comprehensive Income	2
Statements of Changes in Equity	3
Statements of Cash Flow	4
Notes to the Financial Statements	5-20

INDEPENDENT AUDITORS' REPORT

Ref. : R-037/MNM-KPS/SYM05/IV/2017

The Shareholders, Boards of Commissioners and Directors

PT Mitra Niaga Mulia

We have audited the accompanying financial statements of PT Mitra Niaga Mulia(the Company)", which comprise the statement of financial position as of 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



Syamsudin
NRAP.0209

25 April 2017



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

We, the undersigned :

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

declare that :

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

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 25 April 2017

Mr. Dani Daksinaputra
Director

PT MITRA NIAGA MULIA
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalents	3a, 3b, 4	5,774,424,800	1,899,011,951
Sundry debtors	3c, 5	-	459,880,507
Inventories	6	11,231,663,248	34,394,125,656
Prepaid and Advances	7	15,653,642,522	9,069,423,706
Total Current Assets		32,659,730,570	45,822,441,820
Non Current Assets			
Investment	3i.1(i), 9	100,000,000	100,000,000
Deposits	10	7,304,538,353	10,029,954,378
Exploration and evaluation assets	3e, 11	126,540,439,671	141,926,313,244
Deferred tax assets	3k, 15c	10,984,866,542	31,454,008,257
Fixed assets - net	3f, 8	6,383,311,505	9,760,119,783
Other assets	12	6,198,571,411	3,078,402,751
Total Non Current Assets		157,511,727,482	196,348,798,413
TOTAL ASSETS		190,171,458,052	242,171,240,233
LIABILITIES AND EQUITY			
LIABILITIES			
Short Term Liabilities			
Sundry creditors	3h, 13	19,207,961,817	17,310,225,402
Provisions	14	-	71,318,119,876
Taxes payables	3k, 15a	9,202,768,126	238,908,900
Other payables	16	158,363,245,902	306,780,626,550
Total Short Term Liabilities		186,773,975,845	395,647,880,728
Long Term Liabilities			
Unsecured loans	17	-	3,095,832,691
Provision for retirement benefits	18	2,423,879,092	1,974,034,818
Total Long Term Liabilities		2,423,879,092	5,069,867,509
TOTAL LIABILITIES		189,197,854,937	400,717,748,237
EQUITY			
Authorized capital - 2,000 shares			
<i>Rp1,000,000 par value per share</i>			
Share capital - 875 shares			
<i>subscribed and fully paid up</i>	19	875,000,000	875,000,000
Accumulated profit (loss)		2,186,655,688	(157,988,193,536)
Other comprehensive income		(2,088,052,573)	(1,433,314,468)
TOTAL EQUITY		973,603,115	(158,546,508,004)
TOTAL LIABILITIES AND EQUITY		190,171,458,052	242,171,240,233

PT MITRA NIAGA MULIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
SALES	20	365,330,522,887	391,069,658,307
COST OF SALES	21	(143,544,831,476)	(364,705,176,095)
GROSS PROFIT (LOSS)		221,785,691,411	26,364,482,212
INDIRECT EXPENSES	22	(31,601,142,524)	(28,237,292,573)
OPERATING INCOME (EXPENSES)		190,184,548,887	(1,872,810,361)
OTHER INCOME (LOSS)	23		
Other Income		1,105,539,051	4,824,129,880
Other Expenses		(1,534,113,433)	(3,067,070,493)
OTHER INCOME (EXPENSES)		(428,574,382)	1,757,059,387
PROFIT/(LOSS)		189,755,974,505	(115,750,974)
TAX INCOME			
Tax Expense		(8,893,737,531)	-
Deferred tax	15c	(20,687,387,750)	(11,969,759,628)
		(29,581,125,281)	(11,969,759,628)
PROFIT/(LOSS) FOR THE YEAR		160,174,849,224	(12,085,510,602)
OTHER COMPREHENSIVE INCOME (EXPENSES)			
Actuarial Losses		(872,984,140)	(857,654,603)
Related Income Tax		218,246,035	214,413,651
		(654,738,105)	(643,240,952)
TOTAL COMPREHENSIVE INCOME/(LOSS)		159,520,111,119	(12,728,751,554)

PT MITRA NIAGA MULIA
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Share capital	Other Comprehensive Income	Accumulated loss	Total
Balance as of 1 April 2015	875,000,000	(790,073,516)	(145,902,682,934)	(145,817,756,449)
Total profit or loss and other comprehensive income for the year	-	(643,240,952)	(12,085,510,602)	(12,728,751,554)
Balance as of 31 March 2016	<u>875,000,000</u>	<u>(1,433,314,468)</u>	<u>(157,988,193,536)</u>	<u>(158,546,508,004)</u>
Total profit or loss and other comprehensive income for the year	-	(654,738,105)	160,174,849,224	159,520,111,119
Balance as of March 31, 2017	<u>875,000,000</u>	<u>(2,088,052,573)</u>	<u>2,186,655,688</u>	<u>973,603,115</u>

PT MITRA NIAGA MULIA
STATEMENTS OF CASH FLOW
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	2017	2016
Cash flows from operating activities		
Profit/(loss) before income tax	189,755,974,505	(115,750,974)
<i>Add items not affecting operating cash flows</i>		
Comprehensive income	(654,738,105)	(643,240,952)
Depreciation	3,376,808,278	15,379,163,141
Exploration and evaluation assets	15,385,873,573	11,957,163,604
Provision for retirement benefits	449,844,274	(423,505,485)
Profit (Loss) fixed asset sale	(463,634,286)	(3,666,339,810)
Operating cash flows before changes in working capital	207,850,128,239	22,487,489,524
Changes in working capital		
Prepaid and advances	(5,744,075,662)	(8,868,244,167)
Sundry debtor	459,880,507	(459,880,507)
Inventories	23,162,462,408	9,409,335,828
Deposits	2,725,416,025	(14,812,049)
Other assets	-	-
Sundry creditors	1,897,736,415	(38,507,129,159)
Provision	(71,318,119,876)	65,271,679,233
Taxes	(4,108,436,154)	(1,052,076,666)
Other payables	(67,605,611,656)	(5,824,153,613)
Net changes in working capital	(120,530,747,993)	19,954,718,901
Net cash flows provided from (used in) operating activities	87,319,380,246	42,442,208,424
Cash flows from investing activities		
Acquisition of Fixed assets	-	(929,500,000)
Disposal of Fixed assets	463,634,286	4,300,970,161
Net cash flows used in investing activities	463,634,286	3,371,470,161
Cash flows from financing activities		
Advance Adani Global Pte	(80,811,768,992)	(38,552,275,160)
Unsecured loans	(3,095,832,691)	(5,736,025,600)
Net cash flows provided from financing activities	(83,907,601,683)	(44,288,300,760)
Net increase/(decrease) in cash and cash equivalents	3,875,412,849	1,525,377,825
Cash and cash equivalents at the beginning of the year	1,899,011,951	373,634,126
Cash and cash equivalents at the end of the year	5,774,424,800	1,899,011,951

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and General Information

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

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

The Company's Articles of Association has been amended several times and the latest changes was under the notarial deed No. 10 of Rohana Frieta S.H., public Notary in Jakarta, dated Sept 28, 2015, regarding the change in the composition of Shareholders. The change has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-AH.01.03-0969207, dated Oct 2, 2015.

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

b. Board of Commissioners and Directors, and Employees

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

		<u>2017</u>	<u>2016</u>
Commissioner			
Commissioner	:	Ms. Prosidawaty Malemta	Ms. Prosidawaty Malemta
Director			
President Director	:	Mr. Abdi Khalik Ginting	Mr. Abdi Khalik Ginting
Director	:	Mr. Dani Daksinaputra	Mr. Dani Daksinaputra

As on March 31, 2017 and 2016, the Company had total of 57 and 67 employees.

The Company's management has completed and agreed to issue the financial statements for the period ended March 31, 2017 on April 25, 2017.

2. ACCOUNTING STANDARDS APPLIED

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

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

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of financial statements

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

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

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

According to the Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2015) "Presentation of Financial Statement" are applicable for financial statements covering periods beginning on or after January 1, 2011. The Company has adopted Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2009) and there is no impact on the Company to make restatement or reclassification.

b. Functional currency

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

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

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

	<u>2017</u>	<u>2016</u>
US Dollar (USD) 1	Rp 13,322	Rp 13,276

c. Sundry debtors

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

d. Inventories

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

e. Exploration and evaluation assets

The Company adopted SFAS No. 64 (Revised 2011) , " Exploration for and Evaluation of Mineral Resources " . SFAS No. 64 (Revised 2011) provides that an entity is required to determine the accounting policies that specify on expenditures are recognized as exploration and evaluation assets and apply the policy consistently .

The Company determined that all costs associated with exploration activities , acquisitions , and asset evaluation coal sources , including overhead costs that are directly related and interest expenses directly related to exploration and evaluation of coal are capitalized as exploration assets and evaluation of intangibles. Exploration and evaluation assets are amortized for 10 years .

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Exploration and evaluation assets (continued)

Cash flows related to capitalized exploration and evaluation costs are classified as cash flows from investing activities in the statement of cash flows, while the cash flows associated with the exploration and evaluation costs are expensed and classified as cash flows from operating activities.

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 accumulated impairment losses.

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

	Years
Plant & Machinery	10
Mining Equipment	5
Vehicles	5
Misc. Site Equipment	4
Computer	4

g. Related party transactions

The Company has entered into transactions with certain related parties as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Related Party Disclosures". Compensation to the key person during 2017 amounting Rp240,149,920.

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

h. Sundry creditors

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

i. Financial assets and liabilities

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

1) Financial Asset

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (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.

i. Financial assets and liabilities

1) Financial Asset

- (iii) Financial assets held to maturity

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

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

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

- (iv) Financial assets available for sale

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

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

2) Financial liabilities

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

j. Fair value estimation

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

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

k. Taxation

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

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

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

l. Revenue and expenses recognition

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

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

m. Adoption of New Accounting Standards

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

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

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

For the years ended March 31, 2017

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

	2017	2016
Cash on hand	-	-
Bank IDR		
BPD Kaltim	922,314,708	545,408,195
PT Bank Mandiri (Persero) Tbk Bunyu	23,739,480	31,294,995
PT Bank Mandiri (Persero) Tbk Jakarta	5,718,021	217,090,921
Subtotal	951,772,209	793,794,111
Bank USD		
PT Bank Mandiri (Persero) Tbk - (in 2017 USD225,639.22 and 2016 USD 38,795.80)	3,005,965,689	515,053,041
Standard Chartered (in 2017 USD122,801.31 and 2016 USD 30,910.27)	1,635,959,052	410,364,745
State Bank of India (in 2017 USD 13,566.12 and 2016 USD 13,543.24)	180,727,850	179,800,054
Subtotal	4,822,652,591	1,105,217,840
Total bank	5,774,424,800	1,899,011,951
Total cash and cash equivalents	5,774,424,800	1,899,011,951

5. SUNDRY DEBTOR

	2017	2016
Adani Global Pte. Ltd.	-	459,880,507
	-	459,880,507
The aging analysis of sundry debtor is as follows :		
< 90 days	-	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.

6. INVENTORIES

	2017	2016
Coal stock (in 2017 41,251 MT and 2016 303,085 MT)	10,817,696,788	32,184,896,117
Fuel	295,593,501	2,134,856,580
Sparepart	118,372,959	74,372,959
	11,231,663,248	34,394,125,656

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

6. INVENTORIES (Continued)

As of March 31, 2017, inventory of crushed coal is covered by insurance with a total sum insured amounting to USD 2,500,000. Based on Management's opinion, the insurance is adequate to cover possible losses.

As of March 2017 and 2016, Inventory stock quantity as follows:

	Closing Stock Working	
	2017	2016
	(in MT)	(in MT)
Opening Stock	303,085	214,379
ROM Production	1,215,896	2,025,474
Less : Coal Sales	(1,477,730)	(1,936,768)
Closing Stock (ROM + Crushed Coal)	41,251	303,085
	(in BCM)	(in BCM)
Over burden removed	2,826,467	4,225,525

7. PREPAID AND ADVANCES

	2017	2016
Advance supplier	14,760,138,806	8,937,886,415
Prepaid expense	840,143,154	59,297,484
Advance staff	53,360,562	72,239,807
	15,653,642,522	9,069,423,706

8. FIXED ASSETS

Balance and movement of fixed assets for the year ended March 31, 2017:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition cost:					
Mining equipment	170,061,765,275	-	8,136,418,323	-	161,925,346,952
Plant & machinery	8,176,676,132	-	-	-	8,176,676,132
Vehicles	1,666,133,334	-	45,100,000	-	1,621,033,334
Computer	12,990,000	-	-	-	12,990,000
Total Acquisition cost	179,917,564,741	-	8,181,518,323	-	171,736,046,418
Accumulated depreciation:					
Mining equipment	163,384,094,193	2,629,820,600	8,136,418,323	-	157,877,496,470
Plant & machinery	5,094,227,431	746,987,678	-	-	5,841,215,109
Vehicles	1,666,133,334	-	45,100,000	-	1,621,033,334
Computer	12,990,000	-	-	-	12,990,000
Total Accumulated depreciation	170,157,444,958	3,376,808,278	8,181,518,323	-	165,352,734,913
Net book value	9,760,119,783				6,383,311,505

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

8. FIXED ASSETS (Continued)

As of March 31, 2017, all assets are covered by insurance under the blanket policies with a total sum insured amounting to USD 13,441,750. Based on Management's opinion, there are no impairment of assets and the insurance adequate to cover possible losses. There are no asset as guarantee.

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

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

As of March 31, 2016, all assets are covered by insurance under the blanket policies with a total sum insured amounting to USD17,852,000. Based on Management's opinion, there are no impairment of assets and the insurance adequate to cover possible losses. There are no asset as guarantee.

9. INVESTMENT

	2017	2016
Shares capital investment in PT Coalindo Energy	<u>100,000,000</u>	<u>100,000,000</u>
	<u>100,000,000</u>	<u>100,000,000</u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

10. DEPOSITS

	2017	2016
Statutory Deposits	7,304,538,353	10,029,954,378
Statutory Deposits include year-wise reclamation deposit as follow:		
in 2011	537,770,375	537,770,375
in 2012	1,027,653,256	1,027,653,256
in 2013	1,865,346,161	1,865,346,161
in 2014	2,350,487,914	2,350,487,914
in 2015	1,523,280,647	1,523,280,647
	7,304,538,353	7,304,538,353

11. EXPLORATION AND EVALUATION ASSETS

Balance and movement of exploration and evaluation assets for the year ended March 31, 2017:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
<u>Acquisition cost:</u>					
Land compensation	66,754,533,105	-	-	-	66,754,533,105
Misc. expense asset	99,082,753,507	-	-	-	99,082,753,507
Total Acquisition Cost	165,837,286,612	-	-	-	165,837,286,612
<u>Accumulated amortization</u>					
Land compensation	4,094,422,666	5,477,598,201	-	-	9,572,020,867
Misc. expense asset	19,816,550,702	9,908,275,372	-	-	29,724,826,074
	23,910,973,368	15,385,873,573	-	-	39,296,846,941
Net book value	141,926,313,244				126,540,439,671

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

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

As the company has started commercial production, management has decided to amortize miscellaneous expenses asset over 10 years.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2017
(Expressed in Rupiah, unless otherwise stated)

12. OTHER ASSETS

	2017	2016
Other assets	6,198,571,411	3,078,402,751
Other assets represent income tax - article 28a		

13. SUNDRY CREDITORS

	2017	2016
Related parties		
Sundry creditor - Group Company	1,717,559,700	-
Third party		
Sundry creditor	17,490,402,117	17,310,225,402
	19,207,961,817	17,310,225,402

14. PROVISIONS

	2017	2016
Provision for expenses payable	-	71,318,119,876
	-	71,318,119,876
Provision for expenses payables is expenses for the solar and consultant.		

15. TAXATION

a. Taxes payable

	2017	2016
Income tax - Article 29	8,893,737,531	-
Income tax - Article 23	208,034,065	145,852,077
Income tax - Article 21	100,996,530	75,360,409
Income tax - Article 15	-	17,696,414
Total	9,202,768,126	238,908,900

b. Tax income/(expense)

	2017	2016
Deferred tax Assets	(20,687,387,750)	(11,969,759,628)
Total	(20,687,387,750)	(11,969,759,628)

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

For the years ended March 31, 2017

*(Expressed in Rupiah, unless otherwise stated)***16. OTHER PAYABLES**

	2017	2016
Salaries payable	97,179,997	8,782,629
Interest payable	-	71,604,252,391
BPJS Kesehatan	-	11,153,900
Other	158,266,065,905	235,156,437,630
	158,363,245,902	306,780,626,550

Other payable include receipt from Adani Global Pte. as advance amounting in 2017 USD 11,586,279.91 and 2016 USD 17,713,482.22 for coal purchase.

17. UNSECURED LOANS

As of March 31, 2017 and 2016 the balance of this account is follows:

	2017	2016
PT Adani Global	-	3,095,832,691
	-	3,095,832,691

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.

In 2017, the company has fully repaid unsecured loan.

18. PROVISION FOR POST EMPLOYMENT BENEFITS

The Company provides provision for employee benefits based on Law of Manpower No. 13 of 2003. The estimated liability for employee benefits as of March 31, 2017 and 2016 amounted to Rp2,423,879,092 and Rp1,974,034,818. As of March 31, 2017, 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:

	2017	2016
Salary increase rate	7%	7%
Discount rate	8.13%	7.61%
Mortality rate	TMI-III in 2011	TMI-III in 2011

Provision for Post Employment Benefits are as follows:

	2017	2016
Present Value of Defined Benefit Obligation	2,423,879,092	1,974,034,818
Fair Value of Plan Assets	-	-
Funding Status	2,423,879,092	1,974,034,818
Assets In Balance Sheet	2,423,879,092	1,974,034,818

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

15. TAXATION (Continued)

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

	2017	2016
Profit/(loss) before income tax	188,882,990,365	(115,750,974)
<i>Temporary differences:</i>		
Depreciation of fixed assets	(13,465,792,190)	2,880,713,542
Pension retirement benefit	272,505,086	(423,505,485)
Amortization of Deferred Expenses	-	9,908,275,351
Total temporary differences:	(13,193,287,104)	12,365,483,408
<i>Permanent differences:</i>		
Income subject to final income tax	(384,228,353)	(406,129,525)
Medical insurance	315,290,700	497,067,270
Telephone expense	88,402,995	56,093,084
Taxable income before tax loss carry forward	175,709,168,603	12,396,763,263
Addition: Tax loss carry forward	(140,134,218,479)	(200,423,232,704)
Less :		
Carried forward tax loss	-	1,085,577,896
Estimated taxable profit (loss)	35,574,950,124	(174,691,159,112)

Calculation of current tax expenses and tax refundable (tax payable) are as follows:

	2017	2016
Current tax (expenses) and tax refundable	(8,893,737,531)	-
Deduct: Prepaid taxes		
Income tax art 22	-	3,078,402,751
Net tax	(8,893,737,531)	3,078,402,751

c. Deferred tax

	2017	2016
Deferred tax assets		
Tax loss	-	31,258,400,302
Pension retirement benefit	561,634,976	493,508,705
Sub total	561,634,976	31,751,909,007
Deferred tax liabilities		
Depreciation fixed Assets	10,423,231,566	4,365,303,039
Pre-operative expenses	-	(4,663,203,789)
Sub total	10,423,231,566	(297,900,750)
Deferred tax asset	10,984,866,542	31,454,008,257

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.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

18. PROVISION FOR POST EMPLOYMENT BENEFITS (continued)

	2017	2016
Assets at Beginning Period	1,974,034,818	2,397,540,303
Expense/(Revenue)	515,356,334	378,462,299
Other Comprehensive Income/Expense	872,984,140	857,654,603
Realization of Benefits Payment	(938,496,200)	(1,659,622,387)
	2,423,879,092	1,974,034,818
	2017	2016
Expenses		
Current Services Cost	354,867,303	331,913,079
Interest Cost	160,489,031	194,920,027
Increase/(Decrease) in Liabilities Transition	-	(148,370,807)
	515,356,334	378,462,299

19. SHARE CAPITAL

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

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

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

The composition of issued and paid-up shares as of March 31, 2017 and 2016 were as follows:

As of March 31, 2017 and 2016			
Shareholders	Number of Shares Issued	Percentage of Ownership	Amount
PT Lamindo Inter Multikon	656	75%	656,000,000
PT Niaga Lintas Samudra	219	25%	219,000,000
	875	100%	875,000,000

20. SALES

	2017	2016
Coal (in 2017 Quantity 1,477,730 MT and in 2016 Quantity 2,308,534 MT)	365,330,522,887	391,069,658,307
	365,330,522,887	391,069,658,307

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

For the years ended March 31, 2017

*(Expressed in Rupiah, unless otherwise stated)***21. COST OF SALES**

	2017	2016
Over burden removal and Drilling and exploration expense	40,295,625,151	182,828,931,777
Solar expense	24,638,520,090	65,077,230,361
Crane hiring charges	18,173,063,504	22,982,226,933
Barges rent	14,190,776,262	21,060,274,038
Salaries	6,648,008,688	9,242,885,540
Stevedoring expenses	4,078,678,893	5,759,822,223
Depreciation expense	3,376,808,278	15,379,163,141
Excavator expense	2,965,344,582	9,467,777,376
Heavy earth moving	2,630,567,535	9,190,545,190
Dump truck expense	2,609,443,394	2,968,242,270
Demurrage charges	1,362,033,365	-
Testing and Analysis	944,353,620	1,042,524,093
Coal handling services	-	7,877,610,163
Others (each below Rp100 million)	264,408,785	466,154,266
	122,177,632,147	353,343,387,371
Opening stock	32,184,896,117	43,546,684,841
Closing stock	(10,817,696,788)	(32,184,896,117)
	143,544,831,476	364,705,176,095

22. INDIRECT EXPENSES

	2017	2016
Amortization of deferred expense	9,908,275,372	9,908,275,351
Royalty	9,742,560,747	9,908,605,885
Land compensation	5,477,598,201	2,184,888,253
Insurance expenses	2,104,898,473	1,692,727,984
Miscellaneous shipping expenses	1,211,804,400	441,388,000
Rates & taxes	540,489,778	255,652,173
Employee Benefit Expense	515,356,334	378,462,299
Legal & professional fees	475,252,960	623,526,114
Medical insurance expenses	366,422,254	497,067,270
Travelling expenses	227,286,292	579,594,162
Honorarium	207,061,775	265,654,118
Miscellaneous expenses	184,136,000	295,498,820
Heavy equipment	109,505,900	447,549,400
Freight other	96,131,365	218,848,189
Office expenses	93,946,581	121,949,368
Others (each below Rp100 million)	340,416,092	417,605,187
	31,601,142,524	28,237,292,573

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

23. OTHER INCOME (EXPENSE)

	2017	2016
Other income		
Profit/(Loss) Asset sale	463,634,286	3,666,339,810
Interest from bank	384,228,353	406,129,525
Other Comprehensive Income (actuary)	243,181,362	735,659,295
Dividend income	14,495,050	16,001,250
	<u>1,105,539,051</u>	<u>4,824,129,880</u>
Other expenses		
Loss on foreign exchange	1,265,843,945	2,334,078,241
Bank charges	256,034,751	341,138,198
Interest on other	-	309,583,269
Other	12,234,737	82,270,785
	<u>1,534,113,433</u>	<u>3,067,070,493</u>
Other income (expense)	<u>(428,574,382)</u>	<u>1,757,059,387</u>

24. FINANCIAL ASSET AND FINANCIAL LIABILITIES

The information given below relates to the Company's financial assets and liabilities by categories as of March 31, 2017:

	Total	Loan and receivables	FVTPL	Other financial liabilities
Financial assets				
Cash and cash equivalents	5,774,424,800	5,774,424,800	-	-
Prepaid and advance	15,653,642,522	15,653,642,522	-	-
Investment	100,000,000	-	100,000,000	-
Total financial assets	<u>21,528,067,322</u>	<u>21,428,067,322</u>	<u>100,000,000</u>	<u>-</u>
Financial liabilities				
Sundry creditors	19,207,961,817	-	-	-
Others payable	158,363,245,902	-	-	-
Unsecured loans	-	-	-	-
Total financial liabilities	<u>177,571,207,719</u>	<u>-</u>	<u>-</u>	<u>-</u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

24. FINANCIAL ASSET AND FINANCIAL LIABILITIES (Continued)

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

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

25. 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. SUBSEQUENT EVENTS

There are no significant events after the reporting date that require adjustment or disclosure in the financial statements as of March 31, 2017.