PT KARYA PUTRA BORNEO
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2015

	March 31, 2015	March 31, 2014
	US$	US$
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	327,755	576,351
Inventories	720,255	865,759
Prepayments and advances	1,724,461	741,536
Prepaid tax	41,320	-
Due from a related party	15,051,982	15,842,154
Total Current Assets	17,865,773	18,025,800
NONCURRENT ASSETS		
Investment in shares of stock	5,267,402	5,267,402
Advance for purchase of property and equipment	212,620	212,620
Property and equipment - net accumulated depreciation of US$ 617,472 in 2015 and US$ 467,976 in 2014	482,751	553,714
Deferred tax assets	38,814	333,922
Mining properties	14,305,709	13,899,523
Due from third parties	185,585	213,744
Reclamation deposit	518,831	469,690
Other assets	63,233	44,789
Total Noncurrent Assets	21,074,945	20,995,404
TOTAL ASSETS	38,940,718	39,021,204
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable to third parties	1,277,252	2,358,762
Other accounts payable to third parties	41,877	38,514
Accrued expenses	1,031,731	993,567
Taxes payable	136,938	61,862
Due to a related party	34,743,599	32,962,008
Advance from a related party	2,974,210	4,105,266
Total Current Liabilities	40,205,607	40,519,979
NONCURRENT LIABILITIES		
Provision for reclamation	452,860	325,582
Post-employment benefits obligation	105,723	66,684
Total Noncurrent Liabilities	558,583	392,266
CAPITAL DEFICIENCY		
Capital stock - US$ 110,351 par value per share Authorized - 20,000 shares Subscribed and paid-up - 5,000 shares	551,390	551,390
Deficit	(2,374,862)	(2,442,431)
Total Capital Deficiency	(1,823,472)	(1,891,041)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	38,940,718	39,021,204

PT KARYA PUTRA BORNEO
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
SALES	35,690,196	30,531,366
COST OF GOODS SOLD	28,644,658	22,542,438
GROSS PROFIT	7,045,538	7,988,928
Selling expenses	(4,830,010)	(4,489,760)
General and administrative expenses	(867,051)	(1,060,220)
Financial charges	(1,797,626)	(1,806,930)
Interest income	851,632	-
Others	(12,226)	(14,591)
PROFIT BEFORE TAX	390,257	617,427
TAX EXPENSE	(322,688)	(361,712)
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	67,569	255,715

PT KARYA PUTRA BORNEO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Capital stock	Deficit	Total capital deficiency
	US$	US$	US$
Balance as of April 1, 2013	551,390	(2,698,146)	(2,146,756)
Net income and total comprehensive income	-	255,715	255,715
Balance as of March 31, 2014	551,390	(2,442,431)	(1,891,041)
Net income and total comprehensive income	-	67,569	67,569
Balance as of March 31, 2015	551,390	(2,374,862)	(1,823,472)

PT KARYA PUTRA BORNEO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	390,257	617,427
Adjustments to reconcile loss before provision for income tax to net cash used in operating activities:		
Financial charges	1,797,626	1,806,930
Depreciation expenses	151,272	144,829
Amortization expenses	660,242	538,577
Post-employment benefit	39,448	25,583
Foreign exchange difference	60,309	-
Gain (loss) from disposal of property and equipment	(609)	3,578
Cash Provided by Operating Activities	3,098,545	3,136,924
Changes in working capital:		
Inventories	145,504	(210,598)
Prepayments and advances	(982,925)	(177,440)
Due from third parties	28,159	38,022
Reclamation deposits	(109,450)	(163,106)
Other assets	(18,444)	(20,401)
Trade accounts payable to third parties	(1,081,510)	1,185,804
Other accounts payable to third parties	3,363	(51,586)
Accrued expenses	38,164	354,724
Taxes payable	67,594	24,584
Advance from a related party	(1,131,056)	3,361,457
Provision for reclamation	127,278	161,425
Cash generated from operations	185,222	7,639,809
Payments of post-employment benefits	(409)	(150)
Payments of income tax	(61,418)	-
Net Cash Provided by Operating Activities	123,395	7,639,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received (payment) to a related party	790,172	(6,099,516)
Payment to acquire property and equipment	(80,905)	(148,550)
Payment for mining properties	(1,066,428)	(1,491,899)
Payment of financial charges	(16,035)	(16,922)
Cash received from sale of property and equipment	1,205	1,901
Net Cash Used in Investing Activities	(371,991)	(7,754,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from a related party	-	500,000
NET (DECREASE) INCREASE IN CASH ON HAND AND IN BANKS	(248,596)	384,673
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	576,351	191,678
CASH ON HAND AND IN BANKS AT END OF YEAR	327,755	576,351

1. GENERAL

a. The Company's Establishment and General Information

PT Karya Putra Borneo (the Company) was established in Balikpapan based on the Notarial Deed No. 05 of notary Hamid Gunawan, S.H., notary in Balikpapan, dated September 10, 2007. 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 03412.HT.01.01-TH.2007 dated November 15, 2007.

The Company's articles of association have been amended several times, most recently by deed No. 8 of Anne Djoenardi, S.H., MBA, notary in Jakarta, dated September 5, 2013 concerning the cancelation of share transfer between PT United Coal Indonesia and Borneo East Central Resources Pte. Ltd. This deed was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH.01.10-55923 dated December 23, 2013.

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

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 employee 108 and 70 at March 31, 2015 and 2014, respectively.

The ultimate holding of the Company is Mercator, listed on the National Stock Exchange and Bombay Stock Exchange, India.

The members of the Company's Board of Commissioners and Board of Directors are as follows:

		March 31, 2015 and 2014
Board of Commissioners		
President Commissioner	:	Atul Agarwal
Commissioner	:	Mathius Salempang *)
Board of Directors		
President Director	:	Taufik Surya Darma
Director	:	Kirtipal Singh Raheja

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

b. Coal Mining License

Based on decision of the Regents of Kutai Kartanegara regarding Approval of Production Operation Mining Permit (IUP OP) No. 540/136/IUP-OP/MB-PBAT/VIII/2011 dated August 12, 2011, the Government issued IUP Exploration to the Company for the 914-hectare land in Loa Janan, Batuah Village, Kutai Kartanegara, East Kalimantan.

The IUP OP granted for 12 years includes the construction for 1 year, production for 10 years, and post-mining for 1 year. The permit expires on August 12, 2023.

c. Proven Reserve

Based on the assessment of PT GMT Indonesia dated September 20, 2011, proven reserve of Company's coal as of September 2011 amounted to 34,073,100 tonnes.

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. Transactions during the period involving foreign currencies 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 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 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 package.

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 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 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

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 they expire.

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

	Depreciation method	Unit of measure
Land improvement	Unit production	34,073,100 MT
Building	Straight-line	10 years
Weight bridge	Straight-line	4 years
Vehicles	Double declining	4 – 8 years
Furniture, fixture and office equipment	Double declining	4 years

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 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.

j. Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation expenditures comprise of costs that are directly attributable to:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation assets related to an area of interest is written-off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets are recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to mining properties.

k. Mining properties

When mines is capable of operating in the manner intended by the management, exploration and evaluation assets are transferred to mining properties.

Amortization is charged using the units of production method

l. 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 recognized immediately against earnings.

m. Revenue and Expense Recognition

Sale of Coal

Revenue from sale of coal is recognized 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 time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred.

n. Post-Employment Benefits

The Company established defined 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 and the fair value of plan assets are recognized on a straight-line basis over the expected average remaining working lives of the participating employees. 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 post-employment benefits obligation recognized in the statements of financial position represent 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 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.

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 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:

- 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 judgement as to whether there is an 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.

- Estimated Useful Lives of Property and Equipment

  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 amounts of property and equipment are disclosed in Note 8.

- Estimated Coal Reserves

  Proven reserves are estimates of the output that can be economically and legally exploited from the Company's mining properties. The Company determines and report its mineral reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code") of the Australasian Joint Ore Reserves Committee ("JORC"). In order to estimate mineral reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, commodity prices and exchange rates.

  Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period.

4. CASH ON HAND AND IN BANKS

	March 31, 2015	March 31, 2014
	US$	US$
Cash on hand	25,273	352
Cash in banks		
US Dollar		
PT Bank Danamon Indonesia Tbk	193,961	479,956
PT Bank Mandiri (Persero) Tbk	713	40,916
Rupiah		
PT Bank Mandiri (Persero) Tbk	107,449	32,891
PT Bank Danamon Indonesia Tbk	359	22,236
Total	327,755	576,351

5. INVENTORIES

	March 31, 2015	March 31, 2014
	US$	US$
Coal	719,371	863,571
Fuel	884	2,188
Total	720,255	865,759

6. PREPAYMENTS AND ADVANCES

	March 31, 2015	March 31, 2014
	US$	US$
Prepayments		
Rental	58,704	65,197
Insurance	9,999	11,513
Subtotal	68,703	76,710
Advances		
Suppliers	1,598,743	576,741
Employees	57,015	88,085
Subtotal	1,655,758	664,826
Total	1,724,461	741,536

7. INVESTMENT IN SHARES OF STOCK

This account represents investment in share of stock of PT Indo Perkasa with percentage of ownership of 51%.

8. PROPERTY AND EQUIPMENT

	April 1, 2014	Additions	Deduction	Reclassification	March 31, 2015
	US$	US$	US$	US$	US$
At cost:					
Land improvement	218,264	-	-	-	218,264
Building	-	-	-	26,310	26,310
Weight bridge	63,990	-	-	-	63,990
Vehicles	313,275	56,502	-	-	369,777
Funiture, fixture and office equipment	405,950	18,304	(2,372)	-	421,882
Construction in progress	20,211	6,099	-	(26,310)	-
Total	1,021,690	80,905	(2,372)	-	1,100,223
Accumulated depreciation:					
Land improvement	2,558	9,945	-	-	12,503
Bulilding	-	1,096	-	-	1,096
Weight bridge	42,405	10,792	-	-	53,197
Vehicles	157,639	48,441	-	-	206,080
Funiture, fixture and office equipment	265,374	80,998	(1,776)	-	344,596
Total	467,976	151,272	(1,776)	-	617,472
Net Carrying Amount	553,714				482,751

	April 1, 2013	Additions	Deduction	Reclassification	March 31, 2014
	US$	US$	US$	US$	US$
At cost:					
Land improvement	-	-	-	218,264	218,264
Weight bridge	63,480	510	-	-	63,990
Vehicles	284,094	29,181	-	-	313,275
Funiture, fixture and office equipment	337,646	98,648	(30,344)	-	405,950
Construction in progress	218,264	20,211	-	(218,264)	20,211
Total	903,484	148,550	(30,344)	-	1,021,690
Accumulated depreciation:					
Land improvement	-	2,558	-	-	2,558
Weight bridge	21,160	21,245	-	-	42,405
Vehicles	110,916	46,723	-	-	157,639
Funiture, fixture and office equipment	215,936	74,303	(24,865)	-	265,374
Total	348,012	144,829	(24,865)	-	467,976
Net Carrying Amount	555,472				553,714

Disposal of property and equipment is as follows:

	2015	2014
	US$	US$
Net carrying value	596	5,479
Proceeds	1,205	1,901
(Gain) loss from sale of property and equipment	(609)	3,578

Depreciation expense of property and equipment charges to operation is as follows:

	2015	2014
	US$	US$
Cost of goods sold (Note 18)	83,313	89,284
General and administrative expenses (Note 20)	67,959	55,545
Total	151,272	144,829

9. MINING PROPERTIES

	April 1 2013	Transfer	Additions	March 31, 2014
	US$	US$	US$	US$
Cost	-	13,113,075	1,491,952	14,605,027
Accumulated depreciation	-	(166,927)	(538,577)	(705,504)
Net	-			13,899,523

	April 1, 2014	Additions	March 31, 2015
	US$	US$	US$
Cost	14,605,027	1,066,428	15,671,455
Accumulated amortisation	(705,504)	(660,242)	(1,365,746)
Net	13,899,523		14,305,709

All amortisation expense is allocated to cost of goods sold.

As of April 2013, evaluation and exploration assets is transferred to mining properties since the Company believe that they has reached a viable production stage.

10. TRADE ACCOUNTS PAYABLE TO THIRD PARTIES

	March 31, 2015	March 31, 2014
	US$	US$
Ardiansyah Muchsin	331,214	331,214
CV Karmel Mulia	291,302	-
PT Petro Andalan Nusantara	245,446	-
PT Multi Sarana Avindo	116,430	-
PT Palaran Indah Lestari	86,138	49,300
PT Graha Prima Energy	-	755,982
CV Teluk Abadi	-	680,235
PT Karya Indah Perdana	-	153,907
PT Arkha Jaya	-	121,390
PT Niungriam Gemilang	-	102,605
PT Barawa Karya Makmur	-	94,662
Others (each below US$ 50,000)	206,722	69,467
Total	1,277,252	2,358,762

11. ACCRUED EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Technical fees	967,370	330,789
Hauling fees	-	521,711
Fuel	-	74,504
Others (below US$ 50,000 each)	64,361	66,563
Total	1,031,731	993,567

12. TAXES PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Income taxes		
Article 4(2)	31	2,071
Article 21	7,307	9,748
Article 23	46,539	49,853
Article 25	7,482	-
Land and building tax	75,579	-
Value Added Tax	-	190
Total	136,938	61,862

13. DUE TO A RELATED PARTY

	March 31, 2015	March 31, 2014
	US$	US$
Oorja Batua Pte. Ltd.	31,172,000	31,172,000
Accrued interest	3,571,599	1,790,008
Total	34,743,599	32,962,008

On December 3, 2010, the Company obtained uncommitted loan facility from Oorja (Batua) Pte. Ltd. with maximum limit of US$ 20,000,000. This loan bears interest and is payable on demand. The outstanding balance of this facility as of March 31, 2015 and 2014 are amounted to US$ 20,000,000.

On April 5, 2012, the Company obtained intercompany loan facility from Oorja (Batua) Pte. Ltd. with maximum limit of US$ 15,000,000. This loan bears interest and is payable on demand. The outstanding balance of this facility as of March 31, 2015 and 2014 is US$ 11,172,000.

14. ADVANCE FROM A RELATED PARTY

This account represents advance from PT Oorja Indo KGS for purchase of coal (Note 24).

15. PROVISION FOR RECLAMATION

	2015	2014
	US$	US$
Beginning balance	325,582	151,428
Provision during the year	152,675	174,154
Realisation	(25,397)	-
Total	452,860	325,582

This account pertains to the estimated liability for reclamation of the mine area.

Management believes that the provision is adequate to cover all obligation for environmental rehabilitation. Management further believes that the provision is in accordance to the existing regulation.

16. CAPITAL STOCK

	March 31, 2015 and 2014		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp
Oorja (Batua) Pte. Ltd.	2,500	50%	275,695
PT United Coal Indonesia	2,000	40%	220,556
Ardiansyah Muchsin	500	10%	55,139
Total	5,000	100%	551,390

17. SALES

This account represents sales of coal amounting to US$ 35,690,196 and US$ 30,531,366 in 2015 and 2014, respectively.

100% in 2015 and 97.3% in 2014 of the above sales were made to related party (Note 24).

18. COST OF GOODS SOLD

	2015	2014
	US$	US$
Overburden	14,576,339	11,011,324
Transportation	7,138,537	6,426,434
Crushing (Note 24)	1,715,085	1,032,500
Mining	1,314,982	1,116,010
Salaries and allowances	1,099,827	1,023,475
Amortisation (Note 9)	660,242	538,577
Rental	656,048	392,081
Community development	411,739	391,122
Provision for reclamation	152,675	174,154
Staff welfare	145,528	120,748
Depreciation (Note 8)	83,313	89,284
Tax expenses	82,420	-
Others	463,723	451,983
Cost of goods manufactured	28,500,458	22,767,692
Coal finished goods		
Beginning balance	863,571	638,317
Ending balance	(719,371)	(863,571)
Total	28,644,658	22,542,438

19. SELLING EXPENSES

	2015	2014
	US$	US$
Technical fees	1,926,428	2,503,031
Loading (Note 24)	1,715,085	1,032,500
Production royalties	1,125,072	905,200
Others	63,425	49,029
Total	4,830,010	4,489,760

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Salaries and allowances	272,312	298,677
Professional fees	209,664	316,031
Rental	103,549	107,259
Travelling	81,783	63,046
Depreciation (Note 8)	67,959	55,545
Licences and permits	55,250	130,164
Others	76,534	89,498
Total	867,051	1,060,220

21. FINANCIAL CHARGES

	2015	2014
	US$	US$
Interest	1,781,591	1,790,008
Bank administration	11,123	9,691
Others	4,912	7,231
Total	1,797,626	1,806,930

22. INCOME TAXES

Tax expense of the Company consists of the following:

	2015	2014
	US$	US$
Current tax	(27,580)	-
Deferred tax	(295,108)	(361,712)
Tax expense	(322,688)	(361,712)

Current Tax

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

	2015	2014
	US$	US$
Income before tax per statements of comprehensive income	390,257	617,427
Temporary differences		
Provision for post-employment benefits	39,039	31,679
Difference between commercial and fiscal depreciation	4,653	15,809
Total	43,692	47,488
Nondeductible expenses (nontaxable income)		
Community development	411,739	391,122
Benefits in kind	419,802	370,908
Interest income already subject to final tax	(22,204)	(16,165)
Others	58,959	83,557
Total	868,296	829,422
Taxable income before fiscal loss carryforward	1,302,245	1,494,337
Fiscal loss		
2012	(189)	(1,494,526)
2013	(1,217,685)	(1,217,685)
Total	84,371	(1,217,874)
Fiscal loss adjusment from prior year	25,950	-
Accumulated fiscal gain (loss)	110,321	(1,217,874)

Current tax expense and receivable are as follows:

	2015	2014
	US$	US$
Current tax expense	27,580	-
Less prepaid taxes		
Income tax		
Article 22	1,562	-
Article 25	67,338	-
Total	68,900	-
Current tax receivable	(41,320)	-

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$
Fiscal loss	678,053	(373,584)	304,469	(304,469)	-
Post-employment benefits obligation	10,313	7,920	18,233	8,198	26,431
Difference between commercial and fiscal depreciation	7,268	3,952	11,220	1,163	12,383
Deferred tax assets	695,634	(361,712)	333,922	(295,108)	38,814

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

	2015	2014
	US$	US$
Income before tax per statements of income of comprehensive income	390,257	617,427
Tax expense at effective tax rates	97,564	154,356
Tax effect of permanent differences:		
Community development	102,935	97,781
Benefits in kind	104,950	92,727
Interest income already subject to final tax	(5,551)	(4,041)
Others	14,740	20,889
Total	217,074	207,356
Deffered tax adjusment	8,050	-
Total tax expense	322,688	361,712

23. POST-EMPLOYMENT BENEFITS

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 108 in 2015 and 70 in 2014.

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	39,878	25,548
Interest costs	4,388	2,691
Recognized actuarial gain	(894)	(390)
Unamortized past service cost	956	1,097
Recognized post service cost	2,955	2,733
Effect of employee transfer	691	-
Total	47,974	31,679

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

	2015	2014
	US$	US$
Present value of obligations	113,232	59,233
Unrealized actuarial loss	10,527	29,241
Unrecognized Post Service Cost	(18,036)	(21,790)
Net liabilities	105,723	66,684

Movement in the present value of post-employment benefits obligation are as follow:

	2015	2014
	US$	US$
Opening balance of present value of unfunded obligation	59,233	52,628
Current service cost	39,878	25,548
Interest cost	4,388	2,691
Benefit paid	(409)	(150)
Past service cost	2,955	2,733
Effect of employee transfer	691	-
Actuarial loss (gain)	14,065	(16,441)
Different from foreign exchange	(7,569)	(7,776)
Ending balance of present value of unfunded obligation	113,232	59,233

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

	2015	2014
	US$	US$
Balance at beginning of year	66,684	41,251
Benefit paid	(409)	(150)
Benefit expenses	47,974	31,679
Gain on foreign exchange	(8,526)	(6,096)
Balance at end of year	105,723	66,684

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

	March 31, 2015	March 31, 2014
	per annum	per annum
Discount rate	7.5 %	8.5 %
Future salary increment rate	9.0 %	9.0 %
Mortality rate	TMI - 2011	TMI - 2011
Disability rate	1% TMI - 2011	1% TMI - 2011
Resignation rate	5% per annum until age 20 then decrease linearly into 0% at age 54	5% per annum until age 20 then decrease linearly into 0% at age 54
Normal retirement age	60	60

24. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

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

b. PT Indo Perkasa (IPK) is the subsidiary of the Company.

c. Oorja (Batua) Pte. Ltd. is the stockholder of the Company.

d. PT Oorja Indo KGS has the same ultimate controlling party with the Company.

Transaction with Related Parties

a. Sales to PT Oorja Indo KGS constituted 100 % in 2015 and 97.3% in 2014 of the total sales. There is no receivable from these sales as it is paid in advance (Notes 14 and 17).

b. The Company obtained loan from Oorja (Batua) Pte.Ltd. as discussed in Note 13.

c. On December 19, 2011, the Company gives loan to IPK. 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. The outstanding balance are US$ 15,051,982 and US$ 15,842,154 as of March 31, 2015 and 2014, respectively.

d. The Company use crushing and loading services from IPK. Total loading and crushing are US$ 3,430,170 and US$ 2,065,000 in 2015 and 2014, respectively (Notes 18 and 19).

25. AGREEMENTS

a. On July 15, 2010, the Company entered into an agreement with Adriansyah Muchsin (AM) whereas the AM will received technical consultation fee based on the coal produced by the Company. This agreement is valid until mining site is depleted.

b. On November 14, 2012, the Company signed an agreement with PT Sans Putra Jaya (SPJ) whereas SPJ will receive technical consultation fee based on the coal produced by the Company. This agreement is valid until the mining site is depleted.

c. On August 13, 2012, the Company signed an agreement with PT Karya Indah Perdana (KIP) whereas KIP will receive technical consultation fee consultation fee based on the coal produced by the Company. This agreement is valid until the mining site is depleted.

   On March 6, 2014, the Company filed a lawsuit against KIP for breach of contract since KIP has not provided any consultancy service to the Company. Based on Samarinda High Court verdict dated February 12, 2015, KIP has been proven guilty therefore this agreement has been cancelled. KIP has submitted cassation to the Supreme Court and as of the issuance of the reporting package, the cassation is still in the process.

d. On August 13, 2012, the Company signed an agreement with PT Niungriam Gemilang (NG) whereas NG will receive technical consultation fee based on the coal produced by the Company. This agreement is valid until the mining site is depleted.

   On March 6, 2014, the Company filed a lawsuit against NG for breach of contract since NG has not provided any consultancy service to the Company. Based on Samarinda High Court verdict dated March 25, 2015, NG has been proven guilty therefore this agreement has been cancelled. NG has submitted cassation to the Supreme Court and as of the issuance of the reporting package, the cassation is still in the process.

e. On February 2, 2015, the Company signed an agreement with PT Multi Sarana Avindo (MSA) to use the hauling road of MSA at agreed price per metric ton of coal hauled. This agreement valid until August 12, 2023 which was the expiry date of the Company's IUP.

26. 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	
	Rp '000	Equivalent in US$	Rp '000	Equivalent in US$
Assets				
Cash on hand and in banks	1,741,232	133,081	632,683	55,479
Reclamation deposit	6,788,385	518,831	5,356,345	469,690
Total asets		651,912		525,169
Liabilities				
Trade accounts payable to third parties	6,130,142	468,522	10,787,431	945,934
Other accounts payable to third parties	547,919	41,877	439,214	38,514
Accrued expenses	601,223	45,951	1,624,078	142,413
Total liabilities		556,350		1,126,861
Monetary Liabilities - net		95,562		(601,692)

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$
Loan and Receivables		
Current Financial Assets		
Cash on hand and in bank	327,755	576,351
Due from a related party	15,051,982	15,842,154
Reclamation deposit	518,831	469,690
Due from third parties	185,585	213,744
Other assets	63,233	44,789
Total	16,147,386	17,146,728
Liabilities at Amortised Cost		
Current Financial Liabilities		
Trade accounts payable to third parties	1,277,252	2,358,762
Other accounts payable to third parties	41,877	38,514
Accrued expenses	1,031,731	993,567
Due to a related party	34,743,599	32,962,008
Total	37,094,459	36,352,851

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 debt (Note 13) offset by cash on hand and in banks and equity shareholder consisting of capital stock (Note 16) and deficit.

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.

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 their business, while managing their exposure to foreign exchange risk, interest rate risk, credit and liquidity risks. 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, 2015 and 2014, 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$
Gain (loss)	7,277	(80,673)

ii. Interest rate risk management

The Company is also exposed to changes in interest rate due to the impact such changes may have on borrowing.

Borrowing that is exposed to cash flow interest rate risk is detailed in Note 13. To manage the interest rate risk, the Company periodically reviews the impact of interest rate movement on its borrowing, so that appropriate measure is taken.

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 due from a related party. The Company places its bank balances with credit worthy financial institutions. 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 annually.

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.

iv. Liquidity risk management

The liquidity risk of the Company arises mainly from funding requirements to pay their liabilities and support their business activities. The Company adopt prudent liquidity risk management by maintaining sufficient cash balance from revenue collection. The Company manages liquidity risk by maintaining adequate reserves 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.

c. Fair Value of Financial Instruments

Management believes that the carrying amount of financial assets and liabilities recorded in the reporting package approximate their fair values because of their short-term maturity, or carry market rates of interest.

29. RECLASSIFICATION OF ACCOUNTS

The Company reclassified certain accounts in the reporting package for the year ended March 31, 2014 to conform with the presentation of financial position as of March 31, 2015.

	Before reclassification	After reclassification
	Rp	Rp
Property and equipment	9,081,514	553,714
Exploration and evaluation assets	5,371,723	-
Mining properties	-	13,899,523
Accrued expenses	2,783,575	993,567
Due to related parties	31,172,000	32,962,008
Total	48,408,812	48,408,812

Management believes that the reclassifications would not have significant impact on the opening statement of financial position at April 1, 2014/March 31, 2014.

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