

PT SUMBER BARA AND ITS SUBSIDIARIES

Consolidated Financial Statements
For the year ended March 31, 2017

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INDEPENDENT AUDITORS' REPORT

Ref. : R-040/SB-KPS/SYM05/IV/2017

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

We have audited the accompanying consolidated financial statements of PT Sumber Bara (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of 31 March 2017, and the consolidated statements of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In Our Opinion, The accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Sumber Bara (the "Company") and its subsidiaries as of 31 March 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

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



Syamsudin

NRAP. 0209

25 April 2017

Ref. : R-040/SB-KPS/SYM05/IV/2017

PT SUMBER BARA

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

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

BOARD OF DIRECTORS' STATEMENT

REGARDING

THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED 31 MARCH 2017 AND 2016

PT SUMBER BARA & SUBSIDIARIS

We, the undersigned :

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

declare that :

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

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 25 April 2017


Mr. Jayaraman Udaykumar
President Director

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED 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	3	16,230,903,196	35,816,833,440
Sundry debtors	2d,4	-	45,980,507
Inventory	5	55,146,813,952	104,520,614,586
Advances	6	29,100,145,116	26,184,495,105
Prepaid expenses	7	2,185,314,824	4,273,541,693
Prepaid tax	2j,15a	-	86,385,750
Total current assets		<u>102,663,177,088</u>	<u>171,341,751,081</u>
NON CURRENT ASSETS			
Capital advance	8	16,647,400,000	16,638,200,000
Fixed assets - net	2f,9	194,956,948,917	238,242,591,114
Investments	2i	20,000,000	20,000,000
Deferred charges	2e,10	16,175,316,243	178,600,748,110
Deposits	11	28,089,636,764	27,612,759,154
Deferred tax assets	2j,15d	72,230,956,420	100,966,567,021
Other assets	12	15,821,690,336	8,082,215,742
Total non current assets		<u>489,703,948,680</u>	<u>570,343,081,141</u>
TOTAL ASSETS		<u><u>592,367,125,768</u></u>	<u><u>741,684,832,222</u></u>
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Sundry creditors	2h,13	88,003,692,274	111,590,478,843
Provisions	14	-	28,432,454,023
Taxes payables	2j,15b	10,878,206,471	2,520,801,988
Other payables	16	632,574,082,720	875,674,383,037
Total current liabilities		<u>731,455,981,465</u>	<u>1,018,218,117,891</u>
NON CURRENT LIABILITIES			
Provision for retirement benefits	17	22,092,110,706	18,649,691,552
Loans	18	36,325,733,317	43,428,115,222
Total non current liabilities		<u>58,417,844,023</u>	<u>62,077,806,774</u>
TOTAL LIABILITIES		<u><u>789,873,825,488</u></u>	<u><u>1,080,295,924,665</u></u>
EQUITY			
Authorized capital - 4,000 shares <i>Rp500,000 par value per share</i>			
Share capital - 1020 shares <i>subscribed and fully paid up</i>	20	1,500,000,000	1,500,000,000
Accumulated profit (Loss)		(130,984,678,383)	(243,523,786,294)
Additional paid in capital		(876,180,376)	(876,180,376)
Other comprehensive income		(17,840,123,897)	(11,123,165,027)
Total Equity Attributable to Owners of the Company		<u>(148,200,982,655)</u>	<u>(254,023,131,698)</u>
Non controlling interest		<u>(49,305,717,064)</u>	<u>(84,587,960,745)</u>
TOTAL EQUITY - DEFICIT		<u><u>(197,506,699,720)</u></u>	<u><u>(338,611,092,443)</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>592,367,125,768</u></u>	<u><u>741,684,832,222</u></u>

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

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	2017	2016
SALES	2k, 21	995,770,331,249	1,029,103,491,124
COST OF SALES	22	<u>(698,774,292,961)</u>	<u>(952,852,160,742)</u>
GROSS PROFIT		296,996,038,288	76,251,330,382
GENERAL AND ADMINISTRATIVE EXPENSES	2k, 23	<u>(103,389,474,715)</u>	<u>(117,783,151,311)</u>
OPERATING PROFIT		193,606,563,573	(41,531,820,929)
OTHER INCOME/ (EXPENSES)	2k,24		
Other income		2,260,938,094	5,059,783,709
Other expenses		<u>(8,085,996,764)</u>	<u>(18,685,776,545)</u>
		<u>(5,825,058,670)</u>	<u>(13,625,992,836)</u>
PROFIT (LOSS) BEFORE INCOME TAX		<u>187,781,504,903</u>	<u>(55,157,813,765)</u>
Current tax	15b	(8,985,556,420)	(36,440,500)
Deferred tax	15c	<u>(30,974,596,892)</u>	<u>8,493,503,777</u>
		<u>(39,960,153,312)</u>	<u>8,457,063,277</u>
NET PROFIT / (LOSS) FOR THE YEAR		<u>147,821,351,591</u>	<u>(46,700,750,488)</u>
OTHER COMPREHENSIVE INCOME			
Actuarial Losses		(8,955,945,159)	(4,933,822,613)
Related Income Tax		2,238,986,290	1,233,455,653
		<u>(6,716,958,869)</u>	<u>(3,700,366,960)</u>
TOTAL COMPREHENSIVE INCOME		141,104,392,722	(50,401,117,448)
LOSS ATTRIBUTE TO:			
Owners of the parent		112,539,107,911	(34,109,513,606)
Non controlling interest		<u>35,282,243,681</u>	<u>(12,591,236,882)</u>
		147,821,351,591	(46,700,750,488)
Total Comprehensive Income Attributable to:			
Owners of the parent		105,822,149,042	(37,809,880,565)
Non controlling interest		<u>35,282,243,681</u>	<u>(12,591,236,882)</u>
		<u>141,104,392,722</u>	<u>(50,401,117,448)</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	Share capital	Other Comprehensive Income	Accumulated profit/(loss)	Additional paid in capital	Non controlling interest (NCI)	Total
Balance as of March 31, 2015	20	1,500,000,000	(7,422,798,068)	(209,414,272,688)	(451,490,240)	(71,855,160,484)	(287,643,721,480)
Additional share capital non controlling interest		-	-	-	(424,690,136)	(141,563,379)	(566,253,515)
Net profit (loss) for the year		-	(3,700,366,960)	(34,109,513,606)	-	(12,591,236,882)	(50,401,117,448)
Balance as of March 31, 2016	20	<u>1,500,000,000</u>	<u>(11,123,165,027)</u>	<u>(243,523,786,294)</u>	<u>(876,180,376)</u>	<u>(84,587,960,745)</u>	<u>(338,611,092,443)</u>
Net profit (loss) for the year		-	(6,716,958,869)	112,539,107,911	-	35,282,243,681	141,104,392,723
Balance as of March 31, 2017	20	<u>1,500,000,000</u>	<u>(17,840,123,897)</u>	<u>(130,984,678,383)</u>	<u>(876,180,376)</u>	<u>(49,305,717,065)</u>	<u>(197,506,699,720)</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	2017	2016
Cash flows from operating activities		
Profit/(loss) before income tax	187,781,504,903	(55,157,813,765)
Add items not affecting operating cash flows		
Comprehensive income	(6,716,958,869)	(3,700,366,960)
Depreciation	46,366,469,859	65,525,844,397
Retained earning adjusted	-	(566,253,515)
Amortization of deferred charges	17,436,729,049	14,656,649,761
Provision for retirement benefits	3,442,419,154	(3,639,625,680)
Profit (Loss) fixed asset sale	(1,013,688,951)	(3,862,554,420)
Operating cash flows before changes in working capital	247,296,475,145	13,255,879,818
Changes in working capital		
Sundry debtors	459,880,507	(459,880,507)
Inventory	49,373,800,634	69,823,040,515
Deposits	(476,877,610)	(1,705,211,536)
Advances	(2,915,650,011)	(11,103,067,901)
Prepaid expenses	2,088,226,869	338,932,291
Prepaid taxes	86,385,750	3,900,000
Sundry creditors	(23,586,786,569)	(11,194,063,033)
Provision	(28,432,454,023)	18,763,466,267
Taxes payables	(2,867,138,227)	(5,751,991,356)
Other payables	(61,267,660,746)	24,564,456,493
Net changes in working capital	(67,538,273,427)	83,279,581,234
Net cash flows provided from (used in) operating activities	179,758,201,718	96,535,461,052
Cash flows from investing activities		
Advance capital	(9,200,000)	700,710,915
Acquisition of fixed assets	(2,733,493,388)	(12,067,225,692)
Disposal of fixed assets	1,271,727,281	4,846,902,551
Deferred charges	(1,198,669,786)	(19,103,271,806)
Other current assets	(7,739,474,594)	(4,416,643,388)
Net cash flows used in investing activities	(10,409,110,487)	(30,039,527,420)
Cash flows from financing activities		
Advance Adani Global Pte.	(181,832,639,571)	436,924,904,236
Unsecured loans	(7,102,381,905)	(498,986,126,697)
Net cash flows provided from financing activities	(188,935,021,476)	(62,061,222,461)
Net increase/(decrease) in cash and cash equivalents	(19,585,930,245)	4,434,711,171
Cash and cash equivalents at the beginning of the year	35,816,833,440	31,382,122,270
Cash and cash equivalents at the end of the year	16,230,903,196	35,816,833,440

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and general information

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

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

The Company is domiciled in Jakarta.

b. Board of Commissioners and Directors, and employees

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

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

	2017	2016
Commissioner		
Commissioner	: Mr. Harsh Vardhan Mishra	Mr. Harsh Vardhan Mishra
Director		
Director	: Mr. Jayaraman Uday Kumar	Mr. Jayaraman Uday Kumar

As of March 31, 2017 and March 31, 2016 the Company has a total of nil and nil employees (unaudited). The Subsidiary PT Niaga Antar Bangsa total employees as of March 31, 2017 and 2016 has a total 641 and 787 employees (unaudited). The Subsidiary PT Niaga Lintas Samudera total employees as of March 31, 2017 and 2016 had total of 2 employees (unaudited).

c. Company's composition and its subsidiaries

On March 31, 2017 and 2016, the composition of the Company and its subsidiaries (collectively referred to as "Company") is as follows :

Company Name	Domicile	Percentage ownership	Total Aset 2017	Total Aset 2016
Subsidiaries with direct ownership				
PT Niaga Antar Bangsa	Jakarta	75%	606,473,848,595	741,446,197,682
PT Niaga Lintas Samudera	Jakarta	75%	3,652,968,336	1,708,569,964

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL (Continued)

d. Completion of the Company consolidated financial statements

The Company's management is responsible for the preparation of the Consolidated financial statements of the Company which were completed and agreed to issue on April 25, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of consolidated financial statements

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

b. Principles of consolidation

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

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

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

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

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

c. Foreign currency translation

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

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

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

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

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

d. Sundry debtors

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

e. Exploration & 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 .

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 are 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 any accumulated impairment losses.

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

	Years
Building and structures	20
Jetty	20
Light System	10
Site Equipment	10
Plant & machinery	10
Drilling machine	10
Mining equipment	5
Vehicle	5
Computer	4
Office equipment furniture	4
Road at site	4
Misc. site equipment	4

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

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

g. Related party transactions

The Company has entered into transactions with certain related parties as defined in Statement of Financial Accounting Standards (SFAS) No. 7, "Related Party Disclosures". There is no compensation paid to key person during 2015.

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

h. Sundry creditors

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

i. Financial assets and liabilities

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

1) Financial asset

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

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

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

(ii) Loans and receivables

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

(iii) Financial assets held to maturity

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

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

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

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

i. Financial assets and liabilities *(Continued)*

1) Financial asset *(Continued)*

(iv) Financial assets available for sale

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

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

2) Financial liabilities

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

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

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

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

(ii) Financial liabilities measured at amortized cost

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

3) Fair value estimation

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

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

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

j. Taxation

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

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

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

k. Revenue and expenses recognition

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

l. Use of estimates

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

m. Adoption of new accounting standards

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

- SFAS No. 1, (2013 Revision), Presentation of Financial Statements
- SFAS No. 4, (2013 Revision), Separate Financial Statements
- SFAS No. 15, (2013 Revision), Investments in Associates and Joint Ventures
- SFAS No. 24, (2013 Revision), Employee Benefits
- SFAS No. 46, (2013 Revision), Income Taxes
- SFAS No. 48, (2013 Revision), Impairment of Assets
- SFAS No. 50, (2013 Revision), Financial Instruments: Presentation
- SFAS No. 55, (2013 Revision), Financial Instruments: Recognition and Measurement
- SFAS No. 60, (2013 Revision), Financial Instruments: Disclosures
- SFAS No. 65, (2013 Revision), Consolidated financial statements
- SFAS No. 68, (2013 Revision), Fair Value Measurement

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

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3. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	37,301,600	37,172,800
Bank IDR		
- PT Bank Mandiri (Persero) Tbk	1,411,972,729	2,117,782,655
- BPD Kaltim	2,273,247,411	1,291,422,137
- PT Bank Negara Indonesia (Persero) Tbk	313,615,270	146,863,580
- CIMB Niaga	16,721,835	30,531,019
- State Bank Of India	823,657	5,341,232
- Standard Chartered Bank	-	-
Subtotal	4,016,380,902	3,591,940,623
Bank USD		
- State Bank Of India (USD in 2017 53,859.26 and USD 2,220,923.59 in 2016)	717,513,061	29,484,968,305
- PT Bank Mandiri (Persero) Tbk (USD 660,234.77 in 2017 and USD 144,226.35 in 2016)	8,795,647,606	1,914,749,023
- Standard Chartered Bank (USD 196,595.66 in 2017 and 59,355.43 in 2016)-DSR Account	2,619,047,383	788,002,689
Subtotal	12,132,208,050	32,187,720,017
Total bank	16,148,588,952	35,779,660,640
Total cash and cash equivalents	16,185,890,552	35,816,833,440

4. SUNDRY DEBTORS

	2017	2016
Sundry debtors	-	459,880,507
Total	-	459,880,507
The aging analysis of sundry debtor is as follows :		
Due date :		
< 90 days	-	459,880,507
Total	-	459,880,507

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

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5. INVENTORY

	2017	2016
Coal		
(in 2017, 129,122 MT and in 2016, 606,918 MT)	33,861,617,772	78,827,445,434
Sparepart	15,035,237,507	19,633,788,845
Fuel	6,249,958,673	6,059,380,307
Total	55,146,813,952	104,520,614,586

As of March 31, 2017, inventory crushed coal is covered by insurance with a total sum insured amounting to USD 5,000,000. 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 (in MT)	2016 (in MT)
Opening Stock	606,918	724,183
ROM Production	3,903,007	5,009,127
Less : Coal Sales	(4,380,803)	(5,126,392)
Closing Stock (ROM + Crushed Coal)	129,122	606,918
	(in BCM)	(in BCM)
Over burden removed	9,881,630	12,941,726

6. ADVANCES

	2017	2016
Advances to supplier and service provider	28,090,740,143	24,717,886,270
Insurance claim	216,879,220	-
Advance to staff	792,525,753	1,466,608,835
Total	29,100,145,116	26,184,495,105

7. PREPAID EXPENSES

	2017	2016
Prepaid expenses	2,185,314,824	4,273,541,693
Total	2,185,314,824	4,273,541,693

8. CAPITAL ADVANCE

	2017	2016
Capital advance	16,647,400,000	16,638,200,000
Total	16,647,400,000	16,638,200,000

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9. **FIXED ASSETS**

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

	2017				
	Beginning Balance balance	Additions	Deductions	Reclasifications	Ending balance
Acquisition cost:					
Land	1,454,326,754	-	-	-	1,454,326,754
Building and structures	60,879,251,856	-	-	-	60,879,251,856
Jetty	43,893,467,898	-	-	-	43,893,467,898
plant & machinery	264,059,742,260	11,192,500	-	7,778,358,731	271,849,293,491
Drilling machine	1,182,500,000	-	-	-	1,182,500,000
Vehicle	10,428,063,594	-	1,073,581,503	-	9,354,482,091
Computer	2,450,655,830	26,990,000	5,779,368	-	2,471,866,462
Office equipment - furniture	12,466,449,916	257,199,000	-	-	12,723,648,916
Mining equipment	257,002,117,492	-	11,970,468,000	-	245,031,649,492
Misc. site equipment	8,810,388,288	-	-	-	8,810,388,288
Total acquisition cost	662,626,963,888	295,381,500	13,049,828,871	7,778,358,731	657,650,875,248
Accumulated depreciation:					
Building and structures	30,811,550,715	2,312,856,708	-	-	33,124,407,423
Jetty	15,829,981,960	2,194,673,395	-	-	18,024,655,355
Plant & machinery	130,246,588,341	27,558,140,599	-	-	157,804,728,940
Drilling machine	709,500,000	112,649,041	-	-	822,149,041
Vehicle	9,524,927,615	480,415,751	815,542,652	-	9,189,800,714
Computer	2,226,357,785	131,107,519	5,779,889	-	2,351,685,415
Office equipment furniture	7,236,950,842	2,528,266,883	-	-	9,765,217,725
Mining equipment	241,116,941,166	11,048,359,963	11,970,468,000	-	240,194,833,129
Misc. site equipment	998,496,062	-	-	-	998,496,062
Total accumulated depreciation	438,701,294,486	46,366,469,859	12,791,790,541	-	472,275,973,804
Net book value	223,925,669,402				185,374,901,444
Works in progress					
Work in progress	14,316,921,712	4,701,103,397	1,657,618,905	(7,778,358,731)	9,582,047,473
Total works in progress	14,316,921,712	4,701,103,397	1,657,618,905	(7,778,358,731)	9,582,047,473
Carrying value of fixed assets	238,242,591,114				194,956,948,917

As of March 31, 2017, all fixed assets are covered by insurance with a total sum insured amounting to USD 47,888,750. Based on Management's opinion, the insurance is adequate to cover possible losses.

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9. **FIXED ASSETS** (Continued)

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

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

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10. DEFERRED CHARGES

Balance and movement of deferred charges for the year ended March 31, 2017:

	Beginning balance	Additions	Deductions	Ending balance
<u>Acquisition cost:</u>				
Land compensation	81,331,353,248	200,000,000	-	81,531,353,248
Miscellaneous expense	113,931,545,126	-	-	113,931,545,126
Pre-operative expense	21,231,274,143	998,669,786	605,372,604	21,624,571,325
Total acquisition cost	216,494,172,516	1,198,669,786	605,372,604	217,087,469,698
<u>Accumulated amortization:</u>				
Land compensation	11,496,675,746	6,524,563,872	-	18,021,239,618
Miscellaneous expense	26,396,748,660	10,912,165,177	-	37,308,913,837
Total accumulated amortization	37,893,424,406	17,436,729,049	-	55,330,153,455
Net book value	178,600,748,110			161,757,316,243

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

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

Deferred charges is intangible asset that reclassified from Exploration and evaluation asset.

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11. DEPOSITS

	2017	2016
Statutory Deposits	28,089,636,764	27,612,759,154
Statutory Deposits include reclamation deposit as follow:		
in 2011	6,392,406	6,392,406
in 2012	3,897,590	3,897,590
in 2013	4,865,582	4,865,582
in 2014	3,187,472	3,187,472
in 2015	2,044,409	2,044,409
in 2016	1,274,676	1,274,676
in 2017	2,839,979	
Total	24,502,114	21,662,135

12. OTHER ASSETS

	2017	2016
Others assets	15,821,690,336	8,082,215,742
Total	15,821,690,336	8,082,215,742

Others assets represent income tax - article 28a.

13. SUNDRY CREDITORS

	2017	2016
Related parties		
- Sundry creditors - group company	3,353,300,200	5,051,100,200
Third parties		
- Sundry creditors for expenses	34,709,255,255	67,971,185,854
- Sundry creditors for goods/spares	47,375,926,146	37,204,309,916
- Sundry creditors for capital goods	2,565,210,673	1,363,882,873
Total	88,003,692,274	111,590,478,843

14. PROVISIONS

	2017	2016
Provision for expenses payable	-	28,432,454,023
Total	-	28,432,454,023

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

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15. TAXATION

a. Prepaid Taxes	2017	2016
Subsidiaries		
VAT-in	-	86,385,750
Subtotal	-	86,385,750
b. Taxes payable	2017	2016
Subsidiaries		
Income tax - article 29	8,893,737,531	-
Income tax - article 21	1,036,358,590	878,034,625
VAT-out	215,232,700	456,855,730
Income tax - article 23	659,967,240	734,224,288
Income tax - article 15	72,910,410	54,524,078
Income tax - article 26	-	397,163,267
Subtotal	10,878,206,471	2,520,801,988
Total	10,878,206,471	2,520,801,988
c. Expense corporate income tax	2017	2016
Company		
Deferred tax income/(expenses)	(1,303,288,710)	(1,369,027)
Subtotal	(1,303,288,710)	(1,369,027)
Subsidiaries		
Current tax	(8,985,556,420)	(36,440,500)
Deferred tax income/(expenses)	(29,671,308,182)	8,494,872,804
Subtotal	(38,656,864,602)	8,458,432,304
Total	(39,960,153,312)	8,457,063,277

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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
Consolidated income before income tax	187,781,504,903	(55,157,813,765)
Less: Income (loss) before taxes subsidiary and elimination	188,006,115,606	55,123,034,873
Income before income tax - Company	(224,610,703)	(34,778,892)
Temporary differences:		
Depreciation of fixed assets	-	-
Permanent differences:		
Bank Interest	-	-
Income subject to final income tax	-	-
Taxable income before tax loss carry forward	(224,610,703)	(34,778,892)
Adjustment	-	-
Addition: Tax loss carry forward	(436,826,351)	(402,047,459)
Estimated taxable loss	(661,437,054)	(436,826,351)
Income tax article 29 - Company	-	-
Add:		
Corporate income tax - subsidiaries	(8,985,556,420)	(36,440,500)
Corporate income tax - consolidated	(8,985,556,420)	(36,440,500)
d. Deferred tax		
	2017	2016
Company		
Deferred tax assets		
Tax loss	109,212,088	109,212,088
Sub total	109,212,088	109,212,088
Subsidiaries		
Deferred tax assets		
Tax loss	45,085,484,610	91,109,352,511
Pension retirement benefit	5,427,344,744	13,678,464,026
Depreciation of fixed assets	23,496,045,451	4,621,272,974
Deferred tax liabilities		
Depreciation of fixed assets	-	-
Pre-operative expenses	(1,887,130,473)	(8,551,734,578)
Sub total	72,121,744,332	100,857,354,933
Total	72,230,956,420	100,966,567,021

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15. TAXATION (Continued)

f. Administration

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

16. OTHER PAYABLES

	2017	2016
Interest payable	20,097,494,410	85,595,658,192
Salaries payable	1,920,876,625	1,115,299,556
Wages payable	438,510	438,510
Other	610,555,273,175	788,962,986,779
Total	632,574,082,720	875,674,383,037

Other payable receipts include from Adani Global Pte. Ltd for coal purchase as advance amounting in 2017 USD 45,337,265.10 and 2016 USD 58,986,314.76.

17. PROVISION FOR RETIREMENT BENEFIT

The Company provides provision for employee benefits based on Law of Manpower No. 13 of 2003. The estimated liability for employee benefits as of March 31, 2017 and 2016 amounted to Rp22,092,110,706 and Rp18,649,691,552, respectively. 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	7,68%	8,18%
Mortality rate	TMI-III in 2011	TMI-III in 2011
Recognition of (Liabilities) / Assets in Balance Sheet		
	2017	2016
Subsidiaries		
Assets and Liabilities		
Present Value of Defined Benefit Obligation	22,092,110,706	18,649,691,552
Fair Value of Plan Assets	-	-
Funding Status	22,092,110,706	18,649,691,552
Recognition of (Liabilities) / Assets in Balance Sheet	22,092,110,706	22,289,317,232

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17. PROVISION FOR RETIREMENT BENEFIT (Continued)

Reconcile of Amount that Recognized in Balance Sheet

	2017	2016
Subsidiaries		
(Liabilities)/Assets at Beginning Period	18,649,691,552	22,289,317,232
(Expenses)/Revenue	5,081,314,965	4,062,919,308
Other Comprehensive Income / (Expenses)	8,955,945,159	4,933,822,613
Realization of Benefits Payment	(10,594,840,970)	(12,636,367,601)
(Liabilities)/Assets at Ending Period	<u>22,092,110,706</u>	<u>18,649,691,552</u>
Expenses		
Current Services Cost	3,556,757,213	3,507,447,316
Interest Cost	1,524,557,752	1,822,067,380
Increase/ (Decrease) in Liabilities Transition	-	(1,266,595,388)
Expenses / (Revenue) in Income Statement	<u>5,081,314,965</u>	<u>4,062,919,308</u>

18. LOANS

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

As of March 31, 2017 and 2015 the balance of this account is follows:

	2017	2016
Unsecured loan	36,325,733,317	43,428,115,222
	<u>36,325,733,317</u>	<u>43,428,115,222</u>

Unsecured loan

As of March 31, 2017 and 2015 the balance of this account is follows:

	2017	2016
PT Adani Global	36,325,733,317	42,128,115,222
PT Mundra Coal	-	1,300,000,000
	<u>36,325,733,317</u>	<u>43,428,115,222</u>

PT Adani Global

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

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19. NON CONTROLLING INTEREST

a. The balance of non controlling in net loss of subsidiaries on March 31, 2017 and 2016 are as follows:

	2017	2016
PT Energy resources	(35,282,243,681)	12,591,236,882
Total	(35,282,243,681)	12,591,236,882

b. The balance of non controlling in subsidiaries' net assets at March 31, 2017 and 2016 are as follows:

	2017	2016
PT Energy resources	(49,305,717,064)	(84,587,960,745)
Total	(49,305,717,064)	(84,587,960,745)

20. SHARE CAPITAL

The Company's authorized capital consist of 4,000 shares with par value per share of Rp 500,000, 3000 shares issued and paid up capital as of March 31, 2017 and 2016.

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

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

21. SALES

	2017	2016
Coal (in 2017 Quantity 4,380,803 MT and in 2016 Quantity 4,790,626 MT)	995,770,331,249	1,029,103,491,124
Total	995,770,331,249	1,029,103,491,124

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22. COST OF SALES

	2017	2016
Opening stocks	78,827,445,434	147,102,800,685
Direct cost		
OB Removal Service	199,343,940,614	251,010,877,844
Solar expenses	104,021,524,616	151,833,109,200
Salaries	88,824,867,130	119,725,723,611
Depreciation	46,366,469,860	65,525,844,413
Crane hiring rent	57,138,089,547	65,520,203,210
Barges rent	42,707,058,293	59,975,740,972
Dump truck expenses	19,152,214,438	47,610,158,935
Rental equipment charges	18,235,014,690	27,708,771,931
Excavator expenses	12,671,744,764	21,438,882,944
Coal handling plant	12,590,344,172	16,235,717,488
Stevedoring expenses	12,892,504,616	14,826,599,097
Demurage charge	5,624,802,833	12,565,376,607
Dozer expenses	5,541,347,225	6,880,874,034
Generator expenses	9,186,209,632	6,348,289,199
Drilling and exploration expenses	4,783,959,458	871,070,500
Freight other	4,256,538,115	4,775,775,769
Testing & analysis expenses	3,902,427,877	3,666,315,506
General spares expenses	2,903,174,741	2,938,019,262
Pickup expenses	1,562,174,965	1,705,449,966
Loading & unloading	528,463,120	1,003,360,379
Agency fees for barges	262,644,900	768,668,940
Marine insurance	426,579,281	531,550,458
Wages (site)	233,687,455	482,188,922
Others	652,682,957	628,236,304
Subtotal direct cost	653,808,465,299	884,576,805,491
Closing stocks	(33,861,617,772)	(78,827,445,434)
Total	698,774,292,961	952,852,160,742

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Royalty	26,573,028,787	26,077,697,449
Amortization of deferred expenses	17,271,027,572	14,656,978,860
Traveling expenses	10,439,256,606	12,393,616,688
Fooding expenses	6,677,917,978	9,497,984,214
Repair and maintenance	5,739,095,159	10,454,324,026
Employee benefit expenses	5,081,314,965	4,062,919,308
Insurance expenses	5,055,851,460	2,769,190,263
Medical	4,671,928,672	4,931,910,253
Office expenses	4,208,702,215	3,690,503,421
Miscellaneous shipping	3,510,846,800	1,339,765,800
Tax expenses	2,647,389,482	4,081,944,042
Honorarium	2,642,252,187	2,592,569,167
Legal & professional fees	2,068,827,028	3,464,366,359
Misscelenous	1,338,120,673	8,697,355,393
CSR expenses	1,109,733,000	2,974,423,410
Fresh water charge	680,958,844	922,714,132
Rent expenses	545,114,041	480,614,764
Heavy earth moving	378,731,600	583,941,300
KP expenses	316,700,000	756,666,823
Reclamation expenses	351,317,348	506,183,972
Speed boat charges	291,832,454	538,300,000
Others	1,789,527,844	2,309,181,667
Total	103,389,474,715	117,783,151,311

24. OTHERS INCOME (EXPENSES)

	2017	2016
OTHERS INCOME		
Interest from Bank	1,218,259,043	1,165,226,789
Dividend income	28,990,100	32,002,500
Profit (Loss) asset sale	1,013,688,951	3,862,554,420
	2,260,938,094	5,059,783,709
OTHER (EXPENSES)		
Foreign exchange loss	(6,374,707,577)	(15,991,450,261)
Bank charges	(970,525,233)	(1,177,904,516)
Others	(740,763,954)	(1,516,421,768)
	(8,085,996,764)	(18,685,776,545)
Total	(5,825,058,670)	(13,625,992,836)

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

25. FINANCIAL ASSET AND FINANCIAL LIABILITIES

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

	Total	Loan and receivables	FVTPL	Other financial assets
Financial assets :				
Cash and cash equivalents	16,185,890,552	-	-	-
Advance	29,100,145,116	29,100,145,116	-	-
Investments	200,000,000	-	200,000,000	-
Total financial assets	45,486,035,668	29,100,145,116	200,000,000	-
Financial liabilities :				
Sundry creditors	88,003,692,274	-	-	88,003,692,274
Others payable	632,574,082,720	-	-	632,574,082,720
Loans	36,325,733,317	-	-	36,325,733,317
Total financial liabilities	756,903,508,311	-	-	756,903,508,311

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

26. GOING CONCERN

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

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

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

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.

28. SUPPLEMENTARY INFORMATION

The supplementary information on pages 26 to 33 represents financial information of PT Sumber Bara (parent company only) as at and for the years ended March 31, 2017 and 2016, which presents the Company's investment in subsidiaries under the cost method, as opposed to the consolidation method and investments in associates and jointly controlled entities under the cost method, as opposed to equity method.

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF FINANCIAL POSITION
As of March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	i	4,108,949	1,490,949
Advance	ii	215,000,000	240,000,000
Total current assets		219,108,949	241,490,949
NON CURRENT ASSETS			
Long-term investments	iii	765,000,000	765,000,000
Deferred tax assets	vi.c	109,212,088	109,212,088
Total non current assets		874,212,088	874,212,088
TOTAL ASSETS		1,093,321,037	1,115,703,037
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Sundry creditor	iv	26,700,000	2,500,000
Provision	v	-	22,000,000
Total current liabilities		26,700,000	24,500,000
NON CURRENT LIABILITIES			
Unsecured loans		-	-
Total non current liabilities		-	-
TOTAL LIABILITIES		26,700,000	24,500,000
EQUITY			
Authorized capital - 4,000 shares			
<i>Rp 500,000 par value per share</i>			
Share capital - 3,000 shares			
<i>subscribed and fully paid up</i>	vii	1,500,000,000	1,500,000,000
Accumulated loss		(433,378,963)	(408,796,963)
TOTAL EQUITY - DEFICIT		1,066,621,037	1,091,203,037
TOTAL LIABILITIES AND EQUITY		1,093,321,037	1,115,703,037

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	2017	2016
SALES		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
GENERAL AND ADMINISTRATIVE EXPENSES	viii	(24,200,000)	(33,700,000)
OPERATING LOSS		(24,200,000)	(33,700,000)
OTHER INCOME (EXPENSES)	ix		
Other income		-	-
Other expense		(382,000)	(1,100,892)
OTHER INCOME (EXPENSES)		(382,000)	(1,100,892)
PROFIT/ (LOSS) SUBSIDIARIES COMPANY		-	-
LOSS BEFORE INCOME TAX		(24,582,000)	(34,800,892)
TAX INCOME (EXPENSES)			
Deferred tax income (expenses)	vi.c	-	(1,369,027)
		-	(1,369,027)
NET PROFIT /(LOSS) FOR THE YEAR		(24,582,000)	(36,169,919)
OTHER COMPREHENSIVE INCOME			-
TOTAL COMPREHENSIVE INCOME (LOSS)		(24,582,000)	(36,169,919)

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	Notes	Share capital	Accumulated loss	Total
Balance as of March 31, 2015	vii	1,500,000,000	(372,627,044)	1,127,372,956
Comprehensive income (loss) for the year		-	(36,169,919)	(36,169,919)
Balance as of March 31, 2016	vii	<u>1,500,000,000</u>	<u>(408,796,963)</u>	<u>1,091,203,037</u>
Comprehensive income (loss) for the year		-	(24,582,000)	(24,582,000)
Balance as of March 31, 2017	vii	<u>1,500,000,000</u>	<u>(433,378,963)</u>	<u>1,066,621,037</u>

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF CASH FLOW
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	2017	2016
Cash flows from operating activities		
Loss before income tax	(24,582,000)	(34,800,892)
Operating cash flows before changes in working capital	(24,582,000)	(34,800,892)
Changes in working capital		
Sundry creditor	24,200,000	-
Provision	(22,000,000)	5,500,000
Advances	25,000,000	10,000,000
Net changes in working capital	27,200,000	15,500,000
Net cash flows provided from (used in) operating activities	2,618,000	(19,300,892)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	2,618,000	(19,300,892)
Cash and cash equivalents at the beginning of the year	1,490,949	20,791,841
Cash and cash equivalents at the end of the year	4,108,949	1,490,949

Supplementary Information
PT SUMBER BARA - PARENT ONLY
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

i. CASH AND CASH EQUIVALENTS

	2017	2016
PT Bank Mandiri (Persero) Tbk.	4,108,949	1,490,949
	<u>4,108,949</u>	<u>1,490,949</u>

ii. ADVANCE

	2017	2016
Advance	215,000,000	240,000,000
	<u>215,000,000</u>	<u>240,000,000</u>

iii. LONG-TERM INVESTMENTS

INVESTEES	Percentage ownership	2017	2016
Associated Company:			
PT Niaga Antar Bangsa	75%	382,500,000	382,500,000
PT Niaga Lintas Samudra	75%	382,500,000	382,500,000
Total		<u>765,000,000</u>	<u>765,000,000</u>

iv. SUNDRY CREDITOR

	2017	2016
Sundry Creditors	26,700,000	2,500,000
	<u>26,700,000</u>	<u>2,500,000</u>

v. PROVISIONS

	2017	2016
Provisions Expenses	-	22,000,000
	<u>-</u>	<u>22,000,000</u>

(Expressed in Rupiah, unless otherwise stated)

vi. TAXATION

	2017	2016
a. Tax income (expenses)		
Deferred tax income (expenses)	-	1,369,027
Total	-	1,369,027

b. Current tax

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

	2017	2016
Loss before income tax	(24,582,000)	(34,800,892)
<i>Permanent differences:</i>		
Bank interest	-	-
Medical insurance expenses	-	-
Taxable income before tax loss carry forward	(24,582,000)	(34,800,893)
Less : Tax loss carry forward	(436,848,352)	(402,047,459)
less : Carryforward Loss 2009-2010	(436,848,352)	(402,047,459)
Estimated taxable loss	(461,430,352)	(436,848,352)

c. Deferred tax

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

	2017	2016
Deferred tax assets		
Tax loss carry forward	115,357,588	109,212,088
	115,357,588	109,212,088

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.

Supplementary Information
PT SUMBER BARA - PARENT ONLY
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

vii. SHARE CAPITAL

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

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

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

Viii. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Legal & professional fees	24,200,000	33,700,000
	24,200,000	33,700,000

ix. OTHERS INCOME (EXPENSES)

	2017	2016
Other income		
Interest income	-	-
	-	-
Other expenses		
Bank charges	(382,000)	(1,100,892)
	(382,000)	(1,100,892)

(Expressed in Rupiah, unless otherwise stated)

x. 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.
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xi. SUBSEQUENT EVENTS

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