PT INDO PERKASA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	March 31, 2015	March 31, 2014
	US$	US$
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	383,556	57,195
Trade accounts receivable from third parties	182,184	75,187
Inventories	126,292	21,375
Prepaid taxes	267,351	681,573
Prepayments and advances	24,794	44,923
Total Current Assets	984,177	880,253
NONCURRENT ASSETS		
Advance for purchase of property, plant and equipment	188,498	472,309
Property, plant and equipment - net of accumulated depreciation and impairment loss of US$ 2,096,174 in 2015 and US$ 1,318,844 in 2014	23,438,289	23,522,678
Due from a related party	969,237	1,101,595
Deferred tax assets	19,524	12,347
Deferred expenses	172,336	195,836
Total Noncurrent Assets	24,787,884	25,304,765
TOTAL ASSETS	25,772,061	26,185,018
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable to third parties	693,512	4,097,775
Taxes payable	19,596	155,407
Accrued expenses	124,131	105,713
Advance from customers	144,008	-
Due to related parties	18,878,690	15,842,154
Total Current Liabilities	19,859,937	20,201,049
NON CURRENT LIABILITIES		
Post-employment benefits obligation	59,941	43,565
EQUITY		
Capital stock - Rp 1,000,000 par value Authorized - 20,000 shares Subscribed and paid-up - 5,000 shares	551,390	551,390
Contributed capital	5,000,000	5,000,000
Retained earnings	300,793	389,014
Net Equity	5,852,183	5,940,404
TOTAL LIABILITIES AND EQUITY	25,772,061	26,185,018

PT INDO PERKASA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
REVENUES	5,101,164	2,491,446
COST OF REVENUES	3,877,700	2,923,942
GROSS (LOSS) PROFIT	1,223,464	(432,496)
General and administrative expenses	(69,656)	(65,280)
Financial charges	(1,026,862)	(1,453)
Gain on foreign exchange - net	(128,232)	(121,869)
Loss from impairement of asset	-	(711,253)
Gain from debt forgiveness	-	1,231,128
Others - net	(6,838)	238
LOSS BEFORE TAX	(8,124)	(100,985)
TAX EXPENSE - NET	(80,097)	(47,080)
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(88,221)	(148,065)

PT INDO PERKASA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Paid-up capital stock	Contributed capital	Retained earnings (Deficit)	Total equity
	US$	US$	US$	US$
Balance as of April 1, 2013	551,390	5,000,000	537,079	6,088,469
Net loss and total comprehensive income	-	-	(148,065)	(148,065)
Balance as of March 31, 2014	551,390	5,000,000	389,014	5,940,404
Net loss and total comprehensive income	-	-	(88,221)	(88,221)
Balance as of March 31, 2015	551,390	5,000,000	300,793	5,852,183

PT INDO PERKASA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8,124)	(100,985)
Adjustments:		
Financial charges	1,026,862	1,453
Depreciation expense	777,330	430,473
Foreign exchange	141,572	190,985
Post-employment benefit	16,376	21,393
Gain from debt forgiveness	-	(1,231,128)
Loss from impairment of asset	-	711,253
Cash Provided by Operating Activities	1,954,016	23,444
Changes in working capital:		
Trade accounts receivable from third parties	(106,997)	(23,852)
Inventories	(104,917)	3,269
Prepayments and advances	20,129	3,727
Prepaid taxes	411,861	(666,209)
Deferred expenses	23,500	23,500
Trade accounts payable to third parties	(2,710,608)	190,887
Advance from customers	144,008	-
Other accounts payable	-	(75,515)
Accrued expenses	18,418	(348,492)
Taxes payable	13,882	(85,523)
Net Cash Used in Operating Activities	(336,708)	(954,764)
Payment of income tax	(234,606)	(81,933)
Net Cash Used in Operating Activities	(571,314)	(1,036,697)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,082,133)	(4,822,662)
Payments for advance of property, plant and equipment	(20,652)	(229,844)
Payment of due to related party	(9,214)	-
Payment of financial charges	(1,727)	(1,453)
Net Cash Used in Investing Activities	(1,113,726)	(5,053,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from a related party	5,952,366	8,537,928
Payment of loan to related parties	(3,940,965)	(2,438,411)
Net Cash Provided by Financing Activities	2,011,401	6,099,517
NET INCREASE IN CASH ON HAND AND IN BANKS	326,361	8,861
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	57,195	48,334
CASH ON HAND AND IN BANKS AT END OF YEAR	383,556	57,195

1. GENERAL

a. The Company's Establishment and General Information

PT Indo Perkasa (the Company) was established in Samarinda based on deed No. 03 dated November 1, 2002 of Hernawan Hadi, S.H., notary in Samarinda. The deed of establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-00836 HT.01 .01 .TH.2003 dated January 16, 2003.

The Company's articles of association have been amended several times, most recently by deed No. 20 dated January 11, 2012 of Aji Suryana Jamaluddin Jadayat, S.H., notary in Samarinda, concerning the transfer of 2,550 shares of the Company's stock with par value of Rp 1,000,000 from Mr. Taufik Surya Darma to PT Karya Putra Borneo (KPB), the change of Company's status from national private company to foreign investment company and the change in the Boards of Commissioners and Directors. The amendments were approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.10-01669 dated January 17, 2012.

The Company is domiciled in Samarinda, East Kalimantan. The Company's head office is located at Menara Prima Tower 2 Jl. DR. Ide Anak Agung Gde Agung Blok 6.2, Kawasan Mega Kuningan, Jakarta.

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities is mainly to engage in the coal mining. The Company started its commercial operations in 2012. The Company had average total number of employees of 59 and 45 at March 31, 2015 and 2014, respectively.

The Company's management at March 31, 2015 and 2014 are as follows:

Board of Commissioners

President Commissioner	:	Mathius Salempang *)
Commissioners	:	Herumanto Zaini
		Atul Agarwal

Board of Directors

President Director	:	Taufik Surya Darma
Directors	:	Handoko Soeseno
		Kirtipal Singh Raheja

* Resigned based on statement letter dated April 16, 2014.

b. License

Based on Dock Permit Letter No. 552.3/952/Dishub/VII/201 1 dated July 1, 2011, the Government granted permit to the Company to operate a special dock located at the shipping line of Mahakam River as a mooring facility/ dock ship/ barge to its own interest to support the loading/unloading of coal of production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Package Presentation

The reporting package, except for the statements of cash flows, is prepared under the accrual basis of accounting. The 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 are maintained in U.S. Dollar (US$). Transactions during the period involving currencies other than U.S. Dollar are recorded at the rates of exchange prevailing at the time the transactions are made. At each reporting date, monetary assets and liabilities denominated in currencies other than U.S. Dollar 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 the 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 packages.

d. Financial Assets

All financial assets are recognized and derecognized 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.

Loans and receivables

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 amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest 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 recognized 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 amortised 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.

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 at Amortized Cost

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 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 they expire. 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 recognized 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 is determined using the weighted average method.

h. Prepaid Expenses

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

i. Property, Plant and Equipment

Property, plant 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 recognized so as to write-off the cost of assets less residual value using the following method:

	Depreciation method	Unit of measure
Land improvements	Straight-line	20 years
Building	Straight-line	20 years
Furniture, fixture and office equipment	Double declining	4 years
Coal Crusher Plant	Unit production	60,000,000 MT

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

Land is stated at cost and is not depreciated.

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 recognized 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. Leases

As lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as finance lease obligations.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized 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 recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

k. Impairment of Non-Financial Assets

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 recognized immediately against earnings.

l. Revenue and Expense Recognition

Rendering of services

Revenue from contracts to provide services is recognized when the services are rendered.

Interest income

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

Expenses

Expenses are recognized when incurred.

m. Post-Employment Benefits

The Company provides defined post-employment benefits to its employees in accordance with Labor Law No. 13/2003. No funding has been made to the defined benefit plans.

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 present value of the Company's defined benefit obligations are recognized on a 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 benefits 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.

n. 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 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 its 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.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 2, the directors are 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 recognized 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 recognized in the reporting packages, 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:

- Impairment Loss on Loans and Receivables

  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 judgment 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.

- Estimated Useful Lives of Property, Plant and Equipment

  The useful life of each item of the Company's property, plant 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, plant and equipment would affect the recorded depreciation expense and decrease in the carrying values of property, plant and equipment.

4. CASH ON HAND AND IN BANKS

	March 31, 2015	March 31, 2014
	US$	US$
Cash on hand	9,778	4,625
Cash in banks		
US Dollar		
PT Bank Mandiri (Persero) Tbk	984	31,205
PT Bank Danamon Indonesia Tbk	342,169	1,574
Rupiah		
PT Bank Danamon Indonesia Tbk	30,462	15,533
PT Bank Mandiri (Persero) Tbk	163	4,258
Total	383,556	57,195

5. TRADE ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	March 31, 2015	March 31, 2014
	US$	US$
a. By debtor		
PT Rinjani Kertanegara	154,559	73,784
CV Kumala Energy	27,328	1,198
PT Tiara Nusa Kaltim	297	-
PT Chandra Gemilang Sejahtera	-	205
Total	182,184	75,187

	March 31, 2015	March 31, 2014
	US$	US$
b. Aging		
Not yet due	64,552	73,989
Past due:		
Under 30 days	46,798	-
31 - 60 days	29,188	-
61 - 90 days	41,646	-
91 - 120 days	-	-
More than 120 days	-	1,198
Total	182,184	75,187
c. By currency		
Rupiah	-	-
U.S. Dollar	182,184	75,187
Total	182,184	75,187

No allowance for impairment loss was provided on receivables from third parties as management believes that all such receivables are collectible.

6. INVENTORIES

	March 31, 2015	March 31, 2014
	US$	US$
Spareparts	119,452	-
Fuel	6,840	21,375
Total	126,292	21,375

7. PREPAID TAXES

	March 31, 2015	March 31, 2014
	US$	US$
Corporate income tax		
2015 (Note 22)	11,218	-
2013	1,785	15,364
Value Added Tax	254,348	666,209
Total	267,351	681,573

On July 21, 2014, the Company received tax audit result for fiscal year 2012. The tax audit resulted in correction on tax credit of prepaid tax article 23 which decrease the corporate income tax receivable for fiscal year 2012 amounted Rp 126,340,453 or equal to US$ 13,579. The difference was charged into current year profit and loss.

8. ADVANCE FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

This account represents advance paid for the purchase of land.

9. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2014	Additions	Deduction	Reclassifications	March 31, 2015
	US$	US$	US$	US$	US$
At cost:					
Direct acquisition					
Land	6,832,948	498,873	-	-	7,331,821
Land improvements	9,848,296	67,424	-	-	9,915,720
Coal crusher plant	7,744,817	-	-	-	7,744,817
Building	296,867	13,088	-	75,205	385,160
Furniture, fixture and office equipment	43,389	113,556	-	-	156,945
Construction in progress	75,205	-	-	(75,205)	-
Total	24,841,522	692,941	-	-	25,534,463
Accumulated depreciation and impairment loss:					
Direct acquisition					
Land improvements	181,430	495,224	-	-	676,654
Coal crusher plant	1,095,202	192,774	-	-	1,287,976
Building	23,502	53,046	-	-	76,548
Furniture, fixture and office equipment	18,710	36,286	-	-	54,996
Total	1,318,844	777,330	-	-	2,096,174
Net Carrying Value	23,522,678				23,438,289

	March 31, 2013	Additions	Deduction	Reclassifications	March 31, 2014
	US$	US$	US$	US$	US$
At cost:					
Direct acquisition					
Land	5,669,811	1,163,137	-	-	6,832,948
Land improvements	655,760	897	-	9,191,639	9,848,296
Coal crusher plant	-	1,744,817	-	6,000,000	7,744,817
Building	296,867	-	-	-	296,867
Furniture, fixture and office equipment	20,887	22,502	-	-	43,389
Construction in progress	6,063,079	3,203,765	-	(9,191,639)	75,205
Leased asset					
Coal crusher plant	6,000,000	-	-	(6,000,000)	-
Total	18,706,404	6,135,118	-	-	24,841,522
Accumulated depreciation and impairment loss:					
Direct acquisition					
Land improvements	32,788	148,642	-	-	181,430
Coal crusher plant	-	964,809	-	130,393	1,095,202
Building	8,659	14,843	-	-	23,502
Furniture, fixture and office equipment	5,278	13,432	-	-	18,710
Leased asset					-
Coal crusher plant	130,393	-	-	(130,393)	-
Total	177,118	1,141,726	-	-	1,318,844
Net Carrying Value	18,529,286				23,522,678

All depreciation expense was allocated to the cost of revenue.

On April 1, 2013, the Company exercised the lease purchase option of coal crushing plant. The management provided impairment on the asset amounting to US$ 711,253 on the consideration of the recoverable amount of the asset.

10. DUE FROM A RELATED PARTY

Due from a related party represents loan to Handoko Soeseno, a stockholder, amounting to US$ 969,237 and US$ 1,101,595 as of March 31, 2015 and 2014, respectively (Note 24). This loan bears no interest.

11. TRADE ACCOUNTS PAYABLE TO THIRD PARTIES

	March 31, 2015	March 31, 2014
	US$	US$
PT Harma Presis Meka Indonesia	339,909	4,010,225
PT Palaran Indah Lestari	124,517	21,911
PT Petro Andalan Nusantara	83,261	-
PT Graha Prima Energy	57,452	19,759
PT Surya Citra Perkasa	38,647	
PT Harma Contractor Indonesia	28,822	
CV Bambu Borneo	-	19,235
Others (below US$ 10,000 each)	20,904	26,645
Total	693,512	4,097,775

12. TAXES PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Corporate income tax (Note 22)	-	149,693
Land and building tax	15,371	-
Income taxes:		
Article 21	1,482	1,693
Article 23	2,250	3,742
Article 4(2)	493	279
Total	19,596	155,407

13. ACCRUED EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Heavy equipment rental	69,063	68,200
Spareparts	22,394	-
Professional fees	14,403	30,212
Others	18,271	7,301
Total	124,131	105,713

14. DUE TO RELATED PARTIES

	March 31, 2015	March 31, 2014
	US$	US$
PT Karya Putra Borneo	14,222,555	15,842,154
Oorja Batua Pte. Ltd.	3,631,000	-
Subtotal	17,853,555	15,842,154
Accrued interest	1,025,135	-
Total	18,878,690	15,842,154

On April 11, 2014 the Company obtained a loan facility from Oorja Batuah Pte. Ltd. with maximum limit of US$ 4,000,000. The loan bears a floating interest rate, unsecured and repayable on demand.

On December 19, 2011, the Company obtained loan from KPB. The loan is unsecured and repayable on demand. Based on amendment agreement on April 1, 2013, the loan bears a floating interest rate starting 3 months after the completion of IPK's facility construction.

15. CAPITAL STOCK

The details of the Company's stockholders are as follows:

	March 31, 2015 and 2014		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	US$
PT Karya Putra Borneo	2,550	51	281,209
Handoko Soeseno	2,450	49	270,181
Total	5,000	100	551,390

16. CONTRIBUTED CAPITAL

Contributed capital represents land waterfront, hauling road and stockpile amounting to US$ 5,000,000 contributed by Handoko Soeseno.

17. REVENUES

	2015	2014
	US$	US$
Loading and crushing	2,258,333	1,089,773
Hauling	2,842,831	1,401,673
Total	5,101,164	2,491,446

61% in 2015 and 75% in 2014 of the above sales were made to a related party (Note 24).

18. COSTS OF REVENUES

	2015	2014
	US$	US$
Crushing and loading	1,936,595	1,838,341
Depreciation (Note 9)	777,330	430,473
Salaries and allowance	467,227	99,871
Compensation for disturbance	156,334	189,166
Hauling road maintenance	131,395	-
Staff welfare	119,254	86,777
Technical fees	101,928	149,338
Others (below US$ 100,000 each)	187,637	129,976
Total	3,877,700	2,923,942

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Professional fees	42,556	40,132
Permit and license	23,500	23,500
Others	3,600	1,648
Total	69,656	65,280

20. FINANCIAL CHARGES

	2015	2014
	US$	US$
Loan interest	1,025,135	-
Others	1,727	1,453
Total	1,026,862	1,453

21. GAIN FROM DEBT FORGIVENESS

In 2014, this account represents gain from debt forgiveness of PT Harma Presis Meka Indonesia (HPMI) related to coal crushing purchase from HPMI.

22. INCOME TAXES

Tax expense of the Company consists of the following:

	2015	2014
	US$	US$
Current tax	(87,274)	(231,626)
Deferred tax	7,177	184,546
Tax expense - net	(80,097)	(47,080)

Current Tax

Reconciliation between loss before tax per statements of comprehensive income and taxable income are as follows:

	2015	2014
	US$	US$
Loss before tax per statements of comprehensive income	(8,124)	(100,985)
Temporary differences:		
Difference between commercial and fiscal depreciation	15,606	2,262
Provision for post-employment benefits	16,376	24,669
Depreciation of leased assets and interest on lease liabilities	-	711,253
	31,982	738,184
Nondeductible expenses (nontaxable income):		
Compensation for disturbance	156,334	189,166
Benefits in kind	123,588	110,623
Community development	3,022	64,955
Interest income already subject to final tax	(110)	(238)
Others	42,406	10,280
Total	325,240	374,786
Taxable income	349,098	1,011,985

Current tax expense and payable (receivable) are as follows:

	2015	2014
	US$	US$
Current tax expense	87,274	231,626
Less prepaid taxes		
Income tax		
Article 22	495	-
Article 23	97,997	74,933
Article 25	-	7,000
Total	98,492	81,933
Current tax payable (receivable) (Note 7 and 12)	(11,218)	149,693

The Company's taxable income and current tax expense in fiscal year 2013 are in accordance with the Annual Tax Return (SPT) submitted to the Tax Office.

Based on the Decision Letter of the Minister of Finance of the Republic of Indonesia No. KEP-27/WPJ.14/2013 dated February 12, 2013, effective on the 2013 fiscal year, the Company obtained the approval to maintain its books of accounts in the U.S. Dollar for tax purposes.

Deferred Tax

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

	April 1, 2014	Credited to income for the year	March 31, 2014	Credited to income for the year	March 31, 2015
	US$	US$	US$	US$	US$
Post-employment benefits obligation	5,543	6,167	11,710	3,275	14,985
Difference between commercial and fiscal depreciation	71	566	637	3,902	4,539
Leased asset	(177,813)	177,813	-	-	-
Deferred tax asset (liability) - net	(172,199)	184,546	12,347	7,177	19,524

A reconciliation between the tax expense and the amounts computed by applying the effective tax rate to loss before tax per statements of comprehensive income is as follows:

	2015	2014
	US$	US$
Loss before tax per statements of comprehensive income	(8,124)	(100,985)
Tax benefits at effective tax rates:	(2,033)	(46,617)
Tax effect of nondeductible expenses (nontaxable income):		
Compensation for disturbance	39,084	47,292
Benefit in kind	30,897	27,656
Community development	756	16,239
Interest income already subject to final tax	(28)	(60)
Others	10,602	2,570
Total	81,311	93,697
Deferred tax adjustment	819	-
Tax expense	80,097	47,080

23. 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 59 and 45 in 2015 and 2014, respectively.

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

	2015	2014
	US$	US$
Current service cost	17,419	18,786
Interest costs	3,859	1,742
Unamortized past service cost	691	793
Past service cost	-	3,348
Total	21,969	24,669

The amounts included in the statements 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 obligations	61,130	55,935
Unrealized actuarial loss	5,938	(3,400)
Unrecognized past service cost	(7,127)	(8,970)
Net liabilities	59,941	43,565

Movements in the present value of post-employment benefits obligation are as follows:

	March 31, 2015	March 31, 2014
	US$	US$
Opening balance of present value of unfunded obligation	55,935	34,063
Current service cost	17,419	18,786
Interest cost	3,859	1,742
Different from changes in foreign currency	(7,182)	(5,033)
Past service cost	-	3,348
Actuarial (gain) loss	(8,901)	3,029
Ending balance of present value of unfunded obligation	61,130	55,935

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

	March 31, 2015	March 31, 2014
	US$	US$
Balance at beginning of year	43,565	22,171
Provision during period	21,969	24,669
Gain on foreign exchange	(5,593)	(3,275)
Balance at end of year	59,941	43,565

The cost of providing post-employment benefits is calculated by 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	9.0 % per annum	9.0 % per annum
Mortality rate	TMI - 2011	TMI - 2011
Disability rate	1% of TMI 2011	1% of TMI 2011
Resignation rate	5% per annum until age 29 then decrease linearly into 0% at age 53	5% per annum until age 29 then decrease linearly into 0% at age 53
Normal retirement age	60	60

24. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

Mercator Limited is the ultimate parent of the Company.

Mercator International Pte. Ltd. and Oorja Holding Pte. Ltd. have the same ultimate parent with the Company.

PT Karya Putra Borneo and Handoko Soeseno are the stockholders of the Company.

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

a. Revenue from KPB related to charges for coal hauling, loading and crushing amounted to US$ 3,118,500 and US$ 1,877,273 in 2015 and 2014, respectively (Note 17).

b. On August 20, 2014, the Company and Oorja Indo KGS (OIKGS) entered into a coal crushing and loading agreement whereas the Company agreed to provide coal crushing and loading service for OIKGS on an agreed price based on coal quantity loaded into barge. The agreement is valid for three years and can be extended. Revenue from OIKGS related to coal loading and crushing amounted to US$ 10,582 and nil in 2015 and 2014, respectively (Note 17).

c. The Company obtained loans from KPB and Oorja Batua Pte. Ltd as described in Note 14.

d. The Company engaged in transactions with Handoko Soeseno as described in Note 10.

e. Based on Notarial Deed No. 98 dated September 20, 2011 of Humberg Lie, S.H., S.E., Mkn., notary in Jakarta, the Company agreed to grant corporate guarantee to ICICI Bank Limited, Singapore Branch for the full payment by Oorja Holding Pte. Ltd. and Mercator International Pte. Ltd. of the loan facility given by ICICI Bank Limited to Oorja Holding Pte. Ltd., Mercator International Pte. Ltd., MCS Holdings Pte. Ltd. and ICICI Bank Limited, dated September 14, 2011.

25. SIGNIFICANT COMMITMENTS AND AGREEMENTS

a. Based on road usage agreement between the Company and Bakungan Village dated March 10, 2008, which has been amended on June 2, 2008, the Company agreed to take responsibility for the repair and maintenance of 2 kilometers road at Bakungan Village and pay a hauling charge for each Metric Tonne of coal that is hauled by the Company and its affiliate through the road. In exchange, the Company has rights to use the 30 kilometers road ex. PT Cita for hauling. The agreement is valid for 30 years up to March 10, 2038.

   As of March 31, 2015, only one kilometer of the road is being used by the Company.

b. On November 1, 2012, the Company and PT Mahakam Delta Petroleum (MDP) entered into an agreement whereas MDP agreed to provide mining support to the Company. The Company shall pay monthly consultancy fee based on tonnage of coal that is hauled through the facility of the Company. This agreement is valid until terminated by both parties.

c. On March 26, 2014, the Company and PT Baramulti Suksessarana Tbk. (BSSR) entered into a port loading agreement where the Company agreed to provide coal hauling and loading services for BSSR on an agreed price based on coal quantity loaded into barge. BSSR coal in the Company’s stockpile shall not exceed 50,000 MT. The agreement is valid for three years and can be extended.

d. On April 16, 2014, the Company and CV Kutai Kumala Energy (KKE) entered into a coal loading agreement where the Company agreed to provide loading service for KKE on an agreed price based on coal quantity loaded into barge. The agreement is valid for three years and can be extended.

e. On December 8, 2014, the Company and PT Tiara Nusa Kaltim (TNK) entered into a port loading agreement where the Company agreed to provide coal hauling and loading services for TNK on an agreed price based on coal quantity loaded into barge. TNK coal in the Company’s stockpile shall not exceed 50,000 MT and shall not be stored more than 30 days. The agreement is valid for three years and can be extended.

26. MONETARY ASSET AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

At March 31, 2015 and 2014, the Company had monetary asset and liabilities in currency other than U.S. Dollar as follows:

	March 31, 2015		March 31, 2014	
	Rp '000	Equivalent in US$	Rp '000	Equivalent in US$
Assets				
Cash on hand and in bank	528,633	40,403	278,440	24,416
Due from a related party	-	-	12,562,589	1,101,595
Total Assets		40,403		1,126,011
Liabilities				
Trade accounts payable to third parties	2,626,731	200,759	692,542	60,728
Accrued expenses	1,142,495	87,320	818,066	71,735
Total Liabilities		288,079		132,463
Net Monetary Asset (Liabilities)		(247,676)		993,548

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.

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	383,556	57,195
Trade accounts receivable from third parties	182,184	75,187
Noncurrent Financial Assets		
Due from a related party	969,237	1,101,595
Liabilities at amortised cost		
Current Financial Liabilities		
Trade accounts payable to third parties	693,512	4,097,775
Accrued expenses	124,131	105,713
Noncurrent Financial Liabilities		
Due to related parties	18,878,690	15,842,154

The Company has no financial asset categorized as Fair Value Through Profit or Loss (FVTPL), held to maturity and available-for-sale and financial liability categorized as at FVTPL.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital Risk Management

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

The capital structure of the Company consists of due to related parties (Note 14) offset by cash on hand and in bank and equity shareholder consisting of capital stock (Note 15) and retained earnings.

The Board of Directors of the Company periodically reviews the Company's capital structure. As part of this review, the Board of Directors 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:		
Due to related parties	18,878,690	15,842,154
Cash on hand and in banks	(383,556)	(57,195)
Net debt	18,495,134	15,784,959
Equity	5,852,183	5,940,404
Net debt to equity ratio	316%	266%

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, credit risk and liquidity risk. The Company operates within defined guidelines that are approved by the Board.

i. Foreign currency risk management

Foreign exchange risks are exposures of the Company to economic and accounting losses as a result of volatility in foreign exchange rates.

It is the Company's policy to contain foreign exchange risks within prudent levels so as to maximize its profits. The Company has practices that include the periodic review of the impact of movements in foreign exchange rates on profitability so that appropriate action is taken to mitigate these risks.

Foreign currency sensitivity analysis

The Company is mainly exposed to Indonesian Rupiah for the operation expenses.

The following table details the Company's sensitivity to a 7% and 9% in March 31, 2015 and 2014, respectively, increase and decrease in the US$ against the relevant foreign currencies. 7% and 9% in March 31, 2014 and 2013, respectively, 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 foreign currency denominated monetary items and adjusts their translation at the period end for a 7% and 9% in March 31, 2015 and 2014, respectively, change in foreign currency rates. A positive number below indicates an increase in profit or equity where the US$ strengthens 7% and 9% in March 31, 2015 and 2014, respectively, against the relevant currency. For a 7% and 9% in March 31, 2015 and 2014, respectively, weakening of the US$ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	IDR Impact	
	2015	2014
	US$	US$
Loss	(18,589)	(86,439)

ii. **Credit risk management**

Credit risk refers to the risk that a 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. Other accounts receivable are entered with respected and credit worthy third parties. Other receivables are due from a related party.

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

iii. **Liquidity risk management**

The liquidity risk of the Company arises mainly from funding requirements to pay its liabilities and support its business activities.

The Company maintains sufficient funds to finance its ongoing working capital requirements using loan obtained from a related party.

Liquidity and interest risk tables

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.

	Weighted average effective	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2015						
Non-interest bearing						
Trade accounts payable to third parties		311,899	381,613	-	-	693,512
Accrued expenses		67,296	54,432	2,403	-	124,131
Floating interest rate						
Due to related parties	5.415	67,805	1,140,230	2,371,838	17,943,799	21,523,672
Total		447,000	1,576,275	2,374,241	17,943,799	22,341,315

	Weighted average effective	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2014						
Non-interest bearing						
Trade accounts payable to third parties		87,550	-	4,010,225	-	4,097,775
Accrued expenses		105,713	-	-	-	105,713
Due to a related party		-	-	15,842,154	-	15,842,154
Total		193,263	-	19,852,379	-	20,045,642

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's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2015						
Non-Interest bearing						
Cash on hand		9,779	-	-	-	9,779
Trade accounts receivable from third parties		66,268	113,261	2,655	-	182,184
Due from a related party		-	-	969,237	-	969,237
Floating interest rate						
Cash in bank	0.11	311,928	61,866	-	-	373,794
Total		387,975	175,127	971,892	-	1,534,994

	Weighted average effective	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2014						
Non-Interest bearing						
Cash on hand		4,625	-	-	-	4,625
Trade accounts receivable from third parties		30,287	44,900	-	-	75,187
Due from a related party		-	-	1,101,595	-	1,101,595
Floating interest rate						
Cash in bank	0.17	52,577	-	-	-	52,577
Total		87,489	44,900	1,101,595	-	1,233,984

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair Value of Financial Instruments

Management believes that the carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair values because of their short-term maturity.

29. NON CASH TRANSACTIONS

The Company has investment transaction that did not affect cash and cash equivalents and hence not included in the statements of cash flows with the detail as follows:

	2015	2014
	US$	US$
Increase in property, plant and equipment from advance for purchase of property, plant and equipment	283,811	278,892
Decrease in other accounts receivable from netting off with trade accounts payable to third parties	-	1,081,054
Increase in property, plant and equipment through trade accounts payable	-	1,033,564

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