PT BIMA GEMA PERMATA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	March 31, 2015 US$	March 31, 2014 US$
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	406,857	356,141
Time deposits	100,000	134,189
Other accounts receivable from a related party	-	15,263
Inventories	648,411	675,194
Prepaid taxes	-	44,591
Advances and prepaid expenses	32,901	235,460
Total Current Assets	1,188,169	1,460,838
NONCURRENT ASSETS		
Deferred tax assets	60,237	782,779
Property and equipment - net of accumulated depreciation and impairment of US$ 214,977 in 2015 and US$ 171,653 in 2014	45,586	83,015
Other assets	1,369,048	1,636,796
Total Noncurrent Assets	1,474,871	2,502,590
TOTAL ASSETS	2,663,040	3,963,428

PT BIMA GEMA PERMATA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015 (Continued)

	March 31, 2015 US$	March 31, 2014 US$
LIABILITIES AND CAPITAL DEFICIENCY		
CURRENT LIABILITIES		
Trade accounts payable		
Related parties	66,488	292,865
Third parties	209,576	104,364
Other accounts payable		
Related party	162,573	3,412,649
Third party	-	8,424
Taxes payable	10,188	17,638
Accrued expenses	1,241,669	1,083,926
Total Current Liabilities	1,690,494	4,919,866
NONCURRENT LIABILITIES		
Deposit from a related party	1,000,000	1,000,000
Post-employment benefits obligation	27,074	22,697
Total Noncurrent Liabilities	1,027,074	1,022,697
CAPITAL DEFICIENCY		
Capital stock - Rp 1,000,000 par value per share Authorized, subscribed and fully paid 5,100 shares	572,776	572,776
Deficit	(627,304)	(2,551,911)
Capital Deficiency	(54,528)	(1,979,135)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	2,663,040	3,963,428

PT BIMA GEMA PERMATA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
SALES	12,210,076	10,093,000
COST OF GOODS SOLD	7,756,958	7,143,342
GROSS PROFIT	4,453,118	2,949,658
Selling expenses	(1,269,179)	(1,743,763)
General and administrative expenses	(482,617)	(643,995)
Interest income	14,394	13,085
Gain on foreign exchange - net	(60,130)	(23,485)
Others - net	(8,437)	(42,050)
INCOME BEFORE TAX	2,647,149	509,450
TAX EXPENSE - NET	722,542	180,956
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,924,607	328,494

PT BIMA GEMA PERMATA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Paid-up capital stock	Deficit	Total capital deficiency
	US$	US$	US$
Balance as of April 1, 2013	572,776	(2,880,406)	(2,307,630)
Total comprehensive income for the year	-	328,495	328,495
Balance as of March 31, 2014	572,776	(2,551,911)	(1,979,135)
Total comprehensive income for the year	-	1,924,607	1,924,607
Balance as of March 31, 2015	572,776	(627,304)	(54,528)

PT BIMA GEMA PERMATA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	2,647,149	509,450
Adjustments:		
Depreciation	43,324	54,836
Post - employment benefits obligation	9,431	6,587
Interest income	14,394	13,085
Unrealized gain on foreign exchange	(2,649)	-
Operating cash flows before changes in working capital	2,711,649	583,958
Changes in working capital:		
Trade accounts receivable		-
Other accounts receivable	15,263	400,629
Inventories	26,783	(532,932)
Advances and prepaid expense	247,150	(47,488)
Other assets	267,748	(1,272,691)
Trade accounts payable	(121,165)	84,487
Other accounts payable	(3,258,500)	495,424
Taxes payable	10,188	10,998
Accrued expenses	157,743	97,606
Cash Provided by (Used in) Operating Activities	56,859	(180,009)
Income tax paid	(17,638)	-
Payments of post-employment benefits	(2,405)	-
Net Cash Provided by (Used in) Operating Activities	36,816	(180,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of time deposit	34,189	(34,189)
Interest received	(14,394)	(13,085)
Acquisitions of property and equipment	(5,895)	(6,365)
Net Cash Provided by (Used in) Investing Activities	13,900	(53,639)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	50,716	(233,648)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	356,141	589,789
CASH ON HAND AND IN BANKS AT END OF YEAR	406,857	356,141

1. GENERAL

a. Establishment and General Information

PT Bima Gema Permata (the "Company") was established within the framework of Foreign Capital Investment Law No. 25 of 2007, based on notarial deed No. 11 of Public Notary Hasbullah Abdul Rasyid, S.H., M.Kn. dated May 30, 2005. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter No. C-17032 HT.01.01.Year.2005 dated June 21, 2005 and was published in State Gazette No. 27 dated April 5, 2011, Supplement No. 9160 Year 2011. The Company's articles of association have been amended several times, most recently by deed No. 40 of Mellyani Noor Shandra notary, SH dated February 16, 2011 to comply with Law No. 40 Year 2007 on Limited Companies. The amendments have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter No. AHU-11580.AH.01.02 Year 2011 dated March 8, 2011.

In accordance with Article 3 of the Company's articles of association, the Company is engaged in the trading, construction, services, ground transportation, workshop, printing, agriculture, mining, real estate and manufacturing. Currently, the Company is engaged in coal mining and sales. As of March 31, 2015 and 2014, the Company had 12 permanent employees, respectively.

The Company is domiciled in Menara Prima 15th Floor Units B, Jl. Lingkar Mega Kuningan blok 6.2, Jakarta. The Company's site is located in Desa Petanggis, Kecamatan Batu Engau, Kabupaten Paser, East Kalimantan.

The Company belongs to a group of companies owned by Mercator Limited (the Group), a group listed on the National Stock Exchange and Bombay Stock Exchange, India. The Company's Commissioner and Director for the years ended March 31, 2015 and 2014 are as follows:

Commissioner	:	Atul Agarwal
Director	:	Raheja Kirtipal Singh

b. Coal Mining License

The Company has obtained a Coal Mining and Exploitation License *(Surat Izin Usaha Pertambangan Eksploitasi Batubara)* based on decision Letter of Paser Regent No.545/09/Eksploitasi/EK/XII/2007 covering 260,277 ha. The license has been reused several times most recently comply with Government Regulation No. 23 year 2010, "Mining Production Activity Licences" *(Ijin Usaha Pertambangan Operasi Produksi)* based on Decision Letter of Paser Regent 545/4/Operasi Produksi/EK/XII/2012, valid until December 21, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The reporting package, except for the statements of cash flows, are prepared under the accrual basis of accounting. These reporting currency used in the preparation of the reporting package is the U.S. Dollar (US$), while the measurement basis is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

b. Foreign Currency Transactions and Translation

The books of accounts of the Company is maintained in U.S. Dollar, the currency of the primary economic environment in which the entity operates (its functional currency). Transactions during the period involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to profit or loss.

c. Transaction with Related Parties

A related party is person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to reporting entity if that person:

   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. Both entities are joint ventures of the same third party;
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. The entity is controlled or jointly controlled by a person identified in (a).
   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the reporting package.

d. Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract which terms require delivery of the financial assets within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

The Company's financial assets are classified as loans and receivables.

<u>Loans and receivables</u>

Receivables from customers and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each reporting date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Loans and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment on loans and receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the receivables is reduced by the impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

e. Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Derecognition of financial liabilities

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

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

f. Netting of Financial Asset and Financial Liabilities

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

- currently has a legal enforceable right to set off the recognised amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

g. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost of coal is determined using the weighted average method and cost of fuel is determined using the First In First Out (FIFO) method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

h. Prepaid Expenses

Prepaid expenses are amortised over their beneficial periods using the straight-line method.

i. Property and Equipment

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write-off the cost of assets less residual values using the following method:

	Depreciation method	Years
Building	Straight-line	5
Office equipment	Double declining	4
Long boat	Double declining	4

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property and equipment, are recognised as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in the profit or loss.

Construction in progress is stated at cost which includes borrowing costs during construction on debts incurred to finance the construction. Construction in progress is transferred to the respective property and equipment account when completed and ready for use.

j. Impairment of Non-Financial Asset

At reporting dates, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of net selling price or value in use. If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately against earnings.

k. Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m. Revenue and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Coal

Revenue from sale of coal is recognised when all of the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the coal;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the coal sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognised when incurred.

n. Post-Employment Benefits

The Company provided post-employment benefits to its employees in accordance with Labor Law No. 13/2003 (the “Labor Law”). No funding has been made to this defined benefit plan.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the Company’s defined benefit obligations are recognized on straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

o. Income Tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and fiscal loss carryforwards to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal loss carryforwards can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 2, the director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 2, management has not made any critical judgment that has significant impact on the amounts recognised in the reporting package, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- <u>Impairment Loss on Loans and Receivables</u>

  The Company assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is objective evidence that loss event has occurred. Management also makes judgement as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. No allowance for impairment loss was provided as of March 31, 2014.

- <u>Allowance for Decline in Value of Inventories</u>

  The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 6.

- <u>Estimated Useful Lives of Property and Equipment</u>

  The useful life of each item of the Company's property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.
  A change in the estimated useful life of any item of property and equipment would affect the recorded depreciation expense and decrease in the carrying values of property and equipment.

  The carrying amount of property and equipment are disclosed in Note 9.

4. CASH ON HAND AND IN BANKS

	March 31, 2015 US$	March 31, 2014 US$
Cash on hand	6,711	4,932
Cash in banks		
U.S. Dollar		
PT Bank Danamon Indonesia Tbk	120,320	195,197
PT Bank of India Indonesia Tbk	9,750	7,789
Rupiah		
PT Bank Danamon Indonesia Tbk	260,407	144,034
PT Bank Mandiri (Persero) Tbk	9,660	4,150
PT Bank of India Indonesia Tbk	9	39
Total	406,857	356,141

5. TIME DEPOSITS

	March 31, 2015 US$	March 31, 2014 US$
U.S. Dollar		
PT Bank of India Indonesia Tbk	100,000	100,000
Rupiah		
PT Bank Danamon Indonesia Tbk	-	34,189
Total	100,000	134,189
The applicable interest rates per annum are as follows:		
U.S. Dollar	2.50%	2.50%
Rupiah	-	5.25%-6.25%

The above time deposits have terms of 6 months to 1 year.

6. INVENTORIES

	March 31, 2015 US$	March 31, 2014 US$
Finished goods - crushed coal	655,042	673,893
Fuel	20,987	28,919
Total	676,029	702,812
Allowance for decline in value of inventories	(27,618)	(27,618)
Total	648,411	675,194

Management believes that the allowance for decline in value of inventories is adequate.

7. PREPAID TAXES

On August 13, 2014, the Company received Tax Assessment Letter confirming overpayment (SKPLB) of Income Tax articles 28 for fiscal year 2012 amounting to US$ 44,522 from the total amount of US$ 44,591 which were claim in tax refund. The Company received the tax refund in September 2014. Differences on the tax refund received and the amounts initially recorded are directly charged into the current year's profit or loss.

8. ADVANCES AND PREPAID EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Advances:		
Professional fee	23,275	11,615
Loading conveyor rentals	-	168,580
Others	1,820	42,874
Sub - Total	25,095	223,069
Prepaid expenses:		
Health insurance	3,669	5,414
Rentals	906	1,046
Other	3,231	5,931
Sub - Total	7,806	12,391
Total	32,901	235,460

9. PROPERTY AND EQUIPMENT

	April 1, 2014	Additions	Deductions	March 31, 2015
	US$	US$	US$	US$
At cost:				
Building	127,050	-	-	127,050
Office equipment	110,468	5,895	-	116,363
Long boat	3,092	-	-	3,092
Construction in-progress	14,058	-	-	14,058
Total	254,668	5,895	-	260,563
Accumulated depreciation:				
Building	76,230	25,410	-	101,640
Office equipment	78,885	17,608	-	96,493
Long boat	2,480	306	-	2,786
Total	157,595	43,324	-	200,919
Net Book Value	97,073			59,644
Accumulated impairment loss	(14,058)			(14,058)
Net Carrying Value	83,015			45,586

	April 1, 2013	Additions	Deductions	March 31, 2014
	US$	US$	US$	US$
At cost:				
Building	127,050	-	-	127,050
Office equipment	104,103	6,365	-	110,468
Long boat	3,092	-	-	3,092
Construction in-progress	14,058	-	-	14,058
Total	248,303	6,365	-	254,668
Accumulated depreciation:				
Building	50,820	25,410	-	76,230
Office equipment	50,071	28,814	-	78,885
Long boat	1,868	612	-	2,480
Total	102,759	54,836	-	157,595
Net Book Value	145,544			97,073
Accumulated impairment loss	(14,058)			(14,058)
Net Carrying Value	131,486			83,015

Depreciation was charged to the following accounts as follows:

	2015	2014
	US$	US$
Cost of goods sold (Note 18)	38,932	48,626
General and administrative expenses (Note 20)	4,392	6,210
Total	43,324	54,836

Management believes that the allowance for impairment of assets under construction as of March 31, 2015 and 2014 is adequate to cover possible losses on impairment of property and equipment.

10. OTHER ASSETS

	March 31, 2015	March 31, 2014
	US$	US$
Rental deposits	1,195,227	1,458,092
Bank guarantees for site restoration	173,610	178,130
Others	211	574
Total	1,369,048	1,636,796

The local government required the Company to make bank guarantees for site restoration bond and placed it in PT Bank Mandiri (Persero) Tbk amounting to US$ 173,610 and US$ 112,420 in 2015 and 2014, respectively, and PT Bank Danamon Indonesia Tbk amounting to US$ 65,710 in 2014.

11. TRADE ACCOUNTS PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Related parties		
PT Mincon Indo Resources	35,710	292,865
PT Oorja Indo Petangis Three	30,778	-
Total	66,488	292,865
Third parties	209,576	104,364

Trade accounts payable have average credit period of 60 days.

12. OTHER ACCOUNTS PAYABLE

Other accounts payable to related party pertaining to reimbursements of operational costs to PT Oorja Indo KGS, a related party amounting to US$ 162,573 and US$ 3,412,649 in 2015 and 2014, respectively.

At March 31, 2014, other accounts payable to third party pertaining to professional fee payable.

13. TAXES PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Income taxes:		
Article 21	3,720	7,622
Article 23	6,336	8,610
Value added tax	132	1,406
Total	10,188	17,638

14. ACCRUED EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Production royalties	589,067	490,282
Heavy equipment rentals	234,419	194,524
Provision for site restoration	199,824	171,027
Fuel	80,459	71,330
Loading conveyor	52,133	44,312
Others	85,767	112,451
Total	1,241,669	1,083,926

15. DEPOSIT FROM A RELATED PARTY

This account represents a security deposit in relation to the Coal Off Take Agreement provided by MCS Holdings Pte. Ltd., a related party, amounting to US$ 1,000,000 as of March 31, 2015 and 2014 (Note 24).

16. CAPITAL STOCK

	March 31, 2015 and 2014		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	US$
PT Oorja Indo Petangis Three	2,550	50	286,388
PT Oorja Indo Petangis Four	2,550	50	286,388
Total	5,100	100	572,776

The shares issued and fully paid are ordinary shares which entitle the holder to carry one vote per share and to participate in dividends.

17. SALES

This account represents the sales of coal amounting US$ 12,210,076 and US$ 10,093,000 in 2015 and 2014, respectively. All sales in 2015 and 2014 were made to a related party (Note 23).

18. COST OF GOODS SOLD

	2015	2014
	US$	US$
Heavy equipment rentals	3,540,950	3,832,903
Fuel	3,098,522	2,453,187
Salaries and allowances	386,490	500,783
Catering	287,292	333,065
Transportation	132,476	98,102
Outsourcing	103,635	116,011
Security services	79,171	159,722
Depreciation (Note 9)	38,932	48,626
Equipment rental	21,689	53,768
Sparepart	4,413	30,393
Others	44,537	51,782
Cost of production	7,738,107	7,678,342
Finished goods inventory, beginning	673,893	138,893
Finished goods inventory, ending	(655,042)	(673,893)
Total	7,756,958	7,143,342

19. SELLING EXPENSES

	2015	2014
	US$	US$
Production royalties	468,902	659,125
Community development	396,099	388,759
Loading conveyor rentals	320,629	334,233
Honorarium - shipment	33,523	-
Shipment monitoring fee	24,518	324,213
Coal cargo superintending	25,342	37,264
Others	166	169
Total	1,269,179	1,743,763

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Salaries and allowances	266,994	308,200
Office stationery and supplies	47,568	54,549
Land and building taxes	43,126	2,645
Travelling	29,018	38,147
Professional fees	14,976	45,569
Estimated post-employment benefits	9,431	8,967
Repairs and maintenance	7,682	13,751
Depreciation (Note 9)	4,392	6,210
Donations	319	54,260
Others	59,111	111,697
Total	482,617	643,995

21. INCOME TAX

Tax expense of the Company consist of the following:

	2015	2014
	US$	US$
Current tax	-	-
Deferred tax	722,542	180,956
Total	722,542	180,956

Current Tax

Reconciliation between income before tax per statements of comprehensive income and taxable income (fiscal loss) is as follows:

	2015	2014
	US$	US$
Income before tax as per statement of comprehensive income	2,647,149	509,451
Temporary differences:		
Difference between commercial and fiscal depreciation	12,362	19,428
Provision for post-employment benefits	7,026	6,587
Total	19,388	26,015
Nondeductible expenses (nontaxable income):		
Benefit in kind	82,549	121,341
Donation	319	54,260
Interest income already subjected to final tax	(14,394)	(13,085)
Others	20,073	51,951
	88,547	214,467
Taxable income before fiscal loss carried forward	2,755,084	749,933
Fiscal loss		
2014	(3,030,616)	(3,780,549)
Adjustment	151,875	-
Accumulated fiscal loss	(123,657)	(3,030,616)

Deferred Tax

The details of the Company's deferred tax assets are as follows:

	April 1, 2013	Credited (charged) to income for the year	March 31, 2014	Credited (charged) to income for the year	March 31, 2015
	US$	US$	US$	US$	US$
Deferred tax assets					
Fiscal loss	945,137	(187,483)	757,654	(726,740)	30,914
Difference between commercial and fiscal depreciation	11,293	4,881	16,174	3,103	19,277
Post-employment benefits obligation	4,028	1,646	5,674	1,095	6,769
Impairment of property and equipment	3,277	-	3,277	-	3,277
Deferred tax assets - net	963,735	(180,956)	782,779	(722,542)	60,237

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rate to income before tax is as follows:

	2015	2014
	US$	US$
Income before tax as per statements of comprehensive income	2,647,149	509,451
Tax expense at effective tax rates	661,787	127,363
Tax effect of nontaxable income (nondeductible expenses):		
Benefits in kind	20,637	30,335
Donation	80	13,565
Interest income already subjected to final tax	(3,599)	(3,271)
Other	5,019	12,987
Total	22,137	53,616
Adjustment	38,618	(23)
Total tax expense	722,542	180,956

22. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits was 12 in 2015 and 2014.

Amounts recognised in the statements of comprehensive income with respect to these post-employment benefits are as follows:

	2015	2014
	US$	US$
Current service cost	7,992	6,348
Interest cost	1,631	1,633
Amortized past service cost	859	986
Effect Addition/(Deduction) of Employee	(510)	-
Net actuarial (gain) loss	(541)	-
Total	9,431	8,967

The amounts included in the statement of financial position arising from the Company's obligations with respect to post-employment benefits are as follows:

	March 31, 2015	March 31, 2014
	US$	US$
Present value of the obligation	29,831	22,020
Unrealized actuarial gain	9,435	15,651
Past service cost - not yet vested	(12,192)	(14,974)
Net liabilities	27,074	22,697

Movements in the post-employment benefits obligations recognized in the statement of financial position are as follows:

	March 31, 2015	March 31, 2014
	US$	US$
Opening defined benefit obligation	22,020	31,930
Current service cost	7,992	6,348
Interest cost	1,631	1,633
Benefits paid	(2,405)	-
Effect addition/(deduction) of employee	(510)	-
Recognized of gain/(loss) of actuarial	3,666	(13,173)
Gain on foreign exchange	(2,563)	(4,718)
Closing defined benefit obligation	29,831	22,020

The cost of providing post-employment benefits is calculated by PT Jasa Aktuaria Praptasentosa Gunajasa an independent actuary. The actuarial calculation was carried out using the following key assumptions:

	2015	2014
Discount rate	7.5% per annum	8.5% per annum
Future salary increment rate	9% per annum	9% per annum
Mortality rate	100% TMI 2011	100% TMI 2011
Disability rate	1% TMI	1% TMI
Resignation rate	5% per annum until age 29 then decrease Linearly into 0% at age 54	5% per annum until age 29 then decrease Linearly into 0% at age 54
Normal pension age	60	60

23. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationships

a. Mercator Limited is the ultimate controlling party of the Company.

b. PT Oorja Indo Petangis Three and PT Oorja Indo Petangis Four are the stockholders of the Company.

c. Related parties which are entitles controlled by key management personnel of the Company:

- PT Nuansa Sakti Kencana
- PT Oorja Indo KGS
- PT Mincon Indo Resources
- MCS Holdings Pte Ltd

Transactions with related parties

In the course of business, the Company entered into certain transactions with related parties, including the following:

a. The Company and PT Oorja Indo KGS entered coal purchase agreement at FOB Barge. (Note 17)

b. The Company and PT Mincon Indo Resources entered into heavy equipment agreement from April 01, 2014 to March 31, 2015 (Note 11).

c. The Company and PT Oorja Indo Petangis Three entered outsourcing agreement from April 1, 2014 to March 31, 2015 (Note 18).

24. SIGNIFICANT COMMITMENTS AND AGREEMENTS

a. The Company received the right to use Community Land (*Tanah Adat*) for coal mining purposes from the Community Land owners. This agreement is valid until the Company is closing down the mine.

b. The Company will give community development fund. The Company also shall provide the operational and administration fees. This agreement valid is until the company is closing down the mine.

c. The Company and MCS Holdings Pte. Ltd., a related party, (the Buyer), entered a Coal Offtake Agreement dated April 1, 2011, entered a the Company agrees to sell exclusively and MCS agrees to buy all coal from the Company.

   On April 10, 2011, the Company is allowed to sell the coal produced to another customers based on Statement Letter from MCS Holdings Pte. Ltd.

25. MONETARY ASSETS AND LIABILITES DENOMINATED IN FOREIGN CURRENCIES

As of March 31, 2015 and 2014, the Company's monetary assets and liabilities in foreign currencies are as follows:

		March 31, 2015			March 31, 2014	
		Foreign Currency	Equivalent in US$		Foreign Currency	Equivalent in US$
Assets						
Cash on hand and in banks	Rp	3,608,397,108	275,787	Rp	1,735,168,321	152,154
Time deposits	Rp	-	-	Rp	389,892,568	34,189
Other accounts receivable	Rp	-	-	Rp	110,408,966	9,682
Other assets	Rp	2,271,513,240	173,610	Rp	2,031,398,511	180,884
Total Assets			449,397			376,909
Liabilities						
Trade accounts payable	Rp	2,703,232,904	206,606	Rp	196,379,275	17,220
Accrued expenses	Rp	4,410,158,460	337,065	Rp	3,525,283,243	309,127
Total Liabilities			543,671			326,347
Net (Liabilities) Assets			(94,274)			50,562

The conversion rates used by the Company as of May 8, 2015, March 31, 2015 and 2014 are Rp 13,177, Rp 13,084 and Rp 11,404 per US$ 1, respectively.

26. OTHER MATTER

The Company's have capital deficiency of US$ 54,528 as of March 31, 2015. In relation to this matter, the Group agreed to provide financial support to the Company until such time that is able to achieve stability in its operations.

27. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	March 31, 2015	March 31, 2014
	US$	US$
Loans and receivables		
Current Financial Assets		
Cash on hand and in banks	406,857	356,141
Time deposits	100,000	134,189
Other accounts receivable from a related party	-	15,263
Noncurrent Financial Assets		
Other assets		
Rental deposits	1,195,227	1,458,092
Bank guarantees for site restoration	173,610	178,130
Total Financial Assets	1,875,694	2,141,815
Liabilities at amortized cost		
Current Financial Liabilities		
Trade accounts payable		
Related party	66,488	292,865
Third party	209,576	104,364
Other accounts payable		
Related party	162,573	3,412,649
Third party	-	8,424
Accrued expenses	1,241,669	1,083,926
Noncurrent Financial Liabilities		
Deposit from a related party	1,000,000	1,000,000
Total Financial Liabilities	2,680,306	5,902,228

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

The Company manages capital risk to ensure that it will be able to continue as a going concern, while maximizing the profits of the return to stakeholders through the optimization of debt and equity balance.

The Company’s capital structure consists of cash on hand and in banks (Note 4), other accounts payable to related parties (Note 12), and equity shareholders, consisting of capital stock (Note 16), and retained earnings.

The Director periodically reviews the Company's capital structure. As part of this review, the management considers the cost of capital and related risk.

The gearing ratio as of March 31, 2015 and 2014 are as follows:

	March 31, 2015	March 31, 2014
	US$	US$
Debt:		
Other accounts payable to related parties	162,573	3,412,649
Cash on hand and in banks	406,857	356,140
Net debt	(244,284)	3,056,509
Capital deficiency	(54,528)	(1,979,136)
Net debt to equity ratio	448%	-154%

b. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of its business, while managing its exposure to foreign exchange risk, interest rate risk, credit risk and liquidity risk.

i. Foreign currency risk management

The Company is exposed to the effect of foreign currency exchange rate fluctuation mainly because of foreign currency denominated transactions such as heavy equipment rental and bank guarantee for site restoration bond.

The Company manages the currencies other than U.S. Dollar exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 25.

Foreign currency sensitivity analysis

The Company sensitivity against the relevant foreign currencies is 6.9% and 8.7% in March 31, 2015 and 2014, respectively. Had the US$ weakened/strengthened by 6.9% and 8.7% in March 31, 2015 and 2014, respectively with all other variables held constant, net income after tax for the years then ended would have been higher/lower US$ 64,009 and higher/lower US$ 41,203, respectively. 6.9% and 8.7% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in currency other than U.S. Dollar.

ii. Interest rate risk management

The Company is exposed to interest rate risk because the Company borrow fund at floating interest rate. Exposures to interest rate risk relate mainly to the Company's borrowing to related party with variable interest rates, which are monitored on an ongoing basis with the primary objective of limiting the extent to which net interest exposure could be affected by an adverse movement in interest rates.

The Company believes that exposure to interest rate is not significant because the Company's borrowing is to related party. The Company believes that such lending policy which include interest are well managed by corporate treasury. While for interest rate risk exposure in bank deposit is considered manageable.

iii. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in a loss to the Company.

The Company's credit risk is primarily attributed to its cash in banks and trade accounts receivable. The Company places its bank balances with credit worthy financial institutions. Trade accounts receivable are entered with respected and credit worthy third parties. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

The carrying amount of financial assets recorded in the reporting package, net of any allowance for losses represents the Company's exposure to credit risk.

The Company manages and controls this credit risk by setting limits on the amount of risk its willing to accept for respective customers and by being more selective in choosing banks and financial institutions, only reputable and creditworthy banks and financial institutions selected.

All payables and receivables are neither past due or nor impaired with good credit quality based on evaluation of past transaction with outstanding counterparties.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company maintains sufficient funds to finance its ongoing working capital requirements.

<u>Liquidity and interest risk tables</u>

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	US$	US$	US$	US$	US$
March 31, 2015					
Non-interest bearing					
Trade accounts payable					
Related parties	35,710	30,778	-	-	66,488
Third parties	209,576	-	-	-	209,576
Other accounts payable					
Related party	162,573	-	-	-	162,573
Accrued expenses	1,241,669	-	-	-	1,241,669
Deposit from a related party	-	1,000,000	-	-	1,000,000
Total	1,649,528	1,030,778	-	-	2,680,306
March 31, 2014					
Non-interest bearing					
Trade accounts payable					
Related parties	-	292,865	-	-	292,865
Third parties	104,364	-	-	-	104,364
Other accounts payable					
Related party	-	3,412,649	-	-	3,412,649
Third party	8,424	-	-	-	8,424
Accrued expenses	1,083,926	-	-	-	1,083,926
Deposit from a related party	-	1,000,000	-	-	1,000,000
Total	1,196,714	4,705,514	-	-	5,902,228

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	Rp	US$
March 31, 2015						
Non-interest bearing						
Cash on hand		6,711	-	-	-	6,711
Interest bearing						
Cash in banks	1.25	400,563	-	-	-	400,563
Time deposit	2.5	-	102,500	-	-	102,500
Total		407,274	102,500	-	-	509,774
March 31, 2014						
Non-interest bearing						
Cash on hand		4,932	-	-	-	4,932
Other accounts receivable from a related party		-	15,263	-	-	15,263
Interest bearing						
Cash in banks	2	358,233	-	-	-	358,233
Time deposit	2.5-6.25	-	138,826	-	-	138,826
Total		363,165	154,089	-	-	517,254

c. Fair value of financial instruments

Management believes that the carrying amounts of financial assets and financial liabilities recognized in the reporting package approximate their fair values because they are short term in nature or the impact of discounting is not material.

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