

**PT NUANSA SAKTI
KENCANA**

FINANCIAL STATEMENTS
AS OF MARCH 31, 2018
AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITOR'S REPORT

PT NUANSA SAKTI KENCANA
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Nuansa Sakti Kencana

PT. Nuansa Sakti Kencana

Kawasan Mega Kuningan
Menara Prima, 15th Floor Unit A & B
Jl. Lingkar Mega Kuningan No. 6.2
Jakarta Selatan 12950, Indonesia
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**DIRECTORS' STATEMENT
ON THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
PT NUANSA SAKTI KENCANA**

I, the undersigned below, :

Name : Hendra Rajasa
Office Address : Menara Prima 15th floor, Units A and B, Jl Lingkar
Mega Kuningan Blok B6.2, kawasan Mega Kuningan,
East Kuningan, Setiabudi, Jakarta
Residential Address (in accordance with indentify card) : Jl.Untung Suropati RT 009, Desa Jone, Kec. Tanah
Grogot, Kab. Paser, Kalimantan Timur
Telephone No. :
Title : President Director

declare that :

1. We are responsible for the preparation and presentation of the Company's financial statements for the year ended March 31, 2018.
2. The Company's financial statements have been prepared and presented in accordance with generally accepted accounting principles applied in Indonesia.
3. All information has been fully and correctly disclosed in the Company's financial statements, and the Company's financial statements do not contain materially misleading information or facts, and do not conceal any information or facts
4. I am responsible for the Company's internal control system.

This statement has been made truthfully.

Jakarta, May 24, 2018



Hendra Rajasa
President Director

The shareholders

PT NUANSA SAKTI KENCANA

We have audited the accompanying financial statements of **PT Nuansa Sakti Kencana** ("The Company"), which comprise the statement of financial position as of **March 31, 2018**, and the statement of profit or loss and other comprehensive income, changes in capital deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

JAS


JUSTINUS A SIDHARTA
REGISTERED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

NO. OPN/NSK/MAR'18/202

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT Nuansa Sakti Kencana** as of **March 31, 2018**, and their financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



Justinus A. Sidharta, CPA
Public Accountant Licence no. AP.0944

May 24, 2018

OFFICE:

KOMPLEKS MUTIARA TAMAN PALEM BLOK A19 No.30, OUTER RINGROAD
KAMAL RAYA, CENGKARENG JAKARTA BARAT 11730, INDONESIA

6221 5435 0431 | 6221 2931 9921 | 6220 2931 9923

LICENSE NO. 1227 / KM. 1 / 2011

PT NUANSA SAKTI KENCANA

STATEMENT OF FINANCIAL POSITION

As of March 31, 2018

(Expressed in United States dollar)

| | Notes | March 31, | |
|--|-------|-----------|-----------|
| | | 2018 | 2017 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and bank | 2,4 | - | 36,617 |
| NON-CURRENT ASSET | | | |
| Tax amnesty asset | | | |
| Fixed asset | | | |
| Cost | | 6,153 | 6,153 |
| Accumulated depreciation | | (6,153) | (6,153) |
| TOTAL NON-CURRENT ASSET | | - | - |
| TOTAL ASSETS | | - | 36,617 |
| LIABILITY AND CAPITAL DEFICIENCY | | | |
| CURRENT LIABILITIES | | | |
| Other payables | | | |
| Related party | 2,5 | - | 119,687 |
| Third party | | 150,601 | - |
| TOTAL LIABILITY | | 150,601 | 119,687 |
| CAPITAL DEFICIENCY | | | |
| Capital stock | | | |
| Authorized, subscribe and fully paid - 5,100 shares at par value of Rp 1,000,000 per share | 7 | 572,776 | 572,776 |
| Deficit | | (723,377) | (655,846) |
| TOTAL CAPITAL DEFICIENCY | | (150,601) | (83,070) |
| TOTAL LIABILITY AND CAPITAL DEFICIENCY | | - | 36,617 |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT NUANSA SAKTI KENCANA
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2018
(Expressed in United States dollar)

| | Notes | Year ended March 31, | |
|---|-------|----------------------|----------|
| | | 2018 | 2017 |
| SALES | | - | - |
| COST OF GOOD SOLD | | - | - |
| GROSS PROFIT (LOSS) | | - | - |
| Interest income | | 6,664 | 6,208 |
| Taxes expense | | - | (11,158) |
| Gain (loss) on foreign exchange - net | | (3,055) | 134 |
| General and administrative expenses | 2,8 | (4,054) | (17,044) |
| Written-off reclamation deposits | | (73,093) | - |
| Other income - net | | 6,006 | 23,943 |
| INCOME (LOSS) FROM OPERATIONS | | (67,531) | 2,082 |
| Finance cost | | - | - |
| INCOME (LOSS) BEFORE INCOME TAX | | (67,531) | 2,082 |
| INCOME TAX EXPENSE | | | |
| Current | 2 | - | - |
| Deferred | 2 | - | - |
| INCOME (LOSS) FOR THE YEAR | | (67,531) | 2,082 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | (67,531) | 2,082 |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT NUANSA SAKTI KENCANA

STATEMENT OF CHANGES IN CAPITAL DEFICIENCY

For the year ended March 31, 2018

(Expressed in United States dollar)

| | Capital stock - issued and fully paid | Deficit | Total capital deficiency |
|-------------------------------------|--|-------------------------|---|
| Balance as of April 1, 2016 | <u>572.776</u> | <u>(657.928)</u> | <u>(85.152)</u> |
| Income for the year | - | 2.082 | 2.082 |
| Other comprehensive income | - | - | - |
| Balance as of March 31, 2017 | <u>572.776</u> | <u>(655.846)</u> | <u>(83.070)</u> |
| Loss for the year | - | (67.531) | (67.531) |
| Other comprehensive income | - | - | - |
| Balance as of March 31, 2018 | <u><u>572.776</u></u> | <u><u>(723.377)</u></u> | <u><u>(150.601)</u></u> |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT NUANSA SAKTI KENCANA

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

(Expressed in United States dollar)

| | Year ended March 31, | |
|---|----------------------|------------------|
| | 2018 | 2017 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Income (loss) before income tax | (67.531) | 2.082 |
| Adjustment to reconcile income (loss) before income tax to net cash provided by (used in) operating activities | | |
| Depreciation of tax amnesty asset | - | 6.153 |
| Severance pay | - | (5.349) |
| Gain on recognition of tax amnesty asset | - | (6.153) |
| Increase (decrease) in | | |
| Accounts receivable | - | 178.807 |
| Prepaid tax | - | 618 |
| Accounts payable | - | (86) |
| Accrued expenses | - | (2.241) |
| Taxes payable | - | (83) |
| Cash provided by (used in) operating activities | (67.531) | 173.748 |
| Payment of employee benefits | - | (11.283) |
| Net cash provided by (used in) operating activities | (67.531) | 162.465 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Decrease in due from related parties | - | 225.009 |
| Increase (decrease) in due to related parties | 30.914 | (369.850) |
| Net cash used in financing activities | 30.914 | (144.841) |
| INCREASE (DECREASE) IN NET CASH AND BANK | (36.617) | 17.624 |
| CASH AND BANK AT BEGINNING OF YEAR | 36.617 | 18.993 |
| CASH AND BANK AT END OF YEAR | - | 36.617 |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

1. GENERAL

a. The Company's establishment

PT Nuansa Sakti Kencana ("the Company") was established based on notarial deed no. 9 of public notary Hasbullah Abdul Rasyid, SH, M.Kn dated April 3, 2002. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter no. C-07100 HT.01.01.Tahun 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. 08 of public notary Dherwina Asih Pranawati, SH, MKn, dated February 28, 2018 concerning the changes of the Company's stockholders and boards of commissioner and directors. The changes have been accepted by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter no. AHU-AH.01.03-0090492 dated March 1, 2018.

The Company's scope of activities is coal mining and sales.

In January 2016, the Company had sold all of its fixed assets including site equipment. Therefore, since then the Company has no more business activity.

The Company is domiciled in Menara Prima, 15th floor, units A and B, Jalan Lingkar Mega Kuningan Blok B6.2, Kawasan Mega Kuningan, East Kuningan, Setiabudi, Jakarta. The Company's site is located in Desa Petanggis, Kecamatan Batu Engau, Kabupaten Paser, East Kalimantan.

The Company belongs to a group of companies owned by Mercator Limited (the Group), a group listed in the National Stock Exchange and Bombay Stock Exchange, India.

b. Coal mining license

The Company has obtained a coal mining and exploitation licence based on decision letter of Paser Regent no. 545/10/Eksplorasi/EK/XII/2007 covering 203,739 ha. The license has been reused several times most recently comply with government regulation no. 23 year 2010, "Mining Production Activity Licences" based on decision letter of Paser Regent no. 545/5/Operasi Produksi/EK/XII/2012, valid until December 21, 2017.

c. The boards of commissioner and directors and employees

The composition of the Company's boards of commissioner and directors as of March 31, 2018 and 2017 is as follows :

| | March 31 | |
|------------------------------|---------------------------|----------------|
| | 2018 | 2017 |
| Board of commissioner | | |
| Commissioner | : Risma Sartika | Kala Wili Dewi |
| Board of director | | |
| President director | : Hendra Rajasa | Jaysangker |
| Director | : H. Kartika Yuli Prasajo | |

The Company has no permanent employees as of March 31, 2017 and has no permanent employees as of March 31, 2018 and 2017, respectively.

The Company's management is responsible for the preparation of the accompanying financial statements that were completed and authorized to be issued on May 24, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with Statements of Financial Accounting Standards ("PSAK") in Indonesia, which issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK").

The financial statements have been prepared on the accrual basis using the historical cost concept, except for certain accounts which are measured on the bases as described in the following notes to the financial statements.

The statement of cash flows presents cash flows classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the United States dollar ("US\$"), which is also the Company's functional currency.

b. Foreign currency transactions and balances

The Company considers the primary indicators and other indicators in determining its functional currency. If indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At statement of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the last prevailing rates as of such date and the resulting gains or losses are credited or charged to current operations.

The rate of exchange used was as follows :

| | March 31, | |
|--------------------------|-----------|----------|
| | 2018 | 2017 |
| 1 Indonesian Rupiah (Rp) | 1/13,756 | 1/13,321 |

c. Transactions with related parties

A related party is a person or entity that is related to the Company.

- a. A person or a close member of that person's family is related to the Company, if that person :
 - (i) has control or joint control over the Company,
 - (ii) has significant influence over the Company, or
 - (iii) is a member of the key management personnel of the Company or of a parent entity of the Company.

- b. An entity is related to the Company if any of the following conditions applies :
 - (i) The entity and the Company are members of the same group.
 - (ii) One entity is an associate or joint venture of the Company (or an associate or joint venture of a member of a group of which the Company is a member).
 - (iii) Both entity and the Company are joint ventures of the same third party.
 - (iv) The Company 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 Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in point a.
- (vii) A person identified in point a (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

d. Expense recognition

Expenses are recognized when they are incurred.

e. Corporate income tax

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as tax losses carry-forward, are also recognized to the extent that realization of such benefits is probable. The tax effects for the year are allocated to current operations, except for the tax effects from transactions which are directly charged or credited to equity.

Deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the statement of financial position date.

Amendment to tax obligation is recorded when an assessment letter is received or if appealed against, when the results of the appeal are determined. The additional taxes and penalty imposed through an assessment letter are recognized as income or expense in the current year profit or loss, unless objection/appeal is taken. The additional taxes and penalty imposed through an assessment letter are deferred as long as they meet the asset recognition criteria.

However, based on the government regulation no. 46 year 2013, for companies with revenues amounting to Rp 4.8 billion per year or below, the corporate income tax is calculated based on final basis of 1% from the revenues.

4. CASH AND BANK

Cash and bank consist of :

| | March 31, | |
|---------------------------------|-----------|--------|
| | 2018 | 2017 |
| Cash and hand | | |
| Indonesian Rupiah | - | 416 |
| Cash in banks | | |
| Indonesian Rupiah | | |
| PT Bank Danamon Indonesia, Tbk. | - | 31.162 |
| PT Bank Mandiri (Persero), Tbk. | - | 4.919 |
| United States dollar | | |
| PT Bank Danamon Indonesia, Tbk. | - | 120 |
| Total cash in banks | - | 36.201 |
| Total | - | 36.617 |

All cash in banks are placed in third-party banks.

PT NUANSA SAKTI KENCANA

NOTES TO THE FINANCIAL STATEMENTS (continued)
 As of March 31, 2018 and for the year then ended
 (Expressed in United States dollar, unless otherwise stated)

5. OTHER PAYABLES

This account represents temporary loan to PT Oorja Indo Petangis Three, third party, amounting to US\$ 150,601 as of March 31, 2018 and to PT Oorja Indo KGS, related party, amounting to US\$ 119,687 as of March 31, 2017.

6. TAXATION

The reconciliation between loss before income tax as shown in the statements of profit or loss and other comprehensive income, and estimated taxable income as of March 31, 2017 is as follows :

| | |
|--|------------------------|
| Loss before income tax | 2,082 |
| Permanent differences | |
| Non-deductible expenses | |
| Taxes | 11,208 |
| Depreciation of fixed assets | 6,153 |
| Income already subjected to final tax | |
| Interest | <u>(6,208)</u> |
| Estimated taxable income | <u>13,235</u> |
| Estimated fiscal loss | |
| Year ended March 31, 2016 | <u>(90,318)</u> |
| Accumulated estimated fiscal loss | |
| Year ended March 31, 2016 | <u><u>(77,083)</u></u> |

7. CAPITAL STOCK

The details of the Company stockholders as of March 31, 2017 is as follows :

| Shareholders | % | Number of shares | Nominal per share | Total |
|------------------------------|------------|---------------------|----------------------|----------------|
| PT Oorja Indo Petangis Three | 50 | 2,550 | 112 | 286,388 |
| PT Oorja Indo Petangis Four | 50 | 2,550 | 112 | 286,388 |
| Total | <u>100</u> | <u>5,100</u> | | <u>572,776</u> |

Based on xxx, effectively on March 31, 2018, the Company's stockholders have changed became as follows :

| Shareholders | % | Number of shares | Nominal per share | Total |
|-------------------------|------------|---------------------|----------------------|----------------|
| PT Candra Gemilang | 49 | 2,499 | 112 | 280,660 |
| PT Epic | 26 | 1,326 | 112 | 148,922 |
| H. Kartika Yuli Prasajo | 25 | 1,275 | 112 | 143,194 |
| Total | <u>100</u> | <u>5,100</u> | | <u>572,776</u> |

PT NUANSA SAKTI KENCANA

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of March 31, 2018 and for the year then ended
(Expressed in United States dollar, unless otherwise stated)

8. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows :

| | Year ended March 31, | |
|-----------------------|----------------------|---------------|
| | 2018 | 2017 |
| Depreciation | - | 6.153 |
| Salary and allowances | - | 5.269 |
| Land and building tax | - | 4.772 |
| Others | 4.054 | 850 |
| Total | 4.054 | 17.044 |

9. THE COMPANY'S FINANCIAL CONDITIONS

On March 31, 2017, the Company is in an inactive condition, this condition is due to the unfavorable economic condition/ unfavorable coal price. At present the management decided to maintain the Company in dormant position.