

PT MITRA NIAGA MULIA

Financial Statements

For the year ended

March 31, 2018

INDEPENDENT AUDITORS' REPORT

Ref. : R-385/MNM-KPS/SYM06/IV/2018

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 March 31, 2018, 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 March 31, 2018, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



Syamsudin
NRAP. 0209

17 April 2018

CONTENT

	<u>Pages</u>
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	5-21



PT. MITRA NIAGA MULIA

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**DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY ON
THE FINANCIAL STATEMENTS
PT MITRA NIAGA MULIA
FOR THE YEAR ENDED
March 31, 2018**

We, the undersigned :

Name : Mr. Dani Daksinaputra
Office address : Graha Mustika Ratu, Lantai 3, Jl. Jend.Gatot Subroto Kav. 74-75 Jakarta Selatan
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 the company's financial statement;
2. The company's financial statements have been prepared and presented in conformity with Indonesian Finance Accounting Standard;
3. a. All information in the company's financial statements have been disclosed in a complete and truthful manner;
b. The company's financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts; and
4. We are responsible for the company's internal control system.

This statements is made truthfully.

Jakarta , April 17, 2018



Mr. Dani Daksinaputra
Director

PT MITRA NIAGA MULIA
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	Notes	2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	3a, 3b, 4	2,208,244,989	5,774,424,800
Inventories	5	62,791,754,502	11,231,663,248
Prepaid and Advances	6	1,168,805,725	15,653,642,522
Total Current Assets		66,168,805,216	32,659,730,570
Non Current Assets			
Investment	3i.1(i), 8	100,000,000	100,000,000
Deposits	9	7,304,538,353	7,304,538,353
Deferred charges	3e, 10	109,703,144,617	126,540,439,671
Deferred tax assets	3k, 13c	9,702,698,696	10,984,866,542
Fixed assets - net	3f, 7	3,087,840,542	6,383,311,505
Other assets	11	21,347,929,166	6,198,571,411
Total Non Current Assets		151,246,151,374	157,511,727,482
TOTAL ASSETS		217,414,956,590	190,171,458,052
LIABILITIES AND EQUITY			
LIABILITIES			
Short Term Liabilities			
Sundry creditors	3h, 12	20,879,181,945	19,207,961,817
Taxes payables	3k, 13a	2,482,340,564	9,202,768,126
Other payables	14	190,116,823,254	158,363,245,902
Total Short Term Liabilities		213,478,345,763	186,773,975,845
Long Term Liabilities			
Provision for retirement benefits	15	2,571,476,168	2,423,879,092
Total Long Term Liabilities		2,571,476,168	2,423,879,092
TOTAL LIABILITIES		216,049,821,931	189,197,854,937
EQUITY			
Authorized capital - 2,000 shares			
Rp1,000,000 par value per share			
Share capital - 875 shares			
subscribed and fully paid up	16	875,000,000	875,000,000
Accumulated profit (loss)		2,615,980,144	2,186,655,688
Other comprehensive income		(2,125,845,485)	(2,088,052,573)
TOTAL EQUITY		1,365,134,659	973,603,115
TOTAL LIABILITIES AND EQUITY		217,414,956,590	190,171,458,052

PT MITRA NIAGA MULIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	Notes	2018	2017
SALES	17	186,525,069,744	365,330,522,887
COST OF SALES	18	<u>(150,562,334,726)</u>	<u>(143,544,831,476)</u>
GROSS PROFIT (LOSS)		35,962,735,018	221,785,691,411
INDIRECT EXPENSES	19	<u>(30,051,469,669)</u>	<u>(31,601,142,524)</u>
OPERATING INCOME (EXPENSES)		<u>5,911,265,349</u>	<u>190,184,548,887</u>
OTHER INCOME (EXPENSES)	20		
Other Income		2,075,736,995	1,105,539,051
Other Expenses		<u>(4,093,700,546)</u>	<u>(1,534,113,433)</u>
OTHER INCOME (EXPENSES)		<u>(2,017,963,551)</u>	<u>(428,574,382)</u>
PROFIT/(LOSS)		<u>3,893,301,798</u>	<u>189,755,974,505</u>
TAX INCOME			
Tax Expense	13b	(2,169,211,859)	(8,893,737,531)
Deferred tax	13b	<u>(1,294,765,483)</u>	<u>(20,687,387,750)</u>
		<u>(3,463,977,342)</u>	<u>(29,581,125,281)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>429,324,456</u>	<u>160,174,849,224</u>
OTHER COMPREHENSIVE INCOME (EXPENSES)			
Actuarial Losses		(50,390,549)	(872,984,140)
Related Income Tax		12,597,637	218,246,035
		<u>(37,792,912)</u>	<u>(654,738,105)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u><u>391,531,544</u></u>	<u><u>159,520,111,119</u></u>

PT MITRA NIAGA MULIA
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	<u>Share capital</u>	<u>Other Comprehensive Income</u>	<u>Accumulated loss</u>	<u>Total</u>
Balance as of 1 April 2016	875,000,000	(1,433,314,468)	(157,988,193,536)	(158,546,508,003)
Total profit or loss and other comprehensive income for the year	<u>-</u>	<u>(654,738,105)</u>	<u>160,174,849,224</u>	<u>159,520,111,119</u>
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>
Total profit or loss and other comprehensive income for the year	<u>-</u>	<u>(37,792,912)</u>	<u>429,324,456</u>	<u>391,531,544</u>
Balance as of March 31, 2018	<u>875,000,000</u>	<u>(2,125,845,485)</u>	<u>2,615,980,144</u>	<u>1,365,134,659</u>

PT MITRA NIAGA MULIA
STATEMENTS OF CASH FLOW
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	2018	2017
Cash flows from operating activities		
Profit/(loss) before income tax	3,893,301,798	189,755,974,505
<i>Add items not affecting operating cash flows</i>		
Comprehensive income	(37,792,912)	(654,738,105)
Depreciation	3,295,470,963	3,376,808,278
Deferred charges	16,837,295,054	15,385,873,573
Provision for retirement benefits	147,597,076	449,844,274
Profit fixed asset sale	(1,700,234,574)	(463,634,286)
Operating cash flows before changes in working capital	22,435,637,405	207,850,128,239
Changes in working capital		
Prepaid and advances	14,484,836,797	(5,744,075,662)
Sundry debtor	-	459,880,507
Inventories	(51,560,091,254)	23,162,462,408
Other assets	(12,597,637)	(988,267,494)
Deposits	-	2,725,416,025
Sundry creditors	1,671,220,128	1,897,736,415
Provision	-	(71,318,119,876)
Taxes paid	(24,038,997,176)	(3,120,168,660)
Other payables	68,183,675,926	(67,605,611,656)
Net changes in working capital	8,728,046,784	(120,530,747,993)
Net cash flows provided from (used in) operating activities	31,163,684,189	87,319,380,246
Cash flows from investing activities		
Disposal of Fixed assets	1,700,234,574	463,634,286
Net cash flows used in investing activities	1,700,234,574	463,634,286
Cash flows from financing activities		
Advance Adani Global Pte	(36,430,098,574)	(80,811,768,992)
Unsecured loans	-	(3,095,832,691)
Net cash flows provided from financing activities	(36,430,098,574)	(83,907,601,683)
Net increase/(decrease) in cash and cash equivalents	(3,566,179,811)	3,875,412,849
Cash and cash equivalents at the beginning of the year	5,774,424,800	1,899,011,951
Cash and cash equivalents at the end of the year	2,208,244,989	5,774,424,800

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2018

(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>2018</u>	<u>2017</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, 2018 and 2017, the Company had total of 52 and 57 employees.

The Company's management has completed and agreed to issue the financial statements for the period ended March 31, 2018 on April 17, 2018.

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").

(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 rates:

		<u>2018</u>		<u>2017</u>
US Dollar (USD) 1	Rp	13,756	Rp	13,322

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.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 .

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 accumulated impairment losses.

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

	<u>Years</u>
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".

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.

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(Expressed in Rupiah, unless otherwise stated)

3. 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.

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.

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 Measurements
- SFAS No. 60 (2013 Revision), Financial Instruments : Disclosures
- SFAS No. 65 (2013 Revision), Consolidated Financial Statements
- SFAS No. 68 (2013 Revision), Fair Value Measurement

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	2018	2017
Bank IDR		
BPD Kaltim	69,276,525	922,314,708
PT Bank Mandiri (Persero) Tbk Bunyu	17,844,746	23,739,480
PT Bank Mandiri (Persero) Tbk Jakarta	66,898,557	5,718,021
Subtotal	154,019,828	951,772,209
Bank USD		
PT Bank Mandiri (Persero) Tbk - (in 2018 USD 89,755.63 and 2017 USD 225,639.22)	1,234,678,446	3,005,965,689
Standard Chartered (in 2018 USD 45,088.89 and 2017 USD 122,801.31)	620,242,771	1,635,959,052
State Bank of India (in 2018 USD 14,488.51 and 2017 USD 13,566.12)	199,303,944	180,727,850
Subtotal	2,054,225,161	4,822,652,591
Total	2,208,244,989	5,774,424,800

5. INVENTORIES

	2018	2017
Coal stock	62,484,873,714	10,817,696,788
Fuel	232,430,788	295,593,501
Sparepart	74,450,000	118,372,959
Total	62,791,754,502	11,231,663,248

As of March 31, 2018 and 2017, inventory of crushed coal is covered by insurance. Based on Management's opinion, the insurance is adequate to cover possible losses.

6. PREPAID AND ADVANCES

	2018	2017
Advance supplier	1,151,312,950	14,760,138,806
Prepaid expense	-	840,143,154
Advance staff	17,492,775	53,360,562
Total	1,168,805,725	15,653,642,522

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

7. FIXED ASSETS

Balance and movement of fixed assets for the year ended March 31, 2018:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition cost:					
Mining equipment	161,925,346,952	-	10,919,889,490	-	151,005,457,462
Plant & machinery	8,176,676,132	-	-	-	8,176,676,132
Vehicles	1,621,033,334	-	914,283,334	-	706,750,000
Computer	12,990,000	-	-	-	12,990,000
Total Acquisition cost	171,736,046,418	-	11,834,172,824	-	159,901,873,594
Accumulated depreciation					
depreciation:					
Mining equipment	157,877,496,470	2,629,820,600	10,919,889,490	-	149,587,427,580
Plant & machinery	5,841,215,109	665,650,363	-	-	6,506,865,472
Vehicles	1,621,033,334	-	914,283,334	-	706,750,000
Computer	12,990,000	-	-	-	12,990,000
Total Accumulated depreciation	165,352,734,913	3,295,470,963	11,834,172,824	-	156,814,033,052
Net book value	6,383,311,505				3,087,840,542

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					
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

As of March 31, 2018 and 2017, all assets are covered by insurance under the blanket policies with a total sum insured amounting to USD 12,541,000 and 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.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

8. INVESTMENT

	2018	2017
Shares capital investment in PT Coalindo Energy	100,000,000	100,000,000
Total	100,000,000	100,000,000

9. DEPOSITS

	2018	2017
Statutory Deposits	7,304,538,353	7,304,538,353
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
Total	7,304,538,353	7,304,538,353

10. DEFERRED CHARGES

Balance and movement of deferred charges for the year ended March 31, 2018:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition cost:					
Land compensation	66,754,533,106	-	-	-	66,754,533,106
Mics. expense asset	99,082,753,506	-	-	-	99,082,753,506
Sub total	165,837,286,612	-	-	-	165,837,286,612
Accumulated amortization					
Land compensation	9,572,020,867	6,929,019,703	-	-	16,501,040,570
Mics. expense asset	29,724,826,074	9,908,275,351	-	-	39,633,101,425
Sub total	39,296,846,941	16,837,295,054	-	-	56,134,141,995
Net book value	126,540,439,671				109,703,144,617

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

10. DEFERRED CHARGES (Continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<u>Acquisition cost:</u>					
Land compensation	66,618,533,106	136,000,000	-	-	66,754,533,106
Misc. expense asset	99,082,753,506	-	-	-	99,082,753,506
Sub total	165,701,286,612	136,000,000	-	-	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
Sub total	23,910,973,368	15,385,873,573	-	-	39,296,846,941
Net book value	141,790,313,244				126,540,439,671

As the company has started commercial production, management has decided to amortize miscellaneous expenses asset over 10 years. Deferred charges is intangible asset that reclassified from Exploration and evaluation assets.

11. OTHER ASSETS

	<u>2018</u>	<u>2017</u>
Other assets	<u>21,347,929,166</u>	<u>6,198,571,411</u>

Other assets represent income tax - article 28a

12. SUNDRY CREDITORS

	<u>2018</u>	<u>2017</u>
Related parties		
Sundry creditor - Group Company	567,559,700	1,717,559,700
Third party		
Sundry creditor	20,311,622,245	17,490,402,117
Total	20,879,181,945	19,207,961,817

(Expressed in Rupiah, unless otherwise stated)

13. TAXATION

a. Taxes payable

	2018	2017
Income tax - Article 29	2,169,211,859	8,893,737,531
Income tax - Article 23	209,327,710	208,034,065
Income tax - Article 21	101,706,623	100,996,530
Income tax - Article 15	2,094,372	-
Total	2,482,340,564	9,202,768,126

b. Tax income/(expense)

	2018	2017
Deferred tax Assets	(1,294,765,483)	(20,687,387,750)
Total	(1,294,765,483)	(20,687,387,750)

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

	2018	2017
Profit/(loss) before income tax	3,842,911,249	188,882,990,365
<u>Temporary differences:</u>		
Depreciation of fixed assets	(5,276,268,460)	(13,465,792,190)
Pension retirement benefit	147,597,076	272,505,086
Total temporary differences:	(5,128,671,384)	(13,193,287,104)
<u>Permanent differences:</u>		
Income subject to final income tax	(359,769,771)	(384,228,353)
Medical insurance	303,944,906	315,290,700
Misc expenditure write off	9,908,275,372	-
Telephone expense	110,157,065	88,402,995
Taxable income before tax loss carry forward	8,676,847,437	175,709,168,603
Addition: Tax loss carry forward	-	(140,134,218,479)
Estimated taxable profit (loss)	8,676,847,437	35,574,950,124

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

	2018	2017
Current tax (expenses) and tax refundable	(2,169,211,859)	(8,893,737,531)
Net tax	(2,169,211,859)	(8,893,737,531)

(Expressed in Rupiah, unless otherwise stated)

13. TAXATION (Continued)

c. Deferred tax

	2018	2017
Deferred tax assets		
Depreciation fixed Assets	9,104,164,451	10,423,231,566
Pension retirement benefit	598,534,245	561,634,976
Total	9,702,698,696	10,984,866,542

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.

14. OTHER PAYABLES

	2018	2017
Salaries payable	551,273,716	97,179,997
Other	189,565,549,538	158,266,065,905
Total	190,116,823,254	158,363,245,902

Other payable include advance receipt from customers.

15. 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, 2018 and 2017 amounted to Rp 2,571,476,168 and Rp2,423,879,092. As of March 31, 2018, 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:

	2018	2017
Salary increase rate	7%	7%
Discount rate	7.07%	8.13%
Mortality rate	TMI-III in 2011	TMI-III in 2011

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

15. PROVISION FOR POST EMPLOYMENT BENEFITS (Continued)

Provision for Post Employment Benefits are as follows:

	2018	2017
Present Value of Defined Benefit Obligation	2,571,476,168	2,423,879,092
Fair Value of Plan Assets	-	-
Funding Status	2,571,476,168	2,423,879,092
Assets In Balance Sheet	2,571,476,168	2,423,879,092
	2018	2017
Assets at Beginning Period	2,423,879,092	1,974,034,818
Expense/(Revenue)	471,222,778	515,356,334
Other Comprehensive Income/Expense	50,390,548	872,984,140
Realization of Benefits Payment	(374,016,250)	(938,496,200)
Total	2,571,476,168	2,423,879,092
	2018	2017
Expenses		
Current Services Cost	286,765,579	354,867,303
Interest Cost	184,457,199	160,489,031
Increase/(Decrease) in Liabilities Transition	-	-
Total	471,222,778	515,356,334

16. 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, 2018 and 2017 were as follows:

As of March 31, 2018 and 2017			
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
Total	875	100%	875,000,000

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

17. SALES

	2018	2017
Coal	186,525,069,744	365,330,522,887
Total	186,525,069,744	365,330,522,887

18. COST OF SALES

	2018	2017
Opening stock	10,817,696,788	32,184,896,117
Direct costs		
Over burden removal and Drilling and exploration expense	85,572,149,323	40,295,625,151
Solar expense	61,643,637,326	24,638,520,090
Crane hiring charges	13,927,208,233	18,173,063,504
Demurrage charges	8,334,981,743	1,362,033,365
Heavy earth moving	7,532,364,182	2,630,567,535
Salaries	6,917,391,715	6,648,008,688
Barges rent	6,180,680,728	14,190,776,262
Depreciation expense	3,295,470,963	3,376,808,278
Dump truck expense	2,814,519,962	2,609,443,394
Excavator expense	2,034,531,772	2,965,344,582
Stevedoring expenses	1,702,477,443	4,078,678,893
Survey charges	698,898,452	123,255,000
General spare expenses	683,221,932	-
TR charges	389,400,000	32,615,000
Testing and Analysis	314,190,153	944,353,620
Others (each below Rp100 million)	188,387,725	108,538,785
Subtotal direct cost	202,229,511,652	122,177,632,147
Closing stock	(62,484,873,714)	(10,817,696,788)
Total	150,562,334,726	143,544,831,476

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

19. INDIRECT EXPENSES

	2018	2017
Amortization of deferred expense	9,908,275,351	9,908,275,372
Royalty / PNB	5,258,633,208	9,742,560,747
Land compensation	6,929,019,703	5,477,598,201
Insurance expenses	2,048,828,844	2,104,898,473
Legal & professional fees	1,178,725,349	475,252,960
Miscellaneous expenses	1,092,858,800	184,136,000
Miscellaneous shipping expenses	689,503,000	1,211,804,400
Tax expenses	688,460,234	-
Rates & taxes	654,369,798	540,489,778
Employee Benefit Expense	471,222,778	515,356,334
Medical insurance expenses	297,166,496	366,422,254
Honorarium	273,744,741	207,061,775
Travelling expenses	218,140,277	227,286,292
Others (each below Rp100 million)	342,521,090	639,999,938
Total	30,051,469,669	31,601,142,524

20. OTHER INCOME (EXPENSE)

	2018	2017
Other income		
Profit/(Loss) on disposal assets	1,700,234,574	463,634,286
Interest from bank	359,769,771	384,228,353
Dividend income	15,732,650	14,495,050
Other	-	243,181,362
Sub total	2,075,736,995	1,105,539,051
Other expenses		
Loss on foreign exchange	3,890,103,554	1,265,843,945
Bank charges	114,335,488	256,034,751
Other	89,261,504	12,234,737
Sub total	4,093,700,546	1,534,113,433
Other income (expense)	(2,017,963,551)	(428,574,382)

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS
For the years ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

21. FINANCIAL ASSET AND FINANCIAL LIABILITIES

The information given below relates to the Company's financial assets and liabilities by categories as of March 31, 2018:

	Total	Loan and receivables	FVTPL	Other financial liabilities
Financial assets				
Cash and cash equivalents	2,208,244,989	2,208,244,989	-	-
Prepaid and advance	1,168,805,725	1,168,805,725	-	-
Investment	100,000,000	-	100,000,000	-
Total financial assets	3,477,050,714	3,377,050,714	100,000,000	-
Financial liabilities				
Sundry creditors	20,879,181,945	-	-	20,879,181,945
Others payable	190,116,823,254	-	-	190,116,823,254
Total financial liabilities	210,996,005,199	-	-	210,996,005,199

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	21,528,067,322	21,428,067,322	100,000,000	-
Financial liabilities				
Sundry creditors	19,207,961,817	-	-	19,207,961,817
Others payable	158,363,245,902	-	-	158,363,245,902
Total financial liabilities	177,571,207,719	-	-	177,571,207,719

(Expressed in Rupiah, unless otherwise stated)

22. 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.

23. SUBSEQUENT EVENTS

There are no significant events after the reporting date that require adjustment or disclosure in the financial statements as of March 31, 2018.