

PT COROMANDEL MINERALS RESOURCES

FINANCIAL STATEMENTS
Years Ended December 31, 2018 and 2017
And
INDEPENDENT AUDITORS' REPORT

PT COROMANDEL MINERALS RESOURCES

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PT. COROMANDEL MINERALS RESOURCES

STATEMENT OF THE BOARD OF DIRECTORS ABOUT RESPONSIBILITY FOR FINANCIAL STATEMENTS ON DECEMBER 31, 2018 PT COROMANDEL MINERALS RESOURCES

Jakarta, March 15, 2019

We, the undersigned
Name : Chandrasekaran Vaidhieswaran
Office address : Epiwalk Office Suite 5th Fl, Unit B528, Rasuna Epicentrum
Complex, Jl. HR Rasuna Said, Kuningan, Jakarta – 12940.
Position : President Director

We, State that:

1. Responsible for the preparation and presentation of financial statements for the years ended 31 December 2018.
2. The financial statements of PT Coromandel Minerals Resources have been prepared and presented in accordance with generally accepted accounting standards in Indonesia.
3. All information in the financial statements of PT Coromandel Minerals Resources as been fully and correctly loaded.
4. The financial statements of PT. Coromandel Minerals Resources does not contain misleading material information or facts, and does not remove material information or facts.
5. Responsible for the internal control system in the division of tasks and responsibilities.

This statement was made with actual.

On behalf of and representing the Board of Directors



Chandrasekaran Vaidhieswaran

President Director/Director

Independent Auditors' Report

Report Number : YP-01/CMR/III/2019

The Shareholders, Boards of Commissioners and Directors
PT COROMANDEL MINERALS RESOURCES

We have audited the accompanying financial statements of **PT COROMANDEL MINERALS RESOURCES** (the "Company"), which comprise the financial position as of December 31, 2018, and statements of comprehensive income, changes in equity, and cash flows for the year 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.

Auditors' 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

Head Office :

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Komplek Taman Rasuna, Jl. H.R. Rasuna Said, Kuningan, Jakarta 12960
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Branch Office :

Jl. Berlian No. D 493 Masnaga
Jakasampurna, Bekasi 17145
Ph/Fax : +62.21. 8896 3405
E-mail : rika.angelina@gmail.com

Unmodified opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT COROMANDEL MINERALS RESOURCES** (the "Company") as of December 31, 2018, and their financial performance and cash flows for the year ended, in accordance with Indonesian Financial Accounting Standards.

Best regards,

Registered Public Accountants Angelina Yansen

NIU-KAP KEP 1324/KM.1/2009



License No. 791/KM.1/2014

Yansen Pasaribu, CPA

NIAP : 0840

Managing Partner

March 15, 2019

NOTICE TO READERS

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilized to audit such interim statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly, the accompanying financial statements and the auditors' report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their application in practice.

PT COROMANDEL MINERALS RESOURCES
BALANCE SHEET
DECEMBER 31, 2018 and 2017
(Expressed in Rupiah)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
ASSETS			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	3,2b,2c	4,491,896,055	23,471,900,554
Advances	5	76,009,364,862	73,443,205,872
Total Current Assets		<u>80,501,260,917</u>	<u>96,915,106,426</u>
<u>NON CURRENT ASSETS</u>			
Investment	4,2e	171,750,000	171,750,000
Other Assets	6	9,228,721,602	9,595,751,636
		<u>9,400,471,602</u>	<u>9,767,501,636</u>
TOTAL ASSETS		<u>89,901,732,519</u>	<u>106,682,608,062</u>
LIABILITIES AND EQUITY			
<u>CURRENT LIABILITIES</u>			
Accounts Payable Trade	7	6,068,358,044	1,604,700,539
Others Payable	8	128,252,500,000	139,217,940,000
Total current liabilities		<u>134,320,858,044</u>	<u>140,822,640,539</u>
<u>NON CURRENT LIABILITIES</u>			
Post employee benefit	2i,9	1,280,599,521	1,252,542,160
<u>EQUITY</u>			
Paid up Capital 3,000 shares, nominal Rp 942,700 per share	10	2,828,100,000	2,828,100,000
Retained earnings		<u>(48,527,825,046)</u>	<u>(38,220,674,637)</u>
Total Equity		<u>(45,699,725,046)</u>	<u>(35,392,574,637)</u>
TOTAL LIABILITIES AND EQUITY		<u>89,901,732,519</u>	<u>106,682,608,062</u>

See accompanying notes to financial statements which are an integral part of the financial statements

PT COROMANDEL MINERALS RESOURCES**STATEMENT OF INCOME**

For the years ended December 31, 2018 and 2017

(Expressed in Rupiah)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
REVENUE	2g,11	102,450,682,311	112,376,902,254
DIRECT COST	2g,12	(95,218,003,130)	(104,879,499,328)
GROSS INCOME		<u>7,232,679,181</u>	<u>7,497,402,926</u>
OPERATING EXPENSE			
General and Administrative	2g,13	(9,086,771,973)	(6,838,244,040)
INCOME (LOSS) FROM OPERATION		<u>(1,854,092,792)</u>	<u>659,158,886</u>
Other income (expenses):			
Bank Charges		73,539,581	65,782,654
Bank Interest income - net		(43,876,657)	(12,209,618)
Foreign Exchange Income (Loss)		<u>8,423,394,693</u>	<u>1,140,499,441</u>
Total Other income (expenses):	2g	<u>8,453,057,617</u>	<u>1,194,072,477</u>
INCOME (LOSS) BEFORE INCOME TAX		<u>(10,307,150,409)</u>	<u>(534,913,591)</u>
Tax expenses			
Current		-	-
Deferred		-	-
Net Income (Loss)		<u>(10,307,150,409)</u>	<u>(534,913,591)</u>

See accompanying notes to financial statements which are an integral part of the financial statements

PT COROMANDEL MINERALS RESOURCES
STATEMENT OF CHANGE IN EQUITY
For the years ended December 31, 2018 and 2017
(Expressed in Rupiah)

	Capital Stock Subscribed and Fully Paid	Retained Earnings/ Deficits	Total Equity
Balance December 31, 2016	2,828,100,000	(37,685,761,046)	(34,857,661,046)
Net Income (Loss) in 2017	-	(534,913,591)	(534,913,591)
Balance December 31, 2017	2,828,100,000	(38,220,674,637)	(35,392,574,637)
Net Income (Loss) in 2018	-	(10,307,150,409)	(10,307,150,409)
Balance December 31, 2018	2,828,100,000	(48,527,825,046)	(45,699,725,046)

See accompanying notes to financial statements which are an integral part of the financial statements

PT COROMANDEL MINERALS RESOURCES
STATEMENT OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Rupiah)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	(10.307.150.409)	(534.913.591)
<i>Adjustments to reconcile net profit (loss) to net cash</i>		
Depreciation	-	8.300.000
<i>Provided by (used in) operating activities :</i>		
Decrease (increase) in assets:		
Advances	(2.566.158.990)	20.672.250.917
Other Asset	367.030.034	3.191.917.212
Increase (decrease) in liabilities:		
Accounts payable trade	4.463.657.505	(1.086.099.461)
Others Payable	(10.965.440.000)	147.432.960
Post employee benefit	28.057.361	416.770.303
Net Cash provided by (used in) operating activities	<u>(18.980.004.499)</u>	<u>22.815.658.340</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in fixed assets	-	(8.300.000)
Net cash used in investing activities	<u>-</u>	<u>(8.300.000)</u>
CASH FLOWS FROM FUNDING ACTIVITIES		
Net cash provided by (used in) from funding activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalent	(18.980.004.499)	22.807.358.340
Cash and cash equivalent at beginning of the year	23.471.900.554	664.542.214
Cash and cash equivalent at ending of the year	<u>4.491.896.055</u>	<u>23.471.900.554</u>

See accompanying notes to financial statements which are an integral part of the financial statements

PT COROMANDEL MINERALS RESOURCES

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(Expressed in Rupiah)

1. GENERAL

a. The Company Establishment

PT COROMANDEL MINERALS RESOURCES (The Company) was established in Jakarta based on the notarial deed No. 03 dated January 23, 2008 of Dewantari Handayani, SH notary in Jakarta. The deed of establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-38559.AH.01.01.2008 dated July 7, 2008.

The Company's articles of association has been amended several times, most recently amended by the notarial deed No. 4 dated May 5, 2015 of Rohana Prieta, SH, concerning articles of the Company changes of Management composition, the deed was registered by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter AHU - AH.01.10-08491, The Company activities are, Trading in coal Export.

The Company domiciled in Epiwalk Office Suites Lt .5 Unit B.528 Komplek Rasuna Epicentrum, Jl. HR Rasuna Said South Jakarta. The Company has permanent employees amounting to are 3 (Three) employees respectively in 2018 and 2017,.

The Company's Board of Commissioners and Directors as of December 31, 2018 and 2017 consist of:

Year 2018 and 2017

Commissioner	: Veppur Margabandu Mohan
President Director	: Chandrasekaran Vaidhieswaran
Director	: Tharmapuram Subramaniam Raghupatty
Director	: Ranganatha Srinivasan

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis in accordance with generally accepted accounting principal in Indonesia that is Financial Accounting Standard, except if any changes the accounting policies by the Company.

The financial statements have been prepared on accrual basis except for the statements of cash flows. The statements of cash flows are prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

The reporting currency used in the financial statements is Indonesia Rupiah.

PT COROMANDEL MINERALS RESOURCES

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(Expressed in Rupiah)

b. Foreign Currency Transaction and Balances

Transactions involving foreign currencies are recorded in Indonesia Rupiah at the rates of exchanges prevailing at the time the transaction are made. At the balance date, monetary assets and liabilities denominated in foreign currencies are adjusted to Indonesian Rupiah to reflect the prevailing middle rates of exchange at such date. Any resulting gains or losses are credited or charged to the statement of income for the year.

As of December 31, 2018 and 2017, the middle rates of exchange to adjust monetary assets and liabilities as published by Indonesia tax rate are Rp 14,500 / 1USD and Rp 13,569 / 1 USD

c. Cash and Cash equivalent

Cash and cash equivalent consist of cash on hand and cash in banks.

d. Trade Receivable

The Company does not provide allowance for doubtful account of the individual receivable, the management believe all of are collectible.

e. Investment

Investment in shares of stock with ownership interest of less than 20% that do not have readily determinable fair values and are intended for long-term investment are stated at cost.

f. Fixed Assets

Land is stated at cost and is not depreciated

Fixed assets is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Office Equipment	4
Survey Equipment	4

The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their acquisition costs and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current year operations.

PT COROMANDEL MINERALS RESOURCES
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017
(Expressed in Rupiah)

g. Revenue and Expenses

Revenue are recognized when the invoice are made. Expenses are recognized when incurred.

h. Income tax

Current tax expense is determined based on the estimated taxable income for the year. Deferred tax benefit or expense is calculated in accordance with PSAK No. 46, "Accounting for Income Tax".

The deferred income tax method is applied to reflect the effects of timing differences between financial reporting and income tax purposes and accumulated tax loss carryforward which is estimated to be fully recoverable.

Amendments to tax obligations are recorded when a tax assesment letter is received or, if appealed against by the Company, when the result of the appeal is determined.

i. Employee Benefits

The Company recognizes employee benefit obligations as set out in generally accepted SFA 24 2013 revisions "Employee Benefits". The liability recognition is based on the provisions of the Employment Act 13 year 2003.

In these conditions the Company is required to pay employee benefits to employees when they stop working in the resignation, normal retirement, death and permanent disability. The amount of post-employment benefits are primarily based on length of employment and compensation of employees on completion of employment. Basically employee benefits under the Employment Act No.13 of 2003 is a defined benefit plan.

3. CASH AND CASH EQUIVALENT

This accounts consist of:

	<u>2018</u>	<u>2017</u>
Cash on hand	2.407.958	2.857.030
Cash in Bank:		
<u>IDR</u>		
Bank Mandiri	133.400.272	7.287.797.312
<u>USD</u>		
Bank Mandiri	4.356.087.825	16.181.246.212
Total Cash and Bank	<u><u>4.491.896.055</u></u>	<u><u>23.471.900.554</u></u>

PT COROMANDEL MINERALS RESOURCES
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017
(Expressed in Rupiah)

4. INVESTMENT

This accounts consist of:

	<u>2018</u>	<u>2017</u>
PT Adcoal Energindo	<u>171,750,000</u>	<u>171,750,000</u>

5. ADVANCES

This accounts consist of:

	<u>2018</u>	<u>2017</u>
PT Mitra Setia Tanah Bumbu (MSTB)	59,370,659,821	56,673,045,398
CV Hidup Hidayah Illahi	16,638,705,041	13,003,644,240
Advance for coal sourcing	-	2,075,413,669
Tax PPh 22 export	-	1,691,102,565
	<u>76,009,364,862</u>	<u>73,443,205,872</u>

6. OTHER ASSETS

This accounts consist of:

	<u>2018</u>	<u>2017</u>
Pre Operating Expenses (Net Of Interest)	9,208,721,602	9,575,751,636
Security Deposit	20,000,000	20,000,000
	<u>9,228,721,602</u>	<u>9,595,751,636</u>

7. ACCOUNTS PAYABLE TRADE

This accounts consist of:

	<u>2018</u>	<u>2017</u>
The India Cements Ltd	4,350,000,000	-
Provision for tax expense	92,648,144	-
PT NKN Legal	175,709,900	-
Pacific World Shipping Pte Limited	1,450,000,000	-
Provision for expense	-	84,972,539
Demurage expense	-	1,519,728,000
	<u>6,068,358,044</u>	<u>1,604,700,539</u>

8. OTHER ACCOUNTS PAYABLE

This accounts consist of:

	<u>2018</u>	<u>2017</u>
Coromandel Minerals Resources Pte Ltd Singapore	<u>128,252,500,000</u>	<u>139,217,940,000</u>

PT COROMANDEL MINERALS RESOURCES
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017
(Expressed in Rupiah)

9. LIABILITIES ON EMPLOYEE BENEFIT ESTIMATION

December 31, 2018, the Company recorded the estimated liability for employee benefits based on management calculations and in 2017 based on independent actuarial calculations performed by PT Sakura Actualita Indonesia with report No. 1203/SAI/DS/IV/18 dated March 20, 2018. The actuarial calculation using the "Projected Unit Credit" and the main assumptions as follows:

Retirement age	: 55 years
Discount Rate	: 7,3% per year
Salary increase	: 9 % per year

The following table presents the components of Employee Benefits liability recognized in the balance sheet and expenses over Employee Benefits recognized in the Income Statement.

	2018	2017
Beginning balance	1.252.542.160	835.771.857
Current service cost	21.716.224	335.986.251
Interest expense	6.341.137	71.854.662
Advantages Actuaris calculation	-	8.929.390
	1.280.599.521	1.252.542.160
Other comprehensive income:		
Current year	-	8.929.390

10. CAPITAL STOCK

Based on Notarial deed No. 11 dated March 22, 2010 of Rohana Prieta, SH,, Notary in Jakarta, the composition of share holders consist of:

	2018 and 2017		
	Amount of share	Percentage of ownership	Total Subscribed (Rp)
Shareholders'			
ICL Financial Services Limited	60	2,0%	56.562.000
The India Cements Limited	2.940	98,0%	2.771.538.000
Total	3.000	100%	2.828.100.000

PT COROMANDEL MINERALS RESOURCES
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017
(Expressed in Rupiah)

11. REVENUE

This account consist of sales of coal in 2018 and 2017 amounting to Rp 102,450,682,311 and Rp 112.376.902.254 respectively

12. DIRECT COST OF REVENUE

This accounts consist of:

	<u>2018</u>	<u>2017</u>
Purchase	85.720.268.280	94.536.039.470
Demurage	-	1.519.728.000
Shipping and Logistic	8.850.414.817	8.292.794.528
Survey charge	647.320.033	530.937.330
	<u><u>95.218.003.130</u></u>	<u><u>104.879.499.328</u></u>

13. GENERAL AND ADMINISTRATIVE EXPENSE

This accounts consist of:

	<u>2018</u>	<u>2017</u>
Amortization	4.133.546.270	3.191.917.212
Salary	1.658.989.000	1.618.977.000
Office rent and housing	120.000.000	120.000.000
Travelling	106.697.000	72.904.886
Depreciation	-	8.300.000
Legal and Consultant expense	408.906.500	154.464.750
Document expense	156.384.300	249.496.600
Residence / Guest house expense	240.000.000	264.960.000
Tax expense	1.900.601.286	384.973.100
Provision post employee benefit	28.057.361	416.770.303
Others below than Rp 100.000.000	333.590.256	355.480.189
Total	<u><u>9.086.771.973</u></u>	<u><u>6.838.244.040</u></u>

14. RESPONSIBILITY OF FINANCIAL STATEMENTS

The Company Management is responsible for preparing the financial statements as of December 31, 2018 and 2017.

PT. COROMANDEL MINERALS RESOURCES

MANAGEMENT REPRESENTATION LETTERS

Jakarta, March 15, 2019

To:

**Public Accounting Firm Angelina Yansen
Rasuna Office Park, Unit UO-01
Taman Rasuna Complex
Jl H.R. Rasuna Said, Kuningan, Jakarta 12960**

**Subject: Statement of the Company's management in the field of accounting of the
Financial Statements of PT Coromandel Minerals Resources for the year
ended December 31, 2018**

Dear Sir/Madam,

We provide this representation letter in connection with your audit of the Financial Statements of PT Coromandel Minerals Resources (the Company), for the year ended December 31, 2018 which is intended to express the opinion of whether the financial statements have been fairly presented, in all material respects, finance, results of operations, changes in the Company's equity and cash flows in accordance with generally accepted accounting standards and practices in Indonesia. We affirm that we are responsible for the fair presentation of the financial position, results of operations, changes in equity and cash flows in the financial statements in accordance with generally accepted accounting standards and practices in Indonesia.

Certain representations in this letter are explained to be limited to material things. Anything is considered material, regardless of magnitude, if it concerns the omission or misstatement of relevant accounting information, taking into account the likely impacts, so that those who believe in the information will change or be affected by the disappearance or misstatement.

We confirm that, based on our best faith and knowledge, on the date of this letter, the following representations we have made to you during your audit of the Financial Statement mentioned above.

Basis of Presentation of Financial Statements

1. The financial statements referred to above are presented fairly in accordance with generally accepted accounting standards and practices in Indonesia.
2. We have provided to you all:
 - a. Accounting records and other related data
 - b. Minutes of shareholder meetings, and board of commissioners, or summaries of decisions not yet drafted.
3. There is no communication from regulatory bodies concerning non-compliance or weakness in financial reporting practices.
4. No material transactions are not properly recorded in the accounting records underlying the financial statements.

PT. COROMANDEL MINERALS RESOURCES

5. There is no:
 - a. Fraud involving management or employees who have an important role in internal control.
 - b. Fraud involving other employees who may have a material impact on the financial statements.
6. The Company has no plans or intentions that could have a material impact on the current value or classification of assets and liabilities.
7. The following have been adequately recorded or disclosed in the financial statements:
 - a. Related party transactions, including sale, purchase, presentation of finance leases, guarantees and amounts of receivables to or owed of related parties.
 - b. Warranties, oral or written, which may cause the company to have a conditional obligation.
 - c. Significant estimates and concentrations of material known to management should be disclosed in accordance with applicable regulations.
8. Not available:
 - a. Possible elements of a violation action or element of a breach action against affected laws and regulations that should be considered for disclosure in the financial statements or as a basis for recording a conditional loss.
 - b. Other material debt or conditional gain or loss which are required to be recorded or disclosed in accordance with generally accepted accounting principles in Indonesia.
9. The Company has full rights to its assets, and there is no pledge or guarantee for assets or assets pawned.
10. The Company has complied with all aspects of the contract agreement that will have a material impact on the financial statements if we do not comply with the agreement.
11. Appointment of only one auditor, KAP Angelina Yansen, for the fiscal year concerned
12. There are no important events after the statement date of the financial position up to the date of this letter other than those disclosed in the financial statements.
13. The company is not in a state of bankruptcy.

Best regards,
PT Coromandel Minerals Resources



Chandrasekaran Vaidhieswaran
President Director / Director