

PT KARYA PUTRA BORNEO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	March 31, 2016 US\$	March 31, 2015 US\$
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	143,515	327,755
Accounts receivable from a related party	473,515	-
Inventories	1,419,521	720,255
Prepayments and advances	151,015	1,724,461
Prepaid tax	42,539	41,320
Due from a related party	13,063,759	15,051,982
Total Current Assets	15,293,864	17,865,773
NONCURRENT ASSETS		
Investment in shares of stock	5,267,402	5,267,402
Advance for purchase of property and equipment	217,951	212,620
Property and equipment - net accumulated depreciation of US\$ 727,759 in 2016 and US\$ 617,472 in 2015	601,353	482,751
Deferred tax assets	49,968	40,691
Mining properties	16,209,428	14,305,709
Due from third parties	2,078	185,585
Reclamation deposit	695,374	518,831
Other assets	65,637	63,233
Total Noncurrent Assets	23,109,191	21,076,822
TOTAL ASSETS	38,403,055	38,942,595
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable to third parties	1,388,881	1,277,252
Other accounts payable to third parties	31,883	41,877
Accrued expenses	317,911	1,031,731
Taxes payable	47,108	136,938
Due to a related party	37,161,647	34,743,599
Advance from a related party	-	2,974,210
Total Current Liabilities	38,947,430	40,205,607
NONCURRENT LIABILITIES		
Provision for reclamation	588,847	452,860
Post-employment benefits obligation	130,990	113,232
Total Noncurrent Liabilities	719,837	566,092
CAPITAL DEFICIENCY		
Capital stock - US\$ 110.278 par value per share Authorized - 20,000 shares Subscribed and paid-up - 5,000 shares	551,390	551,390
Deficit	(1,815,602)	(2,380,494)
Total Capital Deficiency	(1,264,212)	(1,829,104)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	38,403,055	38,942,595

PT KARYA PUTRA BORNEO
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
	US\$	US\$
SALES	19,556,440	35,690,196
COST OF GOODS SOLD	<u>13,074,317</u>	<u>28,645,553</u>
GROSS PROFIT	<u>6,482,123</u>	<u>7,044,643</u>
Selling expenses	(4,731,905)	(4,830,010)
General and administrative expenses	(896,650)	(867,051)
Financial charges	(1,903,277)	(1,797,626)
Interest income	695,699	851,632
Others	<u>1,114,054</u>	<u>(12,226)</u>
INCOME BEFORE TAX	760,044	389,362
TAX EXPENSE - NET	<u>(218,529)</u>	<u>(320,902)</u>
PROFIT FOR THE YEAR	541,515	68,460
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation, net of tax	<u>23,377</u>	<u>(10,549)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>564,892</u></u>	<u><u>57,911</u></u>

PT KARYA PUTRA BORNEO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Capital stock</u> US\$	<u>Deficit</u> US\$	<u>Total capital deficiency</u> US\$
Balance as of April 1, 2014	551,390	(2,438,405)	(1,887,015)
Total comprehensive income for the year	<u>-</u>	<u>57,911</u>	<u>57,911</u>
Balance as of March 31, 2015	551,390	(2,380,494)	(1,829,104)
Total comprehensive income for the year	<u>-</u>	<u>564,892</u>	<u>564,892</u>
Balance as of March 31, 2016	<u><u>551,390</u></u>	<u><u>(1,815,602)</u></u>	<u><u>(1,264,212)</u></u>

PT KARYA PUTRA BORNEO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 US\$	2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	760,044	389,362
Adjustments:		
Financial charges	1,903,277	1,797,626
Depreciation expenses	123,119	151,272
Amortization expenses	1,221,686	660,242
Post-employment benefit	48,927	39,448
Foreign exchange difference	7,503	60,309
Gain (loss) from disposal of property and equipment	4,762	(609)
Cash Provided by Operating Activities	4,069,318	3,097,650
Changes in working capital:		
Accounts receivable	(473,515)	-
Inventories	(699,266)	145,504
Prepayments and advances	1,573,446	(982,925)
Due from third parties	183,507	28,159
Reclamation deposits	(184,046)	(109,450)
Other assets	(2,404)	(18,444)
Trade accounts payable to third parties	111,629	(1,081,510)
Other accounts payable to third parties	(19,163)	3,363
Accrued expenses	(713,820)	38,164
Taxes payable	(89,791)	67,594
Advance from a related party	(2,965,041)	(1,131,056)
Provision for reclamation	135,987	127,278
Cash generated from operations	926,841	184,327
Payments of post-employment benefits	-	(409)
Payments of income tax	(236,856)	(60,523)
Net Cash Provided by Operating Activities	689,985	123,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from a related party	1,988,223	790,172
Payment for mining properties	(3,125,405)	(1,066,428)
Payment to acquire property and equipment	(248,782)	(80,905)
Advance for purchase of property and equipment	(5,331)	-
Proceeds from sale of property and equipment	2,299	1,205
Net Cash Used in Investing Activities	(1,388,996)	(355,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from a related party	549,999	-
Payment of financial charges	(35,228)	(16,035)
Net Cash Provided by Financing Activities	514,771	(16,035)
NET DECREASE IN CASH ON HAND AND IN BANKS	(184,240)	(248,596)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	327,755	576,351
CASH ON HAND AND IN BANKS AT END OF YEAR	143,515	327,755

Current Tax

Reconciliation between income before tax per statement of profit or loss and other comprehensive income and taxable income is as follows:

	<u>2016</u>	<u>2015*</u>
	US\$	US\$
Income before tax per statement of profit or loss and other comprehensive income	<u>760,044</u>	<u>389,362</u>
Temporary differences		
Provision for post-employment benefits	48,928	39,934
Difference between commercial and fiscal depreciation	<u>19,350</u>	<u>4,653</u>
Total	<u>68,278</u>	<u>44,587</u>
Nondeductible expenses (nontaxable income)		
Community development	241,576	411,739
Benefits in kind	239,307	419,802
Interest income already subject to final tax	(19,162)	(22,204)
Others	<u>24,050</u>	<u>58,959</u>
Total	<u>485,772</u>	<u>868,296</u>
Taxable income before fiscal loss carryforward	1,314,093	1,302,245
Fiscal loss		
2012	-	(189)
2013	<u>-</u>	<u>(1,217,685)</u>
Total	1,314,093	84,371
Fiscal loss adjustment from prior year	<u>(371,698)</u>	<u>25,950</u>
Taxable income	<u>942,395</u>	<u>110,321</u>
Current tax expense and receivable are as follows:		
	<u>2016</u>	<u>2015*</u>
	US\$	US\$
Current tax expense	235,598	27,580
Less prepaid taxes		
Income tax		
Article 22	205,709	1,562
Article 25	<u>22,446</u>	<u>67,338</u>
Total	<u>228,155</u>	<u>68,900</u>
Current tax (payable) receivable	<u>(7,443)</u>	<u>41,320</u>

11.13 If it is the policy of the Company to provide for deferred taxation, please give details of basis on which provision is calculated and indicate the items making up the provision.

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 carry forwards 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 carry forwards 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.

	2016 US\$	2015 US\$
Temporary differences		
Provision for post-employment benefits	48,928	39,934
Difference between commercial and fiscal depreciation	19,350	4,653
Total	<u>68,278</u>	<u>44,587</u>

Deferred Tax

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

	April 1, 2015 *) US\$	Credited (charged) to profit or loss for the period US\$	Charged to other comprehensive income for the period US\$	March 31, 2016 US\$
Post-employment benefits obligation	28,308	12,232	(7,792)	32,748
Difference between commercial and fiscal depreciation	12,383	4,837	-	17,220
Deferred tax asset	<u>40,691</u>	<u>17,069</u>	<u>(7,792)</u>	<u>49,968</u>

	April 1, 2014 *) US\$	Credited (charged) to profit or loss for the period US\$	Charged to other comprehensive income for the period US\$	March 31, 2015 *) US\$
Fiscal loss	304,469	(304,469)	-	-
Post-employment benefits obligation	14,808	9,984	3,516	28,308
Difference between commercial and fiscal depreciation	11,220	1,163	-	12,383
Deferred tax asset	<u>330,497</u>	<u>(293,322)</u>	<u>3,516</u>	<u>40,691</u>

12.4 Please provide the following information:-

- (i) Number of shares.
- (ii) Par value of the shares.
- (iii) Types of shares (ordinary, etc.)
- (iv) Amount and percentage held by reporting entity in subsidiary or associate as shown in the register of members of the client.
- (v) Any charge or restriction on the shares held by the reporting entity.

Name of Stockholders	March 31, 2016 and 2015		
	Number of Shares	Percentage of Ownership %	Total Paid-up Capital Stock Rp
Oorja (Batua) Pte. Ltd.	2,500	50%	275,695
Curators	2,000	40%	220,556
Ardiansyah Muchsin	500	10%	55,139
Total	5,000	100%	551,390

On November 24, 2015, The High Court of Central Jakarta for commercial court through its letter No11/Pdt.sus/PembatalanPerdamaian/2015/PN.Niaga.JKT.PST.jo.Nomor:55/Pdt.Sus/PKPU/2014/PN.Niaga.JKT.PST.jo.Nomor32/Pdt.Sus.Pailit/2014/PN.Niaga.JKT.PST “Putusan Pailit” decided to declare bankruptcy of PT United Coal Indonesia at the request of creditors (PT GMT Indonesia and PT Palaran Indah Lestari) and appointing curators to handle this bankruptcy. The members of curators consist of Dr. Andrey Sitanggang,S.H,M.H,SE., from Andrey Sitanggang & Partners Law Firm, Rio Ferry Sihombing,S.H., from RSFA Law Firm and Vychung Chongson,S.H., from Chongson & Partners Law Firm.

12.6 Provide details of the shares of each class which are registered at the balance sheet date in the name of:

- (i) the holding company;
- (ii) Any subsidiary thereof;
- (iii) Any known nominee of the holding company; and
- (iv) Any subsidiary of a known nominee of the holding company.

Name of Stockholders	March 31, 2016 and 2015		
	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

17.3 Please provide a schedule of the directors of the company in the year together with details of each director’s remuneration for that year.

	US\$
Kirtipal Singh Raheja	9,476
Taufik Surya Dharma	753