

Financial Statements of

PT. Adani Global Coal Trading

For the years ended 31 March 2018 and 2017

With Independent Auditors' report thereon

Contents

	Page
Board of Directors' Statement	
Independent Auditors' Report	
Financial Statements :	
Statements of Financial Position	1
Statements of Comprehensive income	2
Statements of Changes in Shareholders' Equity	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 13



Armen, Budiman & Rekan
Registered Public Accountants

Gedung Sandipura, Lt. dasar
Jl. KH. Abdullah Syafe'i No. 19
Bukit Duri - Tebet
Jakarta 12840

Mail : PO Box 4071/JKTJ 13040
Tel. : (021) 21282441 - 42
Fax. : (021) 21282443
E-mail : auditaa@cbn.net.id

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

No.: R. 011/BAR-A/2018

Independent Auditors' Report

**The Shareholders and The Board of Directors,
PT. Adani Global Coal Trading**

We have audited the accompanying financial statements of **PT. Adani Global Coal Trading** ("The Company"), which comprise the statement of financial position as of 31 March 2018, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT. Adani Global Coal Trading** as of 31 March 2018 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the note 15 to the financial statements. The company has suffered recurring losses from operations and as of 31 March 2018 has a net working capital deficiency of Rp. 4.585.645.633 and a capital deficiency of Rp. 4.530.415.006. This conditions raise a substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Jakarta, 28 April 2018



Drs. Budiman A. Rozik, CPA
License No.: AP,0448

PT. Adani Global Coal Trading
Statements of Financial Position

As of 31 March 2018 and 2017

The Financial Statements are prepared in Rupiah

	Note	2018	2017
Assets			
Current assets			
Cash and cash equivalents	3	395,378,098	518,557,576
Loans and advances	4	4,607,411	6,138,033
Prepaid tax	8a	7,848,740	
		407,834,249	524,695,609
Non current assets			
Fixed assets - net	5	8,730,627	21,487,285
Deposits	6	4,500,000	4,500,000
Investments	7	42,000,000	42,000,000
		55,230,627	67,987,285
Total assets		463,064,876	592,682,894
Liabilities and Shareholders' equity			
Current liabilities			
Tax payable	8b	1,811,699	96,108,757
Other creditors and accruals	9	4,991,668,183	5,016,418,183
Total current liabilities		4,993,479,882	5,112,526,940
Long term liabilities			
		-	-
Total liabilities		4,993,479,882	5,112,526,940
Shareholders' equity			
Share capital :	10		
Authorized capital : 4.000 shares with par value of Rp 500.000 per share.			
Issued and paid up capital : 3.000 shares.		1,500,000,000	1,500,000,000
Accumulated loss		(6,030,415,006)	(6,019,844,046)
Total shareholders' equity / (deficit)		(4,530,415,006)	(4,519,844,046)
Total liabilities and shareholders' equity		463,064,876	592,682,894

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

PT. Adani Global Coal Trading
Statements of comprehensive income

For the years ended 31 March 2018 and 2017

The Financial Statements are prepared in Rupiah

		2018	2017
Revenues		-	6,508,399,408
Cost of sales		-	(4,676,269,575)
Gross profit / (loss)		-	1,832,129,833
Operating expenses			
General and administrative expenses	12	(15,287,280)	(143,172,747)
Operating profit / (loss)		(15,287,280)	1,688,957,086
Other income / (expenses) - net	13	4,716,320	(1,032,888)
Profit / (loss) before income tax		(10,570,960)	1,687,924,198
Corporate income tax - income / (expense) :	8c		
Current		-	-
Deferred		-	(1,721,765,394)
Net income / (loss)		(10,570,960)	(33,841,196)
Other comprehensive income		-	-
Total comprehensive income / (loss)		(10,570,960)	(33,841,196)

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

PT. Adani Global Coal Trading
Statements of Changes in shareholders' equity

For the years ended 31 March 2018 and 2017

The Financial Statements are prepared in Rupiah

	Note	2018	2017
Share Capital	10		
Beginning balance		1,500,000,000	1,500,000,000
Movement		-	-
Ending balance		1,500,000,000	1,500,000,000
0	11		
Beginning Balance		-	-
Movement		-	-
Ending balance		-	-
Accumulated loss			
Beginning balance		(6,019,844,046)	(5,986,002,850)
Net comprehensive income / (loss) for the year		(10,570,960)	(33,841,196)
Ending balance		(6,030,415,006)	(6,019,844,046)
Total Shareholders' equity / (deficit)		(4,530,415,006)	(4,519,844,046)

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

PT. Adani Global Coal Trading
Statements of Cash flows

For the years ended 31 March 2018 and 2017

The Financial Statements are prepared in Rupiah

	Note	2018	2017
Cash flows from operating activities			
Loss before income tax		(10,570,960)	1,687,924,198
Adjustments to reconcile profit before income tax to Net cash provided by operating activities :			
Depreciation of fixed assets		12,756,658	29,355,463
Changes in working capital			
Loans and advances		1,530,622	(1,853,633)
Prepaid tax		(7,848,740)	9,361,027
Tax payable		(94,297,058)	94,274,378
Accrued others		(24,750,000)	4,729,996,519
Net cash used for operating activities		(123,179,478)	6,549,057,952
Cash used for investing activities			
Proceed from Investments - PT. Mundra Coal		-	10,000,000
Net cash used for investing activities		-	10,000,000
Cash flows from financing activities			
Proceeds from loan / (loan repayment)		-	(6,084,086,912)
Other additional paid in capital		-	
Net cash from financing activities		-	(6,084,086,912)
Increase / (decrease) in cash and cash equivalents		(123,179,478)	474,971,040
Cash and cash equivalents - at the beginning of year		518,557,576	43,586,536
Cash and cash equivalents - at the end of year		395,378,098	518,557,576

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

PT. Adani Global Coal Trading

Notes to the Financial Statements

The Financial Statements are prepared in Rupiah

1. General

PT. Adani Global Coal Trading, formerly PT. Aneka Sumber Bumi ("the Company") was established under the notary deed No. 13 of Rohana Frieta S.H., public notary in Jakarta, dated 21 October 2008, and has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia the letter No. AHU-82330.AH.01.01.Tahun 2008, dated 5 November 2008.

The Company's Article of Association has been changed under the notarial deed No. 24 of Rohana Frieta S.H., public notary in Jakarta, dated 20 January 2010, which changed the status of the Company from Domestic Capital Investment Company to Foreign Capital Investment Company. The changed has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia the letter No. AHU-13062.AH.01.02.Tahun2010, dated 12 March 2010. Approval for the foreign investments has been obtained from the Board of Capital Investment Coordination under the letter No. : 281/V/PMA/2009, dated 31 December 2009.

Under the notarial deed No.3 of Rohana Frieta S.H., public notary in Jakarta, dated 7 March 2011, the name of the company was changed from PT. Aneka Sumber Bumi to PT. Adani Global Coal Trading. The changed has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia the letter No. AHU-13043.AH.01.02.Tahun 2011, dated 15 March 2011.

The Company's Articles of Association have been amended from time to time. The latest amendment was issued by Notarial Deed No. 2 dated 4 November 2016 of Rohana Frieta, regarding the change in the composition of the Board Directors and Commissioners. The change in the Articles have been acknowledged by the Ministry of Justice and Human Rights of the Republic of Indonesia vide letter no. AHU-AH.01.03-0096942, dated 8 November 2016.

According to the Articles of Association, Company's scope of activities is trading, export and import.

The Board of Commissioners and Directors are as follows:

	2018	2017
Board of Commissioners:		
Commissioner	: Mr. Vijay Singh	: Mr. Vijay Singh
Board of Directors:		
Director	: Mr. Prantik Dasgupta	: Mr. Prantik Dasgupta

2. Summary of significant accounting policies

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

a. Basis of financial statements preparation

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

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of significant accounting policies - continued

a. Basis of financial statements preparation - continued

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

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

b. Foreign currency transactions and balances

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

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

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

	2018	2017
USD. 1	13,756	13,322

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

c. Financial Assets

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

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

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

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

PT. Adani Global Coal Trading

Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of significant accounting policies - *continued*

d. Financial Liabilities and Equity Instruments

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

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

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

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

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

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

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

e. Cash and cash equivalent

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

f. Trade receivables

Trade receivables are stated at original invoice amount less an allowance for doubtful debt. An allowance for doubtful debt is provided based on review of the status of the individual account receivable at year end.

g. Related parties

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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The definition of related parties used is in accordance with SFAS 7, "Related Parties".

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

PT. Adani Global Coal Trading

Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - *continued*

h. Investment in shares

Long-term investment in shares of associated companies with less than 20 % ownership are stated at the lower of cost or net realisable value.

Long-term investments in shares of associated companies, where the Company holds an interest of 20 % to 50 % of the total issued and paid up share of the associated companies, and does not exercise management control, are recorded at the acquisition cost, adjusted every year with the Company's share of the net income or loss of the associated companies. Cash dividends are recorded as a deduction to the value of the investments.

i. Fixed assets

Fixed assets are stated at cost less their accumulated depreciation.

Depreciation is computed using the straight-line method at rates considered adequate to cover the estimated useful life of the assets, as follows:

Computer	4 years
Office furniture	4 years
Motor vehicles	5 years

The cost of repairs and maintenance are charged to expense as incurred, and the significant renewals and betterment costs are capitalised. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to the statement of profit and loss for the period.

j. Revenue and expenses recognition

In relation to sale of coals, revenue is recognised when the significant risk and reward of ownership has been transferred to the buyer, and no significant uncertainties remain regarding the associated costs or the possible return of goods.

Expenses are recognised when incurred.

k. Corporate income tax

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

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

k. Corporate income tax - continued

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

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

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

	2018	2017
--	------	------

3. Cash and cash equivalents

Cash	50,000,000	50,000,000
Bank - IDR	14,121,070	75,820,353
Bank - USD	331,257,028	392,737,223
	395,378,098	518,557,576

4. Loans and advances

Advances - staff	3,607,411	5,138,033
Prepaid expenses	1,000,000	1,000,000
	4,607,411	6,138,033

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

5. Fixed assets

Balances and movement of fixed assets are as follows :

	Balance 31 March 2017	Addition	Disposal	Balance 31 March 2018
<u>At Cost</u>				
Computer	141,725,000	-	-	141,725,000
Office furniture	316,125,433	-	-	316,125,433
Motor vehicles	222,800,000	-	-	222,800,000
	680,650,433	-	-	680,650,433
<u>Accumulated Depreciation</u>				
Computer	121,492,900	11,614,158	-	133,107,058
Office furniture	314,870,248	1,142,500	-	316,012,748
Motor vehicles	222,800,000	-	-	222,800,000
	659,163,148	12,756,658	-	671,919,806
Net book value	21,487,285			8,730,627

	Balance 31 March 2017	Addition	Disposal	Balance 31 March 2017
<u>At Cost</u>				
Computer	141,725,000		-	141,725,000
Office furniture	316,125,433	-	-	316,125,433
Motor vehicles	222,800,000	-	-	222,800,000
	680,650,433	-	-	680,650,433
<u>Accumulated Depreciation</u>				
Computer	107,281,030	14,211,870	-	121,492,900
Office furniture	313,727,748	1,142,500	-	314,870,248
Motor vehicles	208,798,907	14,001,093	-	222,800,000
	629,807,685	29,355,463	-	659,163,148
Net book value	50,842,748			21,487,285

6. Deposit

PT. Mustika Ratu Center	4,500,000	4,500,000
-------------------------	-----------	-----------

Represent rental deposit for office space at Mustika Ratu center building.

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

			2018	2017
7. Investments				
Represents investment in the shares capital of the following companies :				
	Owner ship			
	No. of shares	Percentage	2018	2017
PT. Coal Indonesia	20	0.67%	10,000,000	10,000,000
PT. Energy Resources	20	0.67%	13,000,000	13,000,000
PT. Sumber Bara	20	0.67%	19,000,000	19,000,000
			42,000,000	42,000,000
8. Taxes				
a. Prepaid taxes				
VAT receivables			7,848,740	-
VAT payable			-	-
			7,848,740	-
b. Taxes payable				
VAT receivables			-	-
VAT payable			-	771,666
			-	771,666
Withholding tax - others			1,811,699	95,337,091
Corporate income tax			-	-
			1,811,699	96,108,757
c. Corporate income tax				
Net profit / (loss) before corporate income tax			(10,570,960)	1,703,008,192
Add / (less) :				
Permanent difference			10,570,960	4,805,391,216
Timing difference			-	-
Taxable income / (loss)			-	6,508,399,408
Less: carried forward tax loss - opening balance			6,508,399,408	(6,879,826,256)
Adjustment to carried forward tax losses written off			(6,508,399,408)	6,879,826,256
Taxable income / (loss) - <i>carried forward</i>			-	6,508,399,408

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2018	2017
--	------	------

8. Taxes - continued

Taxable income / (loss) - brought forward	-	6,508,399,408
Corporate income tax there on - at 1 %	-	(65,083,994)
Deferred income tax	-	(1,721,765,394)
Corporate income tax	-	(1,786,849,388)

Under the taxation laws in Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 5 years of the taxes becoming payable.

9. Other Creditors and accruals

Other creditors	4,991,668,183	4,991,668,183
Expense payable	-	24,750,000
	4,991,668,183	5,016,418,183

10. Share capital

Authorized shares capital

4.000 shares with par value of Rp. 500.000 each	2,000,000,000	2,000,000,000
---	---------------	---------------

Issued and paid up capital

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

Name of Shareholders	Ownership		2018	2017
	No.of shares	Percentage		
Adani Global Pte. Ltd., Singapore	2,850	95%	1,425,000,000	1,425,000,000
Adani Global Ltd., Mauritius	150	5%	75,000,000	75,000,000
	3,000	100%	1,500,000,000	1,500,000,000

PT. Adani Global Coal Trading
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2018	2017
12. General and administrative expenses		
Office expenses	1,530,622	9,970,600
Legal and professional fees	1,000,000	34,750,000
Depreciation of fixed assets	12,756,658	29,355,463
Others	-	69,096,684
	15,287,280	143,172,747

13. Other income / (expenses)

Gain / (loss) on foreign exchange	5,967,310	(39,674,247)
Bank charges	(1,311,509)	(1,436,520)
Loss on sales of investment	-	(10,000,000)
Interest income - on current account	60,519	77,879
Other Income		50,000,000
	4,716,320	(1,032,888)

14. Related party transactions and balances

Transactions :

Coal Handling services	PT. Coal Indonesia	-	4,676,269,575
------------------------	--------------------	---	---------------

Balances :

Other Creditors	PT. Coal Indonesia	4,582,744,183	4,582,744,183
-----------------	--------------------	---------------	---------------

15. Going concern

The financial statements have been prepared on the going concern basis. As of 31 March 2018, the company had a net capital deficiency of Rp. 4.530.415.006 (2017, Rp. 4.519.844.046), and a net working capital deficiency of Rp. 4.585.645.633 (2017, Rp. 4.587.831.331) and is therefore dependent upon continuing external financial support in order for it to meet its obligations as and when they fall due. However, the board of Directors is in the opinion that the "Going concern basis" in the preparation of this financial statements can still be applied as the share holders committed to provide financial support to meet the company's obligations as and when they fall due.