PT NUANSA SAKTI KENCANA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	March 31, 2015 US$	March 31, 2014 US$
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	368,550	300,101
Time deposits	100,000	124,905
Trade accounts receivable from a related party	382,003	279,566
Other accounts receivable from a third party	177,936	-
Inventories	806,971	612,561
Prepaid taxes	29,402	29,402
Advances and prepaid expenses	209,532	62,802
Total Current Assets	2,074,394	1,409,337
NONCURRENT ASSETS		
Deferred tax assets	11,248	8,598
Property and equipment - net of accumulated depreciation of US$ 51,790 in 2015 and US$ 33,630 in 2014	18,488	36,143
Other assets	423,054	425,675
Total Noncurrent Assets	452,790	470,416
TOTAL ASSETS	2,527,184	1,879,753

PT NUANSA SAKTI KENCANA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015 (Continued)

	March 31, 2015 US$	March 31, 2014 US$
LIABILITIES AND (CAPITAL DEFICIENCY) EQUITY		
CURRENT LIABILITIES		
Trade accounts payable		
Related parties	-	113,545
Third parties	191,240	100,010
Other accounts payable to third parties	231	13,790
Taxes payable	4,706	13,988
Accrued expenses	1,244,162	1,826,514
Total Current Liabilities	1,440,339	2,067,847
NONCURRENT LIABILITIES		
Deposit from a related party	1,000,000	1,000,000
Post-employment benefits obligation	26,083	20,502
Total Noncurrent Liabilities	1,026,083	1,020,502
Total Liabilities	2,466,422	3,088,349
EQUITY (CAPITAL DEFICIENCY)		
Capital stock - Rp 1,000,000 par share		
Authorized, subscribed and fully paid - 5,100 shares	572,776	572,776
Deficit	(512,014)	(1,781,372)
Total Equity (Capital Deficiency)	60,762	(1,208,596)
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	2,527,184	1,879,753

PT NUANSA SAKTI KENCANA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
SALES	9,842,437	13,082,279
COST OF GOODS SOLD	7,462,649	12,130,517
GROSS PROFIT	2,379,788	951,762
Selling expenses	(640,243)	(2,078,815)
General and administrative expenses	(460,451)	(643,293)
Gain on foreign exchange - net	(17,402)	70,736
Interest income	13,356	14,664
Interest expenses	(1,375)	(1,365)
Others - net	(6,965)	(33,824)
INCOME (LOSS) BEFORE TAX	1,266,708	(1,720,135)
TAX BENEFIT - NET	2,650	3,504
NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,269,358	(1,716,631)

PT NUANSA SAKTI KENCANA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Paid-up capital stock	Deficit	Total equity (capital deficiency)
	US$	US$	US$
Balance as of April 1, 2013	572,776	(64,741)	508,035
Total comprehensive income for the year	-	(1,716,631)	(1,716,631)
Balance as of March 31, 2014	572,776	(1,781,372)	(1,208,596)
Total comprehensive income for the year	-	1,269,358	1,269,358
Balance as of March 31, 2015	572,776	(512,014)	60,762

PT NUANSA SAKTI KENCANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	1,266,708	(1,720,135)
Adjustments:		
Post-employment benefits	8,212	5,725
Depreciation	18,160	24,777
Unrealized foreign exchange	(2,631)	(2,562)
Interest expense	1,375	33,824
Interest income	(13,356)	(13,299)
Operating cash flows before changes in working capital	1,278,468	(1,671,670)
Changes in working capital:		
Trade accounts receivable from a related party	(102,437)	2,367,721
Other accounts receivable from a third party	(177,936)	-
Inventories	(194,410)	(333,009)
Prepayment and advances	(146,730)	43,813
Other assets	2,621	(184,024)
Trade accounts payable	(22,315)	(866,003)
Other accounts payable to third parties	(13,559)	13,195
Taxes payable	(1,860)	(23)
Accrued expenses	(582,352)	77,614
Cash provided by (used in) operating expense	39,490	(552,386)
Income tax paid	(7,422)	(88,828)
Net Cash Provided by (Used in) Operating Activities	32,068	(641,214)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of time deposit	24,905	24,905
Acquisition of property and equipment	(505)	(44,343)
Payment of interest	(1,375)	(33,824)
Interest income received	13,356	13,299
Net Cash Provided by (Used in) Investing Activities	36,381	(39,963)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	68,449	(681,177)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	300,101	981,278
CASH ON HAND AND IN BANKS AT END OF YEAR	368,550	300,101

1. GENERAL

a. Establishment and General Information

PT Nuansa Sakti Kencana (the Company) was established within the framework of Foreign Capital Investment Law No. 25 of 2007, based on notarial deed No. 9 of Public Notary Hasbullah Abdul Rasyid, S.H., M.Kn. dated April 3, 2002. The deed of establishment was approved by the Minister of Justice of Law and Human Rights of the Republic of Indonesia in decision letter No. C-07100 HT.01.01.Year.2002 dated April 25, 2002 and was published in State Gazette No. 27 dated April 5, 2011, Supplement No. 9158 Year 2011. The Company's articles of association have been amended several times, most recently by notarial deed No. 44 of Mellyani Noor Shandra, SH., notary in Jakarta dated February 16, 2011 to comply with Company Law No. 40 Year 2007 dated August 16, 2007 concerning Limited Companies. The amendments have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter No. AHU-11585.AH.01.02 Year 2011 dated March 8, 2011.

In accordance with Article 3 of the Company's articles of association, the Company is engaged in the trading, construction, services, ground transportation, workshop, printing, agriculture, mining, real estate and manufacture. Currently, the Company is engaged in coal mining and sales. As of March 31, 2015 and 2014 the Company had 12 and 8 permanent employees, respectively.

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

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

Commissioner	:	Atul Agarwal
Director	:	Raheja Kirtipal Singh

b. Coal Mining License

The Company has obtained Coal Mining Exploitation Licence based on decision letter of Paser Regent No. 545/10/Eksploitasi/EK/XII/2007 covering 203,739 ha. Coal mining licence has been renewed several times to comply with Government Regulation No. 23 year 2010, most recently "Mining Production Activity Licences" (*Ijin Usaha Pertambangan Operasi Produksi*) based on decision letter of Paser Regent 545/5/Operasi Produksi/EK/IV/2012, valid until December 21, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The reporting package, except for the statements of cash flows, are prepared under the accrual basis of accounting. The presentation 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 flow 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, the currency of the primary economic environment in which the entity operates (its functional currency). Transactions during the period involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to profit or loss.

c. Transaction with Related Parties

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

a. A person or a close member of that person's family is related to 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); and
   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

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

d. Financial Assets

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

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

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 amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

The carrying amount of the receivables is reduced by the impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are 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 derecognises 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 recognises 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 recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

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

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

e. Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or 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 of coal is determined using the weighted average method and cost of fuel is determined using the First In First Out (FIFO) method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

h. Prepaid Expenses

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

i. Property and Equipment

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

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

	Depreciation method	Years
Vehicles	Double declining	4
Office equipment	Double declining	4

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

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property and equipment, are 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. 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.

k. Leases

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.

l. Provisions

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

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

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

m. Revenue and Expense Recognition

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

Revenue from sale of coal is 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 provides 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 is recognized on straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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

o. Income Tax

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

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

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

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

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

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

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

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 2, the 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 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.

  No allowance for impairment loss was provided as of March 31, 2015 and 2014 as disclosed in Note 6.

- Allowance for Decline in Value of Inventories

  The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 7.

- 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 these assets.

  The carrying amount of property and equipment are disclosed in Note 10.

4. CASH ON HAND AND IN BANKS

	March 31, 2015	March 31, 2014
	US$	US$
Cash on hand	2,066	1,686
Cash in banks		
U.S. Dollar		
PT Bank Danamon Indonesia Tbk	126,681	193,426
PT Bank of India Indonesia Tbk	9,748	7,788
Rupiah		
PT Bank Danamon Indonesia Tbk	219,018	92,687
PT Bank Mandiri (Persero) Tbk	11,028	4,475
PT Bank of India Indonesia Tbk	9	39
Total	368,550	300,101

5. TIME DEPOSITS

	March 31, 2015	March 31, 2014
	US$	US$
U.S. Dollar		
PT Bank of India Indonesia Tbk	100,000	100,000
Rupiah		
PT Bank Danamon Indonesia Tbk	-	24,905
Total	100,000	124,905
The applicable interest rates per annum are as follows:		
U.S. Dollar	2.50%	2.50%
Rupiah	-	5.25%-6.25%

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

6. TRADE ACCOUNTS RECEIVABLE FROM A RELATED PARTY

Trade accounts receivable from a related party represent trade accounts receivable from PT Oorja Indo KGS amounting to US$ 382,003 and US$ 279,566 as of March 31, 2015 and 2014, respectively. Trade accounts receivable from related party have average credit period of less than 60 days.

The Company's believes that all receivables are collectible. Therefore no allowance was made as of March 31, 2015 and 2014.

7. INVENTORIES

	March 31, 2015	March 31, 2014
	US$	US$
Finished goods - crushed coal	795,670	583,642
Fuel	11,301	28,919
Total	806,971	612,561

Management believes that there is no decline in the inventory value and accordingly, no allowance needs to be provided.

8. PREPAID TAXES

	March 31, 2015	March 31, 2014
	US$	US$
Income tax:		
Article 28A - 2013	29,402	-
Article 22	-	12,023
Article 25	-	17,379
Total	29,402	29,402

9. ADVANCES AND PREPAID EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Advances:		
Suppliers	70,715	-
Professional fee	29,399	23,362
Staff	3,047	6,732
Sub - Total	103,161	30,094
Prepaid expenses:		
Forestry	76,851	-
House rent	23,128	23,268
Others	6,392	9,440
Sub - Total	106,371	32,708
Total	209,532	62,802

10. PROPERTY AND EQUIPMENT

	April 1, 2014	Additions	Deductions	March 31, 2015
	US$	US$	US$	US$
At cost:				
Vehicles	42,017	-	-	42,017
Office equipment	27,756	505	-	28,261
Total	69,773	505	-	70,278
Accumulated depreciation:				
Vehicles	16,491	12,763	-	29,254
Office equipment	17,139	5,397	-	22,536
Total	33,630	18,160	-	51,790
Net Carrying Value	36,143			18,488

	April 1, 2013	Additions	Deductions	March 31, 2014
	US$	US$	US$	US$
At cost:				
Vehicles	1,176	40,841	-	42,017
Office equipment	24,254	3,502	-	27,756
Total	25,430	44,343	-	69,773
Accumulated depreciation:				
Vehicles	1,176	15,315	-	16,491
Office equipment	7,677	9,462	-	17,139
Total	8,853	24,777	-	33,630
Net Carrying Value	16,577			36,143

Depreciation was charged to the following accounts as follows:

	2015	2014
	US$	US$
Cost of goods sold (Note 18)	4,090	7,885
General and administrative expenses (Note 20)	14,070	16,892
Total	18,160	24,777

At March 31, 2015 and 2014, vehicles were insured with PT Toyota Insurance against all risk for US$ 32,035. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

The Company's management did not notice any indication of circumstances that might cause impairment in the Company's equipment value. Therefore, the Company did not provide any allowance for decline in value of directly acquired equipment in 2015 and 2014.

11. OTHER ASSETS

	March 31, 2015	March 31, 2014
	US$	US$
Rental deposit	240,000	240,000
Refundable deposits		
Bank guarantees for site restoration	176,284	178,550
Security deposit	6,577	6,577
Others	193	548
Total	423,054	425,675

Rental deposit represents deposit to PT Mincon Indo Resources for heavy equipment rental (Note 23).

The local government required the Company to make bank guarantees for site restoration bond and placed it in PT Bank Mandiri (Persero) Tbk amounting to US$ 176,284 and US$ 153,942 in 2015 and 2014, respectively, and PT Bank Danamon Indonesia Tbk amounting to US$ nil and US$ 24,608 in 2015 and 2014, respectively.

12. TRADE ACCOUNTS PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Related parties		
PT Mincon Indo Resources	-	72,662
PT Oorja Indo Petangis Four	-	40,883
Total	-	113,545
Third parties	191,240	100,010

Trade accounts payable have average credit period of 60 days.

13. TAXES PAYABLE

	March 31, 2015	March 31, 2014
	US$	US$
Income taxes:		
Article 21	1,386	3,222
Article 23	3,240	9,145
Article 25	-	1,517
Value added tax	80	104
Total	4,706	13,988

14. ACCRUED EXPENSES

	March 31, 2015	March 31, 2014
	US$	US$
Production royalties	719,564	943,597
Provision for site restoration	251,996	222,130
Heavy equipment rentals	183,650	437,948
Fuel	43,699	91,797
Others	45,253	131,042
Total	1,244,162	1,826,514

15. DEPOSIT FROM A RELATED PARTY

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

16. CAPITAL STOCK

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

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

17. SALES

This account represents the sales of coal amounting to US$ 9,842,437 and US$ 13,082,279 in 2015 and 2014, respectively. All sales in 2015 and 2014 were made to related party (Note 23).

18. COST OF GOODS SOLD

	2015	2014
	US$	US$
Heavy equipment rentals	4,172,845	6,124,435
Fuel	2,556,912	4,993,010
Outsourcing	129,256	311,813
Salaries and allowances	279,163	344,501
Catering	226,823	255,364
Security services	123,399	89,637
Transportation	102,784	205,751
Provision for site restoration (revegetation)	36,475	52,500
Depreciation (Note 10)	4,090	7,885
Equipment rental	1,044	15,491
Others	41,886	47,313
Cost of production	7,674,677	12,447,700
Finished goods inventory, beginning	583,642	266,459
Finished goods inventory, ending	(795,670)	(583,642)
Total	7,462,649	12,130,517

19. SELLING EXPENSES

	2015	2014
	US$	US$
Community development	317,671	512,623
Production royalties	304,444	1,086,398
Coal cargo superintending	17,953	48,858
Shipment monitoring fees	-	430,351
Others	175	585
Total	640,243	2,078,815

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Salaries and allowances	156,916	250,741
Land and building taxes	119,910	35,879
Rental	40,258	47,133
Travelling	24,809	52,557
Professional fees	23,422	37,814
Depreciation (Note 10)	14,070	16,892
Employee benefit expenses (Note 22)	8,212	5,725
Others	72,854	196,552
Total	460,451	643,293

21. INCOME TAX

Tax benefit of the Company consists of the following:

	2015	2014
	US$	US$
Current tax	-	-
Deferred tax	(2,650)	(3,504)
Total tax benefit	(2,650)	(3,504)

Current Tax

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

	2015	2014
	US$	US$
Income (loss) before tax as per statement of comprehensive income	1,266,708	(1,720,135)
Temporary differences:		
Difference between commercial and fiscal depreciation	5,016	10,855
Provision for post-employment benefits	8,212	5,725
Total	13,228	16,580
Nondeductible expenses (nontaxable income):		
Donation	13,865	115,888
Benefit in kind	56,184	102,101
Interest income already subjected to final tax	(13,356)	(14,664)
Others	41,096	85,090
	97,789	288,415
Taxable income (fiscal loss) before fiscal loss carried forward	1,377,725	(1,415,140)
Fiscal loss		
2014	(1,415,140)	-
Accumulated fiscal loss	(37,415)	(1,415,140)
Current tax expense	-	-
Less prepaid income taxes:		
Article 22	-	12,023
Article 25	-	17,379
Total prepaid income taxes	-	29,402
Prepaid tax (Note 8)	-	29,402

Deferred Tax

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

	March 31, 2013	Credited (charged) to income for the year	March 31, 2014	Credited to income for the year	March 31, 2015
	US$	US$	US$	US$	US$
Deferred tax assets					
Post-employment benefits obligation	4,334	790	5,124	1,397	6,521
Difference between commercial and fiscal depreciation	760	2,714	3,474	1,253	4,727
Deferred tax assets - net	5,094	3,504	8,598	2,650	11,248

No deferred tax asset was recognized for fiscal loss due to uncertainty of generating taxable income in the near future.

A reconciliation between the tax benefits and the amounts computed by applying the effective tax rate to income (loss) before tax is as follows:

	2015	2014
	US$	US$
Income (loss) before tax as per statements of comprehensive income	1,266,708	(1,720,135)
Tax expense (benefits) at effective tax rates	316,677	(430,034)
Tax effect of nontaxable income (nondedcutible expenses):		
Donation	3,466	28,972
Benefit in kind	14,046	25,525
Interest income already subjected to final tax	(3,339)	(3,666)
Other	10,274	21,273
Total	24,447	72,104
Adjustment	(343,774)	354,426
Total tax benefit	(2,650)	(3,504)

22. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits was 12 in 2015 and 8 in 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	7,271	4,680
Interest costs	721	899
Amortized past service cost	298	342
Effect addition/deduction of employee	510	-
Net actuarial gain	(588)	(196)
Total	8,212	5,725

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	16,905	9,738
Unrealized actuarial gain	14,303	16,986
Past service cost - not yet vested	(5,125)	(6,222)
Net liabilities	26,083	20,502

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

	2015	2014
	US$	US$
Opening defined benefit obligation	9,738	17,571
Current service cost	7,271	4,680
Interest cost	721	899
Effect addition/(deduction) of employee	510	-
Recognized of gain/(loss) of actuarial	(85)	(10,816)
Gain in foreign exchange	(1,250)	(2,596)
Closing defined benefit obligation	16,905	9,738

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

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

23. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

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

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

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

- PT Bima Gema Permata
- PT Oorja Indo KGS
- MCS Holdings Pte Ltd
- PT Mincon Indo Resources

Transactions with Related Parties

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

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

b. The Company and PT Mincon Indo Resources entered heavy equipment rental agreement from April 1, 2014 to March 31, 2015. At reporting date, advance payment for heavy equipment rentals were presented as advanced and prepaid expenses (Note 9).

c. The Company and PT Oorja Indo Petangis Four entered outsourcing agreement from April 1, 2014 to March 31, 2015. At reporting date, advance payment for outsourcing were presented as advanced and prepaid expenses (Note 9).

24. SIGNIFICANT COMMITMENTS AND AGREEMENTS

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

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

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

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

25. MONETARY ASSETS AND LIABILITES DENOMINATED IN FOREIGN CURRENCIES

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

		2015			2014	
		Foreign Currency	Equivalent in USD		Foreign Currency	Equivalent in USD
Assets						
Cash on hand and in banks	Rp	3,023,987,164	231,121	Rp	1,116,303,348	97,887
Time deposits	Rp	-	-	Rp	284,016,620	24,905
Other assets	Rp	2,306,499,856	176,284	Rp	2,098,050,900	183,975
Total Assets			407,405			306,767
Liabilities						
Trade accounts payable	Rp	2,334,800,548	178,447	Rp	452,516,041	39,680
Accrued expenses	Rp	2,582,820,852	197,403	Rp	6,082,639,517	533,378
Total Liabilities			375,850			573,058
Net Asset (Liabilities)			31,555			(266,291)

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

26. 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	368,550	300,101
Time deposits	100,000	124,905
Trade accounts receivable from a related party	382,003	279,566
Noncurrent Financial Assets		
Other assets		
Rental deposit	240,000	240,000
Bank guarantee for site restoration	176,284	178,550
Security deposit	6,577	6,577
Total Financial Assets	1,273,414	1,129,699

	March 31, 2015	March 31, 2014
	US$	US$
Liabilities at Amortized Cost		
Current Financial Liabilities		
Trade accounts payable		
Related parties	-	113,545
Third parties	191,240	100,010
Other accounts payable to third parties	231	13,790
Accrued expenses	1,244,162	1,826,514
Noncurrent Financial Liabilities		
Deposit from a related party	1,000,000	1,000,000
Total Financial Liabilities	2,435,633	3,053,859

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.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

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

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

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

b. Financial risk management objectives and policies

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

i. Foreign currency risk management

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

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

<u>Foreign currency sensitivity analysis</u>

The Company sensitivity against the relevant foreign currencies is 7% and 8.7% in March 31, 2015 and 2014, respectively. Had the US$ weakened/strengthened by 7% and 8.7% in March 31, 2015 and 2014, respectively, with all other variables held constant, net income after tax for the years then ended would have been lower/higher US$ 1,028 and higher/lower US$ 20,380, respectively. 7% and 8.7% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in currency other than U.S. Dollar.

ii. Interest rate risk management

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

The Company believes that exposure to interest rate is not significant because the Company's borrowings are non-interest bearing. The Company believes that such lending policy which include interest are well managed by management. While for interest rate risk exposure in bank deposit is considered manageable.

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

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

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

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

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, 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.

Liquidity and interest risk tables

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

	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
March 31, 2015	US$	US$	US$	US$	US$
Non-interest bearing					
Trade accounts payables					
Third parties	191,240	-	-	-	191,240
Other accounts payable to third parties	231	-	-	-	231
Accrued expenses	1,244,162	-	-	-	1,244,162
Deposit from a related party	-	-	1,000,000	-	1,000,000
Total	1,435,633	-	1,000,000	-	2,435,633

	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
March 31, 2014	US$	US$	US$	US$	US$
Non-interest bearing					
Trade accounts payables					
Related parties	113,545	-	-	-	113,545
Third parties	100,010	-	-	-	100,010
Other accounts payable to third parties	13,790	-	-	-	13,790
Accrued expenses	-	1,826,514	-	-	1,826,514
Deposit from a related party	-	-	1,000,000	-	1,000,000
Total	227,345	1,826,514	1,000,000	-	3,053,859

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

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2015						
Non-interest bearing						
Cash on hand	-	2,066	-	-	-	2,066
Trade accounts receivable from a related party	-	382,003	-	-	-	382,003
Rental deposit		-	-	240,000	-	240,000
Security deposit	-	-	-	6,577	-	6,577
Interest bearing						
Cash in banks	2	373,814	-	-	-	373,814
Time deposits	2.5	-	102,500	-	-	102,500
Bank guarantees for site restoration	5.81	-	186,526	-	-	186,526
Total		757,883	289,026	246,577	-	1,293,486

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$	US$
March 31, 2014						
Non-interest bearing						
Cash on hand	-	1,686	-	-	-	1,686
Trade accounts receivable from a related party	-	279,566	-	-	-	279,566
Rental deposit	-	-	-	240,000	-	240,000
Security Deposit	-	-	-	6,577	-	6,577
Interest bearing						
Cash in banks	2	304,383	-	-	-	304,383
Time deposits	2.5 - 6.25	-	129,280	-	-	129,280
Bank guarantees for site restoration	5.25	-	187,924	-	-	187,924
Total		585,635	317,204	246,577	-	1,149,416

c. Fair value of financial instruments

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

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