

PT SUMBER BARA (STAND ALONE)

Financial Statements

For the year ended March 31, 2019

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Director's Statements

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PT SUMBER BARA

Mustika Ratu Lt. 3, Jl. Gatot Subroto Kav 74-75 Jakarta Selatan, 12870
Telp: 021-8307420 – 8307406 – 8307420, Fax: 021-8307407

**DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY ON
THE FINANCIAL STATEMENTS
PT SUMBER BARA
FOR THE YEAR ENDED
March 31, 2019**

We, the undersigned :

Name : Mr. Jayaraman Udaykumar
Office address : Graha Mustika Ratu, Lantai 3, Jl. Jend.Gatot Subroto Kav. 74-75 Jakarta Selatan
Domicile address : Taman Kemayoran Kondominium, Menara Eboni Lt 11/03
based on ID Card 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 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 26th, 2019



Mr. Jayaraman Udaykumar
President Director

Ref.: RO-087/NAB-kps/SYM07/IV/2019

The Shareholders,
Boards of Commissioners and Directors
PT Sumber Bara

We have been engaged to audit the consolidated statements of financial position of **PT SUMBER BARA and Its Subsidiaries** as of March 31, 2019, the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, and cash flows for the year then ended, whose report expressed a fairly opinion. We have issued the report on April 30, 2019.

The financial statements of **PT SUMBER BARA – Parent Company Only**, for the year ended March 31, 2019 were derived from the Consolidated Financial Statements ended March 31, 2019 which is not presented in this report. We do not express an opinion on the financial statements of the Parent Company Only.

Sincerely yours,



Syamsudin
NRAP. 0209

April 26, 2019

PT SUMBER BARA (STAND ALONE)
STATEMENTS OF FINANCIAL POSITION
As of March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | <u>Notes</u> | <u>2019</u> | <u>2018</u> |
|---|--------------|--------------------|----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 2.634.949 | 4.021.949 |
| Advance | 5 | 190.000.000 | 190.000.000 |
| Total current assets | | 192.634.949 | 194.021.949 |
| NON CURRENT ASSETS | | | |
| Long-term investments | 6 | 765.000.000 | 765.000.000 |
| Deferred tax assets | 3k, 8c | 32.321.111 | 45.224.157 |
| Total non current assets | | 797.321.111 | 810.224.157 |
| TOTAL ASSETS | | 989.956.060 | 1.004.246.106 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Sundry creditor | 3h, 7 | 52.500.000 | 25.000.000 |
| TOTAL LIABILITIES | | 52.500.000 | 25.000.000 |
| EQUITY | | | |
| Authorized capital - 4,000 shares Rp 500,000 par value per share | | | |
| Share capital - 3,000 shares subscribed and fully paid up | 9 | 1.500.000.000 | 1.500.000.000 |
| Accumulated loss | | (562.543.940) | (520.753.894) |
| TOTAL EQUITY - DEFICIT | | 937.456.060 | 979.246.106 |
| TOTAL LIABILITIES AND EQUITY | | 989.956.060 | 1.004.246.106 |

PT SUMBER BARA (STAND ALONE)
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | <u>Notes</u> | <u>2019</u> | <u>2018</u> |
|--|--------------|----------------------------|----------------------------|
| SALES | | - | - |
| COST OF SALES | | - | - |
| GROSS PROFIT | | - | - |
| GENERAL AND ADMINISTRATIVE EXPENSES | 3l, 10 | <u>(27.500.000)</u> | <u>(22.500.000)</u> |
| OPERATING LOSS | | <u>(27.500.000)</u> | <u>(22.500.000)</u> |
| OTHER INCOME (EXPENSES) | 3l, 11 | | |
| Other income | | - | - |
| Other expense | | <u>(1.387.000)</u> | <u>(887.000)</u> |
| OTHER INCOME (EXPENSES) | | <u>(1.387.000)</u> | <u>(887.000)</u> |
| PROFIT/ (LOSS) SUBSIDIARIES COMPANY | | - | - |
| LOSS BEFORE INCOME TAX | | <u>(28.887.000)</u> | <u>(23.387.000)</u> |
| TAX INCOME (EXPENSES) | | | |
| Deferred tax income (expenses) | 3k, 8a | - | (63.987.931) |
| | | <u>-</u> | <u>(63.987.931)</u> |
| NET PROFIT /(LOSS) FOR THE YEAR | | <u>(28.887.000)</u> | <u>(87.374.931)</u> |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | <u><u>(28.887.000)</u></u> | <u><u>(87.374.931)</u></u> |

PT SUMBER BARA (STAND ALONE)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | <u>Notes</u> | <u>Share capital</u> | <u>Accumulated loss</u> | <u>Total</u> |
|--|--------------|----------------------|-----------------------------|--------------------|
| Balance as of March 31, 2017 | | 1.500.000.000 | (433.378.963) | 1.066.621.037 |
| Comprehensive income (loss) for the year | | - | (87.374.931) | (87.374.931) |
| Balance as of March 31, 2018 | | <u>1.500.000.000</u> | <u>(520.753.894)</u> | <u>979.246.106</u> |
| Comprehensive income (loss) for the year | | - | (28.887.000) | (28.887.000) |
| Balance as of March 31, 2019 | | <u>1.500.000.000</u> | <u>(549.640.894)</u> | <u>950.359.106</u> |

PT SUMBER BARA (STAND ALONE)

STATEMENTS OF CASH FLOW

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Loss before income tax | (28.887.000) | (23.387.000) |
| <i>Add items not affecting operating cash flows</i> | | |
| Operating cash flows before changes in working capital | (28.887.000) | (23.387.000) |
| Changes in working capital | | |
| Sundry creditor | 27.500.000 | (1.700.000) |
| Advances | - | 25.000.000 |
| Net changes in working capital | 27.500.000 | 23.300.000 |
| Net cash flows provided from (used in) operating activities | (1.387.000) | (87.000) |
| Cash flows from investing activities | | |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | | |
| Cash flows from financing activities | - | - |
| Net increase/(decrease) in cash and cash equivalents | (1.387.000) | (87.000) |
| Cash and cash equivalents at the beginning of the year | 4.021.949 | 4.108.949 |
| Cash and cash equivalents at the end of the year | 2.634.949 | 4.021.949 |

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2019

(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.year 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. 3 dated April 1, 2010, of Rohana Frieta, SH concerning changes in the Company's capital structure. The latest amendment was approved by the Ministry of Justice and Human Rights in No. AHU.20135.AH.01.02. year 2010 dated April 20, 2010. Concerning changes in the Company's management composition. The latest amendment was approved by the Ministry of Justice and Human Rights in Company List No. AHU-AH.01.03-0028871 dated March 3, 2016.

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:

| | 2019 | 2018 |
|------------------------|------|--------------------------|
| Commissioner | | |
| President Commissioner | : | - |
| Commissioner | : | Mr. Harsh Vardhan Mishra |
| Director | | |
| President Director | : | - |
| Director | : | Mr. Jayaraman Uday Kumar |

As of March 31, 2019 and 2018 the Company has a total of nil and nil employees (unaudited).

c. Completion of the Company consolidated financial statements

The Company's management is responsible for the preparation of the financial statements of the Company which were completed and agreed to issue on April 26, 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").

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(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.year 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. 3 dated April 1, 2010, of Rohana Frieta, SH concerning changes in the Company's capital structure. The latest amendment was approved by the Ministry of Justice and Human Rights in No. AHU.20135.AH.01.02. year 2010 dated April 20, 2010. Concerning changes in the Company's management composition. The latest amendment was approved by the Ministry of Justice and Human Rights in Company List No. AHU-AH.01.03-0028871 dated March 3, 2016.

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.

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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:

| | 2019 | 2018 |
|------------------------|------|--------------------------|
| Commissioner | | |
| President Commissioner | : | - |
| Commissioner | : | Mr. Harsh Vardhan Mishra |
| | | Mr. Harsh Vardhan Mishra |
| Director | | |
| President Director | : | - |
| Director | : | Mr. Jayaraman Uday Kumar |
| | | Mr. Jayaraman Uday Kumar |

As of March 31, 2019 and 2018 the Company has a total of nil and nil employees (unaudited).

c. Completion of the Company consolidated financial statements

The Company's management is responsible for the preparation of the financial statements of the Company which were completed and agreed to issue on April 26, 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

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:

| | 2019 | | 2018 | |
|-------------------|-------------|--------|-------------|--------|
| | Rp | | Rp | |
| US Dollar (USD) 1 | | 14.244 | | 13.756 |

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.

(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.

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(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.

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(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.

4. CASH AND CASH EQUIVALENTS

| | 2019 | 2018 |
|--------------------------------|------------------|------------------|
| PT Bank Mandiri (Persero) Tbk. | 2.634.949 | 4.021.949 |
| Total | 2.634.949 | 4.021.949 |

5. ADVANCE

| | 2019 | 2018 |
|--------------|--------------------|--------------------|
| Advance | 190.000.000 | 190.000.000 |
| Total | 190.000.000 | 190.000.000 |

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

6. LONG-TERM INVESTMENTS

| INVESTEE | Percentage ownership | 2019 | 2018 |
|-------------------------|----------------------|--------------------|--------------------|
| Assosiated Company: | | | |
| PT Niaga Antar Bangsa | 75% | 382.500.000 | 382.500.000 |
| PT Niaga Lintas Samudra | 75% | 382.500.000 | 382.500.000 |
| Total | | 765.000.000 | 765.000.000 |

7. SUNDRY CREDITOR

| | 2019 | 2018 |
|------------------|-------------------|-------------------|
| Sundry Creditors | 52.500.000 | 25.000.000 |
| Total | 52.500.000 | 25.000.000 |

8. TAXATION

| | 2019 | 2018 |
|---------------------------------|---------------------|---------------------|
| a. Tax income (expenses) | | |
| Deferred tax income (expenses) | (12.903.046) | (63.987.931) |
| Total | (12.903.046) | (63.987.931) |

b. Current tax

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

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Loss before income tax | (28.887.000) | (23.387.000) |
| <i>Permanent differences:</i> | | |
| Bank interest | - | - |
| Medical insurance expenses | - | - |
| Taxable income before tax loss carry forward | (28.887.000) | (23.387.000) |
| Less : Tax loss carry forward | (100.397.438) | (157.509.624) |
| less : Carryforward Loss | (100.397.438) | (157.509.624) |
| Estimated taxable loss | (129.284.438) | (180.896.624) |

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

8. TAXATION (Continued)

c. Deferred tax

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

| | 2019 | 2018 |
|----------------------------|-------------------|-------------------|
| Deferred tax assets | | |
| Tax loss carry forward | 32.321.110 | 45.224.156 |
| | 32.321.110 | 45.224.156 |

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.

9. 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, 2019 and 2018 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 |
| Total | 3.000 | 100% | 1.500.000.000 |

10. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2019 | 2018 |
|---------------------------|-------------------|-------------------|
| Legal & professional fees | 27.500.000 | 22.500.000 |
| Total | 27.500.000 | 22.500.000 |

PT SUMBER BARA (STAND ALONE)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

11. OTHERS INCOME (EXPENSES)

| | 2019 | 2018 |
|-----------------------|--------------------|------------------|
| Other expenses | | |
| Bank charges | (1.387.000) | (887.000) |
| Total | (1.387.000) | (887.000) |

12. SUBSEQUENT EVENTS

There are no significant events after the reporting date that require adjustment or disclosure in the financial statements as of March 31, 2019.

PT SUMBER BARA AND ITS SUBSIDIARIES

Consolidated Financial Statements

For the year ended March 31, 2019

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**DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY ON
THE FINANCIAL STATEMENTS
PT SUMBER BARA AND SUBSIDIARIES
FOR THE YEAR ENDED
March 31, 2019**

We, the undersigned :

Name : Mr. Jayaraman Udaykumar
Office address : Graha Mustika Ratu, Lantai 3, Jl. Jend.Gatot Subroto Kav. 74-75 Jakarta Selatan
Domicile address : Taman Kemayoran Kondominium, Menara Eboni Lt 11/03
based on ID Card 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 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 30th, 2019



Mr. Jayaraman Udaykumar
President Director

INDEPENDENT AUDITORS' REPORT

Ref. : R-325/2.0752/AU.1/05/0209-7/1/IV/2019

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 profit or loss and other comprehensive income as of March 31, 2019, 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 March 31, 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



Syamsudin Jkp
NRAP. 0209

April 30, 2019

Ref. : R-325/2.0752/AU.1/05/0209-7/1/IV/2019

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | Notes | 2019 | 2018 |
|--|---------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 11.018.634.085 | 24.929.825.229 |
| Sundry debtors | 2d, 4 | - | 18.575.139.480 |
| Inventory | 5 | 62.416.585.784 | 105.085.111.288 |
| Prepaid and Advances | 6 | 16.313.121.831 | 40.860.065.916 |
| Total current assets | | 89.748.341.700 | 189.450.141.913 |
| NON CURRENT ASSETS | | | |
| Capital advance | 7 | - | 16.734.200.000 |
| Fixed assets - net | 2f, 8 | 110.159.635.203 | 143.647.323.750 |
| Investments | 2i | 200.000.000 | 200.000.000 |
| Exploration and evaluation assets | 2e, 9 | 99.938.274.464 | 141.126.839.672 |
| Deposits | 10 | 30.433.190.545 | 30.420.456.185 |
| Deferred tax assets | 2j, 13c | 23.348.437.419 | 30.896.714.860 |
| Other assets | 11 | 51.383.897.620 | 33.512.244.529 |
| Total non current assets | | 315.463.435.251 | 396.537.778.996 |
| TOTAL ASSETS | | 405.211.776.951 | 585.987.920.909 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Sundry creditors | 2h, 12 | 218.523.339.911 | 149.754.554.375 |
| Taxes payables | 2j, 13a | 10.871.604.678 | 8.652.975.467 |
| Other payables | 14 | 219.912.255.356 | 465.106.229.570 |
| Total current liabilities | | 449.307.199.945 | 623.513.759.412 |
| NON CURRENT LIABILITIES | | | |
| Provision for retirement benefits | 15 | 30.522.483.294 | 27.005.475.728 |
| Loans | 16 | 15.846.003.419 | 31.824.334.211 |
| Total non current liabilities | | 46.368.486.713 | 58.829.809.939 |
| TOTAL LIABILITIES | | 495.675.686.658 | 682.343.569.351 |
| EQUITY | | | |
| Authorized capital - 4,000 shares Rp500,000 par value per share | | | |
| Share capital - 3,000 shares subscribed and fully paid up | 18 | 1.500.000.000 | 1.500.000.000 |
| Accumulated profit (Loss) | | (34.256.884.990) | (50.860.472.923) |
| Additional paid in capital | 19 | (16.684.865.628) | (876.180.376) |
| Other comprehensive income | | (22.315.238.960) | (22.122.884.631) |
| Total Equity Attributable to Owners of the Company | | (71.756.989.578) | (72.359.537.930) |
| Non controlling interest | 17 | (18.706.920.129) | (23.996.110.512) |
| TOTAL EQUITY - DEFICIT | | (90.463.909.707) | (96.355.648.442) |
| TOTAL LIABILITIES AND EQUITY | | 405.211.776.951 | 585.987.920.909 |

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | Notes | 2019 | 2018 |
|--|--------|----------------------------|--------------------------|
| SALES | 2k, 20 | 1.405.163.938.353 | 1.050.291.245.506 |
| COST OF SALES | 2k, 21 | (1.128.351.004.482) | (733.555.452.300) |
| GROSS PROFIT | | 276.812.933.871 | 316.735.793.206 |
| GENERAL AND ADMINISTRATIVE EXPENSES | 2k, 22 | (243.630.095.046) | (136.163.873.396) |
| OPERATING PROFIT | | 33.182.838.825 | 180.571.919.810 |
| OTHER INCOME/ (EXPENSES) | 2k, 23 | | |
| Other income | | 2.069.126.871 | 2.226.702.814 |
| Other expenses | | (13.095.336.560) | (28.171.954.996) |
| | | (11.026.209.689) | (25.945.252.182) |
| PROFIT (LOSS) BEFORE INCOME TAX | | 22.156.629.136 | 154.626.667.628 |
| Current tax | 13b | (8.524.258.631) | (6.431.027.144) |
| Deferred tax | 13b | (7.548.277.441) | (42.761.828.472) |
| | | (16.072.536.072) | (49.192.855.616) |
| NET PROFIT / (LOSS) FOR THE YEAR | | 6.084.093.064 | 105.433.812.013 |
| OTHER COMPREHENSIVE INCOME | | | |
| Actuarial Losses | | (256.472.439) | (5.710.347.646) |
| Related Income Tax | | 64.118.110 | 1.427.586.912 |
| | | (192.354.329) | (4.282.760.735) |
| TOTAL COMPREHENSIVE INCOME | | 5.891.738.735 | 101.151.051.278 |
| Net Profit Attributable to: | | | |
| Owners of the parent | | 4.747.073.994 | 80.124.205.460 |
| Non controlling interest | 17 | 1.337.019.070 | 25.309.606.552 |
| | | 6.084.093.064 | 105.433.812.013 |
| Total Comprehensive Income Attributable to: | | | |
| Owners of the parent | | 4.554.719.665 | 75.841.444.726 |
| Non controlling interest | 17 | 1.337.019.070 | 25.309.606.552 |
| | | 5.891.738.735 | 101.151.051.278 |

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

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended March 31, 2019

(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, 2017 | 20 | 1.500.000.000 | (17.840.123.897) | (130.984.678.383) | (876.180.376) | (49.305.717.065) | (197.506.699.720) |
| Net profit (loss) for the year | | - | (4.282.760.735) | 80.124.205.460 | - | 25.309.606.552 | 101.151.051.278 |
| Balance as of March 31, 2018 | 20 | 1.500.000.000 | (22.122.884.631) | (50.860.472.923) | (876.180.376) | (23.996.110.512) | (96.355.648.442) |
| Net profit (loss) for the year | | - | (192.354.329) | 4.747.073.994 | - | 1.337.019.070 | 5.891.738.735 |
| Additional from merging entities | | - | - | 11.856.513.939 | (15.808.685.252) | 3.952.171.313 | - |
| Balance as of March 31, 2019 | 20 | 1.500.000.000 | (22.315.238.960) | (34.256.884.989) | (16.684.865.628) | (18.706.920.129) | (90.463.909.707) |

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

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

| | 2019 | 2018 |
|--|-------------------------|------------------------|
| Cash flows from operating activities | | |
| Profit/(loss) before income tax | 22.156.629.136 | 154.626.667.628 |
| <i>Add items not affecting operating cash flows</i> | | |
| Depreciation | 34.064.172.248 | 37.135.334.916 |
| Investment | (585.452.500) | - |
| Amortization of exploration and evaluation assets | 42.489.017.708 | 21.749.199.458 |
| Provision for retirement benefits | 3.517.007.566 | 4.913.365.022 |
| Profit (Loss) fixed asset sale | - | 4.390.505.430 |
| Operating cash flows before changes in working capital | 101.641.374.159 | 222.815.072.454 |
| Changes in working capital | | |
| Sundry debtors | 18.575.139.480 | (18.575.139.480) |
| Inventory | 42.668.525.504 | (49.938.297.336) |
| Advances | 24.546.944.085 | (9.574.605.976) |
| Other assets | (190.153.937) | 2.269.490.913 |
| Deposits | (12.734.360) | (2.330.819.421) |
| Sundry creditors | 68.768.785.536 | 61.750.862.101 |
| Taxes paid | (24.113.164.401) | (24.919.225.430) |
| Other payables | (245.193.974.214) | (167.467.853.150) |
| Net changes in working capital | (114.950.632.308) | (208.785.587.779) |
| Net cash flows provided from (used in) operating activities | (13.309.258.149) | 14.029.484.675 |
| Cash flows from investing activities | | |
| Advance capital | 16.734.200.000 | (86.800.000) |
| Acquisition of fixed assets | (642.802.203) | (1.480.295.228) |
| Disposal of fixed assets | - | 1.856.654.579 |
| Exploration and evaluation assets | (715.000.000) | (1.118.722.887) |
| Net cash flows used in investing activities | 15.376.397.797 | (829.163.536) |
| Cash flows from financing activities | | |
| Unsecured loans | (15.978.330.792) | (4.501.399.106) |
| Net cash flows provided from financing activities | (15.978.330.792) | (4.501.399.106) |
| Net increase/(decrease) in cash and cash equivalents | (13.911.191.144) | 8.698.922.033 |
| Cash and cash equivalents at the beginning of the year | 24.929.825.229 | 16.230.903.196 |
| Cash and cash equivalents at the end of the year | 11.018.634.085 | 24.929.825.229 |

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2019

(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.year 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. 3 dated April 1, 2010, of Rohana Frieta, SH concerning changes in the Company's capital structure. The latest amendment was approved by the Ministry of Justice and Human Rights in No. AHU.20135.AH.01.02. year 2010 dated April 20, 2010. Concerning changes in the Company's management composition. The latest amendment was approved by the Ministry of Justice and Human Rights in Company List No. AHU-AH.01.03-0028871 dated March 3, 2016.

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:

| | 2019 | 2018 |
|------------------------|--------------------------|--------------------------|
| Commissioner | | |
| President Commissioner | - | - |
| Commissioner | Mr. Harsh Vardhan Mishra | Mr. Harsh Vardhan Mishra |
| Director | | |
| President Director | - | - |
| Director | Mr. Jayaraman Uday Kumar | Mr. Jayaraman Uday Kumar |

As of March 31, 2019 and 2018 the Company has a total of nil and nil employees (unaudited). The Subsidiary PT Niaga Antar Bangsa total employees as of March 31, 2018 and 2017 has a total 542 and 539 employees (unaudited). The Subsidiary PT Niaga Lintas Samudera total employees as of March 31, 2018 and 2017 had total of 2 employees (unaudited).

c. Company's composition and its subsidiaries

On March 31, 2019 and 2018, the composition of the Company and its subsidiaries (collectively referred to as "Company") is as follows :

| Company Name | Domicile | Percentage ownership | Total Aset 2019 | Total Aset 2018 |
|------------------------------------|----------|----------------------|-----------------|-----------------|
| Subsidiaries with direct ownership | | | | |
| PT Niaga Antar Bangsa | Jakarta | 75% | 417.017.061.623 | 657.687.899.642 |
| PT Niaga Lintas Samudera | Jakarta | 75% | 7.223.057.369 | 3.599.890.127 |

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2019

(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 30, 2019.

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:

| | 2019 | | 2018 | |
|-------------------|-------------|--------|-------------|--------|
| | Rp | | Rp | |
| US Dollar (USD) 1 | | 14.244 | | 13.756 |

(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 |

(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".

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.

(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, 2019

(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.

3. CASH AND CASH EQUIVALENTS

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Cash on hand | 39.883.200 | 38.516.800 |
| Bank IDR | | |
| - BPD Kaltim | 1.015.212.477 | 177.323.500 |
| - PT Bank Negara Indonesia (Persero) Tbk | 980.117.475 | 544.646.517 |
| - PT Bank Danamon | 828.561.418 | - |
| - PT Bank Mandiri (Persero) Tbk | 359.081.407 | 1.359.761.747 |
| - PTY Bank CIMB Niaga | 12.865.835 | 14.793.835 |
| - State Bank Of India | 44.657 | 464.657 |
| Subtotal | 3.195.883.269 | 2.096.990.256 |
| Bank USD | | |
| - Bank Mandiri (USD 502,101.58 in March 31, 2019 and USD 1,526,334.19 in March 31, 2018) | 7.151.934.906 | 20.996.253.117 |
| - State Bank of India (SBI) - (USD 26,945.65 in March 31, 2019 and USD 68,247.79 in March 31, 2018) | 383.813.839 | 938.816.600 |
| - Bank Standard Chartered - (USD 17,348.98 in March 31, 2019 and USD 62,463.54 in March 31, 2018) | 247.118.871 | 859.248.456 |
| Subtotal | 7.782.867.616 | 22.794.318.173 |
| Total bank | 10.978.750.885 | 24.891.308.429 |
| Total | 11.018.634.085 | 24.929.825.229 |

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

4. SUNDRY DEBTORS

| | 2019 | 2018 |
|---|----------|-----------------------|
| Sundry debtors | - | 18.575.139.480 |
| Total | - | 18.575.139.480 |
| The aging analysis of sundry debtor is as follows : | | |
| Due date : | | |
| Less than 90 days | - | 18.575.139.480 |
| Total | - | 18.575.139.480 |

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.

5. INVENTORY

| | 2019 | 2018 |
|--------------|-----------------------|------------------------|
| Coal | 44.647.093.439 | 89.213.144.074 |
| Sparepart | 13.017.983.857 | 11.028.510.848 |
| Fuel | 4.751.508.488 | 4.843.456.366 |
| Total | 62.416.585.784 | 105.085.111.288 |

As of March 31, 2019, inventory crushed coal and Run of Mine in the open storage are covered by insurance. Based on Management's opinion, the insurance is adequate to cover possible losses.

6. PREPAID AND ADVANCES

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Advances to supplier and service provider | 15.799.661.837 | 39.565.878.369 |
| Insurance claim | - | 305.937.107 |
| Advance to staff | 513.459.994 | 988.250.440 |
| Total | 16.313.121.831 | 40.860.065.916 |

7. CAPITAL ADVANCE

| | 2019 | 2018 |
|-----------------|----------|-----------------------|
| Capital advance | - | 16.734.200.000 |
| Total | - | 16.734.200.000 |

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8. FIXED ASSETS

Balance and movement of fixed assets for the year ended March 31, 2019:

| | 2019 | | | | |
|---|------------------------------|-----------------------|--------------------|------------------|------------------------|
| | Beginning Balance balance | Additions | Deductions | Reclasifications | Ending balance |
| Acquisition cost: | | | | | |
| Land | 1.454.326.754 | - | - | - | 1.454.326.754 |
| Building and structures | 54.581.311.872 | - | - | - | 54.581.311.872 |
| Jetty | 40.050.651.998 | - | - | - | 40.050.651.998 |
| plant & machinery | 273.043.748.719 | 464.612.500 | - | - | 273.508.361.219 |
| Drilling machine | 1.182.500.000 | - | - | - | 1.182.500.000 |
| Vehicle | 7.958.288.757 | - | - | - | 7.958.288.757 |
| Computer | 2.540.456.248 | 174.889.703 | - | - | 2.715.345.951 |
| Office equipment - furniture | 12.838.558.919 | 3.300.000 | - | - | 12.841.858.919 |
| Mining equipment | 227.988.926.252 | - | - | - | 227.988.926.252 |
| Misc. Site equipment | 8.810.388.288 | - | - | - | 8.810.388.288 |
| Total acquisition cost | 630.449.157.807 | 642.802.203 | - | - | 631.091.960.010 |
| Accumulated depreciation: | | | | | |
| Building and structures | 33.101.777.319 | 1.997.959.708 | - | - | 35.099.737.027 |
| Jetty | 18.618.155.854 | 2.002.532.600 | - | - | 20.620.688.454 |
| plant & machinery | 184.882.121.262 | 27.449.468.314 | - | - | 212.331.589.577 |
| Drilling machine | 946.000.000 | 118.250.000 | - | - | 1.064.250.000 |
| Vehicle | 7.958.288.757 | - | - | - | 7.958.288.757 |
| Computer | 2.424.193.789 | 74.785.062 | - | - | 2.498.978.851 |
| Office equipment - furniture | 11.696.406.636 | 871.146.645 | - | - | 12.567.553.281 |
| Mining equipment | 226.351.016.867 | 1.550.029.917 | - | - | 227.901.046.784 |
| Misc. Site equipment | 998.496.062 | - | - | - | 998.496.062 |
| Total accumulated depreciation | 486.976.456.546 | 34.064.172.248 | - | - | 521.040.628.794 |
| Net book value | 143.472.701.261 | | | | 110.051.331.216 |
| Works in progress | | | | | |
| Work in progress | 174.622.489 | 108.303.987 | 174.622.489 | - | 108.303.987 |
| Total works in progress | 174.622.489 | 108.303.987 | 174.622.489 | - | 108.303.987 |
| Carrying value of fixed assets | 143.647.323.750 | | | | 110.159.635.203 |

As of March 31, 2019, all fixed assets are covered by insurance with a total sum insured amounting to USD 26,133,850. Based on Management's opinion, the insurance is adequate to cover possible losses.

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8. FIXED ASSETS (Continued)

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

| | 2018 | | | | |
|---|------------------------------|-----------------------|-----------------------|------------------|------------------------|
| | Beginning Balance balance | Additions | Deductions | Reclasifications | Ending balance |
| Acquisition cost: | | | | | |
| Land | 1.454.326.754 | - | - | - | 1.454.326.754 |
| Building and structures | 60.879.251.872 | - | 6.297.940.000 | - | 54.581.311.872 |
| Jetty | 43.893.467.898 | - | 3.842.815.900 | - | 40.050.651.998 |
| plant & machinery | 271.849.293.491 | 1.194.455.228 | - | - | 273.043.748.719 |
| Drilling machine | 1.182.500.000 | - | - | - | 1.182.500.000 |
| Vehicle | 9.354.482.091 | - | 1.396.193.334 | - | 7.958.288.757 |
| Computer | 2.471.866.248 | 68.590.000 | - | - | 2.540.456.248 |
| Office equipment - furniture | 12.723.648.916 | 217.250.000 | 102.339.997 | - | 12.838.558.919 |
| Mining equipment | 245.031.649.492 | - | 17.042.723.240 | - | 227.988.926.252 |
| Misc. Site equipment | 8.810.388.288 | - | - | - | 8.810.388.288 |
| Total acquisition cost | 657.650.875.050 | 1.480.295.228 | 28.682.012.471 | - | 630.449.157.807 |
| Accumulated depreciation: | | | | | |
| Building and structures | 33.124.406.694 | 2.286.112.031 | 2.308.741.406 | - | 33.101.777.319 |
| Jetty | 18.024.655.751 | 2.178.354.588 | 1.584.854.485 | - | 18.618.155.854 |
| plant & machinery | 157.804.728.691 | 27.077.392.571 | - | - | 184.882.121.262 |
| Drilling machine | 822.149.041 | 123.850.959 | - | - | 946.000.000 |
| Vehicle | 9.189.800.714 | 164.681.377 | 1.396.193.334 | - | 7.958.288.757 |
| Computer | 2.351.685.256 | 72.508.533 | - | - | 2.424.193.789 |
| Office equipment - furniture | 9.765.218.482 | 2.033.528.151 | 102.339.997 | - | 11.696.406.636 |
| Mining equipment | 240.194.833.401 | 3.198.906.706 | 17.042.723.240 | - | 226.351.016.867 |
| Misc. Site equipment | 998.496.062 | - | - | - | 998.496.062 |
| Total accumulated depreciation | 472.275.974.092 | 37.135.334.916 | 22.434.852.462 | - | 486.976.456.546 |
| Net book value | 185.374.900.958 | | | | 143.472.701.261 |
| Works in progress | | | | | |
| Work in progress | 9.582.047.959 | 157.192.524 | 9.564.617.994 | - | 174.622.489 |
| Total works in progress | 9.582.047.959 | 157.192.524 | 9.564.617.994 | - | 174.622.489 |
| Carrying value of fixed assets | 194.956.948.917 | | | | 143.647.323.750 |

As of March 31, 2018, all fixed assets are covered by insurance with a total sum insured amounting to USD 42,516,500. Based on Management's opinion, the insurance is adequate to cover possible losses.

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9. EXPLORATION AND EVALUATION ASSETS

Balance and movement of exploration and evaluation assets for the year ended March 31, 2019:

| | 2019 | | | |
|---|------------------------|-----------------------|------------|------------------------|
| | Beginning balance | Additions | Deductions | Ending balance |
| <u>Acquisition cost:</u> | | | | |
| Land compensation | 81.531.353.220 | 715.000.000 | - | 82.246.353.220 |
| Miscellaneous expense | 118.095.355.096 | - | - | 118.095.355.096 |
| Pre-operative expense | 17.018.732.233 | - | - | 17.018.732.233 |
| Total acquisition cost | 216.645.440.549 | 715.000.000 | - | 217.360.440.549 |
| <u>Accumulated amortization:</u> | | | | |
| Land compensation | 28.902.431.199 | 31.785.372.421 | - | 60.687.803.620 |
| Miscellaneous expense | 46.616.169.678 | 10.703.645.287 | - | 57.319.814.965 |
| Total accumulated amortization | 75.518.600.877 | 42.489.017.708 | - | 118.007.618.585 |
| Net book value | 141.126.839.672 | | | 99.352.821.964 |

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

| | 2018 | | | |
|---|------------------------|-----------------------|------------|------------------------|
| | Beginning balance | Additions | Deductions | Ending balance |
| Acquisition cost: | | | | |
| Land compensation | 81.531.353.220 | - | - | 81.531.353.220 |
| Miscellaneous expense | 117.627.504.270 | 467.850.826 | - | 118.095.355.096 |
| Pre-operative expense | 16.367.860.172 | 650.872.061 | - | 17.018.732.233 |
| Total acquisition cost | 215.526.717.662 | 1.118.722.887 | - | 216.645.440.549 |
| Accumulated amortization: | | | | |
| Land compensation | 18.021.238.604 | 10.881.192.595 | - | 28.902.431.199 |
| Miscellaneous expense | 35.748.162.815 | 10.868.006.863 | - | 46.616.169.678 |
| Total accumulated amortization | 53.769.401.419 | 21.749.199.458 | - | 75.518.600.877 |
| Net book value | 161.757.316.243 | | | 141.126.839.672 |

PT SUMBER BARA AND ITS SUBSIDIARIES
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(Expressed in Rupiah, unless otherwise stated)

10. DEPOSITS

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Statutory Deposits | 30.433.190.545 | 30.420.456.185 |
| Statutory Deposits include reclamation deposit as follow: | | |
| in 2011 | 6.392.406.712 | 6.392.406.712 |
| in 2012 | 3.897.590.267 | 3.897.590.267 |
| in 2013 | 4.865.582.382 | 4.865.582.382 |
| in 2014 | 3.187.471.630 | 3.187.471.630 |
| in 2015 | 2.044.408.201 | 2.044.408.201 |
| in 2016 | 1.274.675.577 | 1.274.675.577 |
| in 2017 | 2.839.978.863 | 2.839.978.863 |
| in 2018 | 5.043.979.733 | 5.043.979.733 |
| Total | 29.546.093.365 | 29.546.093.365 |

An IUP-Exploration holder, among other requirements, must include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank. As at the date of these financial statements, Company has placed reclamation guarantees in the form of deposit. These deposit will mature once land reclamation process is completed by IUP Holder.

11. OTHER ASSETS

| | 2019 | 2018 |
|---------------|-----------------------|-----------------------|
| Others assets | 51.383.897.620 | 33.512.244.529 |
| Total | 51.383.897.620 | 33.512.244.529 |

Others assets represent income tax - article 28a.

12. SUNDRY CREDITORS

| | 2019 | 2018 |
|--------------------------------------|------------------------|------------------------|
| Related parties | | |
| - PT Adani Global | 10.110.590.389 | 7.772.349.200 |
| Third parties | | |
| - Sundry creditors for expenses | 187.770.283.793 | 123.879.023.485 |
| - Sundry creditors for goods/spares | 12.924.094.459 | 10.872.633.888 |
| - Sundry creditors for capital goods | 7.718.371.270 | 7.230.547.802 |
| Total | 218.523.339.911 | 149.754.554.375 |

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13. TAXATION

a. Taxes payable

| | 2019 | 2018 |
|----------------------------|-----------------------|----------------------|
| Subsidiaries | | |
| Income tax - article 29 | 8.476.649.939 | 6.336.143.734 |
| Income tax - article 21 | 965.861.931 | 1.079.751.557 |
| Income tax - article 23 | 1.381.618.452 | 1.023.452.475 |
| Income tax - article 15 | 37.654.855 | 78.650.701 |
| VAT-out | 9.819.501 | 52.309.308 |
| Income tax - article 26 | - | 51.556.581 |
| Income tax - article 4 (2) | - | 31.111.111 |
| Subtotal | 10.871.604.678 | 8.652.975.467 |
| Total | 10.871.604.678 | 8.652.975.467 |

b. Expense corporate income tax

| | 2019 | 2018 |
|--------------------------------|-------------------------|-------------------------|
| Company | | |
| Deferred tax income/(expenses) | (12.903.046) | (63.987.931) |
| Subtotal | (12.903.046) | (63.987.931) |
| Subsidiaries | | |
| Current tax | (8.524.258.631) | (6.431.027.144) |
| Deferred tax income/(expenses) | (7.535.374.395) | (42.697.840.541) |
| Subtotal | (16.059.633.026) | (49.128.867.685) |
| Total | (16.072.536.072) | (49.192.855.616) |

PT SUMBER BARA AND ITS SUBSIDIARIES
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13. TAXATION (Continued)

b. Expense corporate income tax (Continued)

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

| | 2019 | 2018 |
|---|-------------------------------|-------------------------------|
| Consolidated income before income tax | 22.156.629.136 | 154.626.667.628 |
| Less: Income (loss) before taxes subsidiary and elimination | 22.185.516.136 | 154.650.054.628 |
| Income before income tax - Company | <u>(28.887.000)</u> | <u>(23.387.000)</u> |
| <i>Temporary differences:</i> | | |
| Depreciation of fixed assets | - | - |
| <i>Permanent differences:</i> | | |
| Bank Interest | - | - |
| Telephone expenses | - | - |
| Income subject to final income tax | - | - |
| Taxable income before tax loss carry forward | <u>(28.887.000)</u> | <u>(23.387.000)</u> |
| Adjustment | 80.499.186 | 279.338.727 |
| Addition: Tax loss carry forward | <u>(180.896.624)</u> | <u>(436.848.351)</u> |
| Estimated taxable loss | <u>(129.284.438)</u> | <u>(180.896.624)</u> |
| Income tax article 29 - Company | <u>-</u> | <u>-</u> |
| Add: | | |
| Corporate income tax - subsidiaries | <u>(8.524.258.631)</u> | <u>(6.431.027.144)</u> |
| Corporate income tax - consolidated | <u>(8.524.258.631)</u> | <u>(6.431.027.144)</u> |

c. Deferred tax

| | 2019 | 2018 |
|------------------------------|------------------------------|------------------------------|
| Company | | |
| Deferred tax assets | | |
| Tax loss | 45.224.157 | 45.224.157 |
| Sub total | <u>45.224.157</u> | <u>45.224.157</u> |
| Subsidiaries | | |
| Deferred tax assets | | |
| Tax loss | 1.079.999.541 | 1.383.178.991 |
| Pension retirement benefit | 7.630.620.824 | 6.655.686.000 |
| Depreciation of fixed assets | 15.610.947.587 | 24.126.783.360 |
| Deferred tax liabilities | | |
| Pre-operative expenses | <u>(1.005.451.644)</u> | <u>(1.314.157.647)</u> |
| Sub total | <u>23.316.116.308</u> | <u>30.851.490.703</u> |
| Total | <u>23.361.340.465</u> | <u>30.896.714.860</u> |

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13. TAXATION (Continued)

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.

On January 16, 2017, the company have taken advantage of the tax amnesty program in accordance with constitution No. 11 Year 2016. Based on the Certificate of Tax Amnesty (SKPP) of the Directorate General of Taxation No. KET-1948/PP/WPJ.04/2017 dated January 23, 2017, an additional amount of tax amnesty assets is current asset amount Rp 50,000,000 with the amount are recognized in the income statement upon receipt Certificate of Tax Amnesty is Rp

14. OTHER PAYABLES

| | 2019 | 2018 |
|------------------------|------------------------|------------------------|
| Advance from customers | 165.713.528.704 | 407.516.928.603 |
| Outstanding expenses | 24.197.894.444 | 27.173.433.315 |
| Interest payable | 22.900.108.376 | 22.848.512.044 |
| Salaries payable | 6.799.100.940 | 7.282.910.664 |
| Other | 301.622.892 | 284.444.944 |
| Total | 219.912.255.356 | 465.106.229.570 |

Other payables includes receipts from customers

15. 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, 2019 and March 31, 2018 amounted to Rp 30,522,483,294 and Rp 24,433,999,560, respectively. As of March 31, 2019, 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:

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Salary increase rate | 7% | 7% |
| Discount rate | 7,06% | 7,06% |
| Mortality rate | TMI-III in 2011 | TMI-III in 2011 |
| Recognition of (Liabilities) / Assets in Balance Sheet | | |
| Subsidiaries | | |
| Assets and Liabilities | | |
| Present Value of Defined Benefit Obligation | 30.522.483.294 | 27.005.475.728 |
| Fair Value of Plan Assets | - | - |
| Funding Status | 30.522.483.294 | 27.005.475.728 |
| Recognition of (Liabilities) / Assets in Balance Sheet | 30.522.483.294 | 27.005.475.728 |

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16. PROVISION FOR RETIREMENT BENEFIT (Continued)

Reconcile of Amount that Recognized in Balance Sheet

| | <u>2019</u> | <u>2018</u> |
|---|------------------------------|------------------------------|
| Subsidiaries | | |
| (Liabilities)/Assets at Beginning Period | 27.005.475.728 | 22.092.110.706 |
| (Expenses)/Revenue | 5.335.542.292 | 5.422.241.844 |
| Other Comprehensive Income / (Expenses) | 256.472.439 | 5.710.347.645 |
| Realization of Benefits Payment | <u>(2.075.007.165)</u> | <u>(6.219.224.467)</u> |
| (Liabilities)/Assets at Ending Period | <u>30.522.483.294</u> | <u>27.005.475.728</u> |
| Expenses | | |
| Current Services Cost | 3.610.501.923 | 3.727.264.457 |
| Interest Cost | <u>1.725.040.369</u> | <u>1.694.977.387</u> |
| Expenses / (Revenue) in Income Statement | <u>5.335.542.292</u> | <u>5.422.241.844</u> |

16. LOANS

Unsecured loan

As of March 31, 2019 and 2018 the balance of this account is follows:

| | <u>2019</u> | <u>2018</u> |
|-----------------|------------------------------|------------------------------|
| PT Adani Global | <u>15.846.003.419</u> | <u>31.824.334.211</u> |
| Total | <u>15.846.003.419</u> | <u>31.824.334.211</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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17. NON CONTROLLING INTEREST

- a. The balance of non controlling in net loss of subsidiaries on March 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---------------------|----------------------|-----------------------|
| PT Energy resources | 1.337.019.070 | 25.309.606.552 |
| Total | 1.337.019.070 | 25.309.606.552 |

- b. The balance of non controlling in subsidiaries' net assets at March 31, 2018 and 2017 are as follows:

| | 2019 | 2018 |
|---------------------|-------------------------|-------------------------|
| PT Energy resources | (18.706.920.129) | (23.996.110.512) |
| Total | (18.706.920.129) | (23.996.110.512) |

18. SHARE CAPITAL

The Company's authorized capital consist of 4,000 shares with par value per share of Rp 500,000, 3,000 shares issued and paid up capital as of March 31, 2019 and 2018.

The composition of issued and paid-up shares as of March 31, 2019 and 2018 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 |

19. ADDITIONAL PAID IN CAPITAL

| | 2019 | 2018 |
|---|-------------------------|----------|
| Business combination of entities under common control | (62.416.585.784) | - |
| Total | (62.416.585.784) | - |

Based on the General Meeting of Shareholders that formed basis for notarial deed No. 13 of Fessy Farizqoh Alwi, SH., M.Kn, public Notary Jakarta dated June 5, 2018, that is, the company merged with PT Mitra Niaga Mulia which is effectively implemented on June 8, 2018 and PT Lamindo Inter Multikon as an entity that continues (surviving company). The deed of notification of merger has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-AH.01.10-0006437, dated June 8, 2018. The Merger is carried out at book value based on the approval of tax department vide letter no KEP-244/WPJ.19/2018 dated 13th December 2018.

| | |
|---|-------------------------|
| Net Assets | (15.152.685.252) |
| Investee | (656.000.000) |
| Difference in value from restructuring transactions | (15.808.685.252) |

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19. ADDITIONAL PAID IN CAPITAL (Continued)

PT Gemilang Pusaka Pertiwi

Based on the General Meeting of Shareholders that formed basis for notarial deed No. 6 of Rohana Frieta SH., public Notary Jakarta dated December 13, 2013, that is, the company has purchased shares of PT Sumber Dana Usaha totaling 765 shares. The deed of sale and purchase of share has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-0124627.AH.01.09, dated December 27, 2013.

| | |
|---|----------------------|
| Net Assets | 36.325.205 |
| Investee | <u>(382.500.000)</u> |
| Difference in value from restructuring transactions | <u>(346.174.795)</u> |

PT Hasta Mundra

Based on the General Meeting of Shareholders that formed basis for notarial deed No. 5 of Rohana Frieta SH., public Notary Jakarta dated December 13, 2013, that is, the company has purchased shares of PT Sumber Dana Usaha totaling 750 shares. The deed of sale and purchase of share has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-0001234.AH.01.09, dated January 7, 2014.

| | |
|---|----------------------|
| Net Assets | 644.684.554 |
| Investee | <u>(750.000.000)</u> |
| Difference in value from restructuring transactions | <u>(105.315.446)</u> |

PT Tambang Sejahtera Bersama

Based on the General Meeting of Shareholders that formed basis for notarial deed No. 9 of Rohana Frieta SH., public Notary Jakarta dated September 23, 2015, that is, the company has purchased shares of PT Sumber Dana Usaha totaling 375 shares. The deed of sale and purchase of share has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-35606610.AH.01.11, dated September 28, 2015.

| | |
|---|----------------------|
| Net Assets | 152.947.677 |
| Investee | <u>(375.000.000)</u> |
| Difference in value from restructuring transactions | <u>(222.052.323)</u> |

PT Suar Harapan Bangsa

Based on the General Meeting of Shareholders that formed basis for notarial deed No. 8 of Rohana Frieta SH., public Notary Jakarta dated September 23, 2015, that is, the company has purchased shares of PT Sumber Dana Usaha totaling 825 shares. The deed of sale and purchase of share has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-3560608.AH.01.11, dated September 28, 2015.

| | |
|---|----------------------|
| Net Assets | 209.862.187 |
| Investee | <u>(412.500.000)</u> |
| Difference in value from restructuring transactions | <u>(202.637.813)</u> |

The transaction is recorded and recognized in its carrying value in accordance with PSAK 38 (Business Combination of Entities Under Common Control).

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20. SALES

| | 2019 | 2018 |
|--------------|--------------------------|--------------------------|
| Coal | 1.405.163.938.353 | 1.050.291.245.506 |
| Total | 1.405.163.938.353 | 1.050.291.245.506 |

21. COST OF SALES

| | 2019 | 2018 |
|-----------------------------------|--------------------------|------------------------|
| Opening stocks | 89.213.144.074 | 33.861.617.772 |
| Direct cost | | |
| OB Removal Service | 405.083.090.492 | 260.850.716.246 |
| Solar expenses | 190.181.040.794 | 128.951.926.945 |
| Crane hiring rent | 160.714.966.621 | 73.198.991.311 |
| Salaries | 83.333.033.363 | 86.808.042.269 |
| Barges rent | 58.905.807.878 | 40.501.680.432 |
| Dump truck expenses | 36.054.004.543 | 26.501.770.206 |
| Depreciation | 34.064.172.211 | 37.135.334.916 |
| Demurage charge | 22.417.985.266 | 31.918.036.720 |
| Rental equipment charges | 20.536.917.500 | 16.112.644.512 |
| Coal handling plant | 12.467.734.042 | 17.235.902.664 |
| Excavator expenses | 12.816.680.610 | 12.884.313.348 |
| Generator expenses | 10.117.035.055 | 12.379.312.265 |
| Stevedoring expenses | 9.036.748.126 | 10.160.497.746 |
| Repair and maintenance | 5.861.881.550 | 10.077.192.474 |
| Drilling and exploration expenses | 5.518.757.928 | 5.734.564.000 |
| Dozer expenses | 5.494.871.818 | 5.095.782.309 |
| Freight other | 3.377.352.261 | 4.515.805.259 |
| Pickup expenses | 2.876.585.947 | 1.672.201.019 |
| Testing & analysis expenses | 2.829.731.213 | 1.745.309.562 |
| Marine insurance | 885.576.176 | 266.578.164 |
| Loading & unloading | 537.304.400 | 662.237.003 |
| General spares expenses | 304.027.899 | 4.252.089.080 |
| Wages (site) | 173.484.617 | 188.982.245 |
| Others | 196.163.537 | 57.067.907 |
| Subtotal direct cost | 1.083.784.953.847 | 788.906.978.602 |
| Closing stocks | (44.647.093.439) | (89.213.144.074) |
| Total | 1.128.351.004.482 | 733.555.452.300 |

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

22. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2019 | 2018 |
|-----------------------------------|------------------------|------------------------|
| DMO quota expenses | 45.598.352.377 | - |
| Repair and maintenance | 33.864.525.127 | 1.030.585.459 |
| Amortization of land Compensation | 31.788.472.421 | 10.881.192.595 |
| PNBP shipping | 29.099.996.630 | 43.866.911.787 |
| Legal & professional fees | 14.811.392.838 | 4.850.327.941 |
| Tax expenses | 14.105.800.822 | 5.939.336.489 |
| Traveling expenses | 13.461.363.580 | 10.930.138.260 |
| Miscellaneous expenses | 10.703.645.287 | 10.868.006.863 |
| Reclamation expenses | 5.118.629.458 | 7.651.012.010 |
| Fooding expenses | 7.278.806.812 | 5.818.256.922 |
| Security charges | 5.375.835.725 | 4.163.800.000 |
| Employee benefit | 5.335.542.292 | 5.422.241.844 |
| IPK expenses | 5.616.505.102 | 685.782.385 |
| Miscellaneous | 5.273.396.688 | 3.662.345.120 |
| Office expenses | 4.625.032.701 | 3.809.417.995 |
| Medical | 3.410.887.417 | 3.954.583.394 |
| Honorarium | 2.650.270.157 | 2.878.070.501 |
| Insurance expenses | 2.559.887.347 | 5.036.883.873 |
| CSR expenses | 1.169.665.750 | 1.169.771.465 |
| Fresh water charge | 677.257.500 | 883.830.700 |
| Rent expenses | 312.486.111 | 645.833.335 |
| Speed boat charges | 280.217.015 | 337.262.315 |
| Others | 512.125.889 | 1.678.282.142 |
| Total | 243.630.095.046 | 136.163.873.396 |

23. OTHERS INCOME (EXPENSES)

| | 2019 | 2018 |
|-------------------------|-------------------------|-------------------------|
| OTHERS INCOME | | |
| Interest from Bank | 1.374.349.391 | 1.395.366.914 |
| Dividend income | 20.408.500 | 31.465.300 |
| Others | 674.368.980 | 799.870.600 |
| Sub total | 2.069.126.871 | 2.226.702.814 |
| OTHER (EXPENSES) | | |
| Foreign exchange loss | (12.398.034.074) | (21.357.642.682) |
| Bank charges | (690.738.446) | (562.026.680) |
| Loss on disposal asset | - | (4.390.505.430) |
| Interest expense | - | (1.592.816.904) |
| Others | (6.564.040) | (268.963.300) |
| Sub total | (13.095.336.560) | (28.171.954.996) |
| Total | (11.026.209.689) | (25.945.252.182) |

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

24. FINANCIAL ASSET AND FINANCIAL LIABILITIES

The information given below relates to the Company's financial assets and liabilities by categories as of March 31, 2019:

| | Total | Loan and receivables | FVTPL | Other financial assets |
|------------------------------------|------------------------|---------------------------------|--------------------|-----------------------------------|
| Financial assets : | | | | |
| Cash and cash equivalents | 11.018.634.085 | 11.018.634.085 | - | - |
| Advance | 16.313.121.831 | 16.313.121.831 | - | - |
| Investments | 200.000.000 | - | 200.000.000 | - |
| Total financial assets | 27.531.755.916 | 27.331.755.916 | 200.000.000 | - |
| Financial liabilities : | | | | |
| Sundry creditors | 218.523.339.911 | - | - | 218.523.339.911 |
| Others payable | 219.912.255.356 | - | - | 219.912.255.356 |
| Loans | 15.846.003.419 | - | - | 15.846.003.419 |
| Total financial liabilities | 454.281.598.686 | - | - | 454.281.598.686 |

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 | 16.185.890.552 | 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 | 45.286.035.668 | 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 |

25. GOING CONCERN

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

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

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

(Expressed in Rupiah, unless otherwise stated)

26. SUBSEQUENT EVENTS

There are no significant events after the reporting date that require adjustment or disclosure in the financial statements as of March 31, 2019.