PT Duta Sarana Internusa and Subsidiary

Consolidated financial statements as of March 31, 2018 and for the year then ended with independent auditor's report

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2018
AND FOR THE YEAR THEN ENDED WITH
INDEPENDENT AUDITOR'S REPORT

Contents

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Independent Auditor's Report

Board of Directors and Stockholders
PT Duta Sarana Internusa and Subsidiary

We have audited the accompanying consolidated financial statements of PT Duta Sarana Internusa ("the Company") and Subsidiary which comprise the consolidated statement of financial position as of March 31, 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended March 31, 2018, 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 consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated 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 judgment, 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 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.

Opinion

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

Other matter

Our audit of the accompanying consolidated financial statements of PT Duta Sarana Internusa and Subsidiary as at March 31, 2018 and for the year then ended was conducted to form an opinion on the consolidated financial statements taken as a whole. The accompanying financial information of PT Duta Sarana Internusa (parent entity), which comprises the statement of financial position as of March 31, 2018, and the statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended referred to as the "Parent Entity Financial Information", which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing by the Indonesian Institute Certified Public Accountants. In our opinion, Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements as a whole.

Hanna P. Handayani, CPA
License of Public Accountant No. AP. 0662

May 14, 2018

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2d,l,4	355,281	652,712
Inventories	2f,5	52,572	52,572
Trade receivables	2l,6	387,200	-
Advance payments	2e,7,27a	752,315	666,290
Prepayments	8	24,444	9,832
Total current assets		1,571,812	1,381,406
NON CURRENT ASSETS			
Fixed assets	2g,9	14,668,493	13,368,307
Refundable deposits	2l,10	2,779,869	18,533
Restricted deposits	2l,11	581,410	423,686
Deferred tax assets	2j,12c	24,042	-
Deferred exploration and development expenditures	2c,13	78,899,912	68,135,463
Total non-current assets		96,953,726	81,945,989
TOTAL ASSETS		**98,525,538**	**83,327,395**

The accompanying notes form an integral part of these consolidated financial statements.

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Notes	2018	2017
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accrued expenses	2e,l,14,27c	2,577,311	1,721,469
Taxes payable	2j,12a	202,223	181,924
Other payables	2e,l,15,27e	38,987,732	30,035,507
Advance from customers	2e,16,27d	19,092,552	1,614,938
Security deposit from vendor	2l,17	-	7,675,000
Due to related party	2e,l,19,27f	6,388,135	6,388,135
Total current liabilities		67,247,953	47,616,973
NON-CURRENT LIABILITIES			
Bank loan	2l,18	36,000,000	40,000,000
Post-employment benefit obligation	2k,20	226,633	322,110
Deferred tax liabilities	2j,12c	-	2,291
Total non-current liabilities		36,226,633	40,324,401
EQUITY (CAPITAL DEFICIENCIES)			
Attributable to the owners of the parent entity			
Capital stock			
Authorized 4,000 shares at Rp 1,000,000 par value per share			
Issued and fully paid-up capital 1,000 shares at Rp 1,000,000 par value each	21	102,623	102,623
Foreign exchange difference in capital stock		(12,436)	(12,436)
Mandatory convertible bonds	2e,23,27b	113,180	113,180
Additional paid in capital	2m,24	44,937	44,937
Accumulated actuarial gain	2k,20	39,637	109,338
Accumulated deficits	29	(5,236,989)	(4,971,621)
Total capital deficiencies		(4,949,048)	(4,613,979)
TOTAL LIABILITIES AND NET OF CAPITAL DEFICIENCIES		**98,525,538**	**83,327,395**

The accompanying notes form an integral part of these consolidated financial statements.

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Notes	2018	2017
Operating expenses			
General and administrative expenses	2h,25	309,754	307,625
Operating loss		(309,754)	(307,625)
Other income - net	2h,i,26	41,286	226,017
Loss before income tax		(268,468)	(81,608)
Tax benefit - net	2j,12b,c	3,101	1,811
Loss for the year		**(265,367)**	**(79,797)**
Other comprehensive income net of tax:			
Other comprehensive income not to be reclasiffied to profit or loss			
Actuarial gain (loss) on employment benefit, net of tax		(69,701)	5,984
Other comprehensive income to be reclassified to profit or loss		-	-
Total comprehensive loss for the year		**(335,068)**	**(73,813)**
Loss atributable to:			
Owners of the parent		**(265,367)**	**(79,797)**
Total comprehensive loss atributable to:			
Owners of the parent		**(335,068)**	**(73,813)**

The accompanying notes form an integral part of these consolidated financial statements.

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Attributable to the owners of the parent						
	Capital stock	**Foreign exchange difference in capital stock**	**Mandatory convertible bonds**	**Additional paid in capital**	**Accumulated actuarial gain (loss)**	**Accumulated deficits**	**Total**
Balance as of March 31, 2016	**102,623**	**(12,436)**	**113,180**	**44,937**	**103,353**	**(4,891,824)**	**(4,540,166)**
Loss from the year	-	-	-	-	-	(79,797)	(79,797)
Actuarial gain on employment benefit, net of tax	-	-	-	-	5,984	-	5,984
Balance as of March 31, 2017	**102,623**	**(12,436)**	**113,180**	**44,937**	**109,338**	**(4,971,621)**	**(4,613,979)**
Loss from the year	-	-	-	-	-	(265,368)	(265,368)
Actuarial loss on employment benefit, net of tax	-	-	-	-	(69,701)	-	(69,701)
Balance as of March 31, 2018	**102,623**	**(12,436)**	**113,180**	**44,937**	**39,637**	**(5,236,989)**	**(4,949,048)**

The accompanying notes form an integral part of these consolidated financial statements.

PT DUTA SARANA INTERNUSA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Notes	2018	2017
Cash flows from operating activities			
Loss before income tax		(268,468)	(81,608)
Adjustments to reconcile loss before income tax to net cash provided by operating activities:			
Depreciation of fixed assets	10	160,944	161,503
Loss on disposal of fixed assets	10	-	65,158
Post employment benefit	19	42,039	99,367
Unrealized foreign exchange gain from post employment benefit	19	(2,959)	(22,368)
Operating cash flow before inworking capital changes		(68,444)	222,052
Decrease (increase) in advance payment		(86,025)	364,533
Decrease (increase) in prepayments		(14,612)	42,106
Decrease in prepaid taxes		-	223
Decrease in inventories		-	373,175
Decrease (increase) in receivables		(387,200)	1,640
Increase in restricted deposits		(157,724)	(25,533)
Increase in refundable deposits		(2,761,336)	(5,178)
Increase in other payables		1,277,225	29,918,725
Increase (decrease) in advance from customers		17,477,615	(5,770,062)
Decrease in security deposit from vendor		-	(18,840,000)
Increase (decrease) in taxes payable		20,299	(6,564)
Increase in accrued expenses		855,843	165,768
Post employment benefit payment		(227,493)	(225,832)
Net cash provided by operating activities		15,928,149	6,215,053
Cash flows used in investing activities			
Deferred exploration and development expenditures		(10,764,449)	(5,794,378)
Payments to acquire fixed assets	19	(1,461,131)	(44,249)
Net cash used in investing activities		(12,225,580)	(5,838,627)
Cash flows from financing activities			
Payment of bank loan		(4,000,000)	-
Net cash used in financing activities		(4,000,000)	-
Net increase (decrease) in cash and cash equivalents		**(297,431)**	**376,426**
Cash and cash equivalents at beginning of year	4	**652,712**	**276,286**
Cash and cash equivalents at end of year	4	**355,281**	**652,712**

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in US Dollar Currency, unless otherwise stated)

1. GENERAL

a. Articles of Association

PT Duta Sarana Internusa (the Company), domiciled in Jakarta, was established based on notarial deed of No. 12 dated December 5, 2006 of Darmawan Tjoa, S.H., S.E., notary in Jakarta, which has been approved by the Minister of Justice and Human Right of the Republic of Indonesia under Decision Letter No. W7-00631 HT.01.01-TH.2007 dated January 17, 2007 and had been published in State Gazette No. 43, Supplement No. 5264/2007 dated May 29, 2007.

The Company's articles of incorporation have been amended several times and the latest amendment was made based upon notarial deed No. 165 dated June 27, 2008 of Sugito Tedjamulja, S.H., notary in Jakarta, concerning the changes of the Company's articles of association to conform with Law No. 40 Year 2007 of Limited Liability Company, which has been approved by the Minister of Justice of the Republic of Indonesia under Decision Letter No. AHU-73507.AH.01.02 Tahun 2008 dated October 14, 2008 and notarial deed No. 01 dated October 16, 2008 of Zulfiah Tenri Abeng, S.H., M.Hum, M.Kn., notary in Jakarta, which has been approved by the Minister of Justice and Human Right of the Republic of Indonesia under Decision Letter No. AHU-82582.AH.01.02.Year 2008 dated November 6, 2008 regarding the changes in change the Company status from General Corporation into Foreign Capital Investment and therefore change the expose stated in the Company's Article of Incorporation to conform with Law No. 25 Year 2007 regarding Capital Investment. Until the date of this report this amendment has not been published in the State Gazette.

Notification of the Presidential Approval has been given by the Capital Investment Coordinating Board (BKPM) by its letter No. 234/V/PMA/2008 dated September 25, 2008.

In accordance with article 3 of the Company's article of association, the scope of its activities is in service industry which covers business and management consultation which cover management, consultation services, advice and operational help, planning, supervising, evaluate and investment and business development strategy, analysis and feasibilities study of business services and related business activities. The Company's head office is located in Jakarta.

b. Board of Directors and Commissioner

On October 28, 2016, based Extraordinary General Shareholders' meeting on notarial deed of Mala Mukti SH., LL.M no.73, the Company has approved the resignation of Mr Lingadevaru Ravi Sulekera. The change has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-AH.01.03-0094794 dated October 28, 2016.

The composition of the Company's Board of Commissioner and Board of Directors as of March 31, 2018 and 2017 are as follows:

Board of Commissioner

Commissioner	:	Avinash Ramakant Shah

Board of Directors

President Director	:	Chenna Kesava Reddy Bidala
Director	:	Venkata Satyanarayana Kollapudi

(Expressed in US Dollar Currency, unless otherwise stated)

1. GENERAL (continued)

c. Consolidated Subsidiary

Subsidiary	Domicile	Nature of business	Percentage of ownership March 31, 2018	Percentage of ownership March 31, 2017	Start of Commercial Operations	Total assets before elimination as of March 31, 2018	Total assets before elimination as of March 31, 2017
			%	%	Year	US$	US$
PT Barasentosa Lestari (BSL)	Jakarta	Mining	100%*	100%*	-	98,525,557	83,270,476

* Based on the agreement dated March 12, 2007 between PT Indo Tambangraya Megah and PT Centralink Wisesa International as sellers and the Company and Mr. Buntardjo Hartadi Sutanto as purchasers, the sellers are willing to sell and the purchasers are willing to purchase the shares including receivables owed by PT BSL to PT Indo Tambangraya Megah and Banpu Public Company Limited for the amount including interests, in aggregate of US$ 3,300,000 or equivalent with Rp 29,902,199,911. These changes in PT BSL stockholder has been notarized in deed No. 125 dated January 31, 2008 of Sugito Tedjamulja, S.H.

Based on deed of share ownership transferred No. 36 dated February 24, 2009 of Mala Mukti, S.H., LL.M, notary in Jakarta, Mr. Buntardjo Hartadi Sutanto, PT Barasentosa Lestari (PT BSL) stockholders has transferred his ownership of 1 share with total nominal value of Rp 1,000,000 to PT Unsoco, the related parties of the Company. The ownership of the Company in PT BSL is 99,97%. However balance control is held by the holding company. Therefore the effective ownership of the Company in PT BSL is 100%.

Based on notarial deed No. 89 dated January 25, 2013 of Mala Mukti, S.H., LL.M, notary in Jakarta, the Company sell 175 shares of PT BSL with total nominal value of Rp 175,000,000 to PT Energy (Mauritius) Limited, the related parties of the Company. The ownership of the Company in PT BSL is 94,97%. However balance control is held by the holding company. Therefore the effective ownership of the Company in PT BSL is 100%.

Based on notarial deed No. 61 dated September 26, 2016 of Mala Mukti, S.H., LL.M, notary in Jakarta, GMR Energy (Mauritius) Limited sell 175 shares of PT BSL with total nominal value of Rp 175,000,000 to GMR Infrastructure (Overseas) Limited, the related parties of the Company. The ownership of the Company in PT BSL is 94.97%. However balance control is held by the holding company. Therefore the effective ownership of the Company in PT BSL is 100%.

d. Coal Mining Operation Agreement – PT Barasentosa Lestari (PT BSL), The Company's Subsidiary

Based on the Coal Mining Operation Agreement (the "Coal Agreement") No. 015/PK/PTBA-BL/1994, which was entered into by PT BSL and PT Tambang Batubara Bukit Asam (Persero) ("PTBA") on August 15, 1994, PT BSL has been granted a coal exploration and exploitation license on 100,000 hectares in Musi Banyu Asin and Musi Rawas Regency, South Sumatra Province.

The Minister of Mines and Energy's Decree No. 062.K/29/M.PE/1998 dated January 23, 1998 reduced the area from 100,000 hectares to 55,820 hectares and stated that exploration activity should occur in the period from August 15, 1996 up to August 14, 1999. In March 1998, PT BSL ceased its exploration activity.

Based on Decree No. 2083/20.01/DJG/2001 dated 10 September 2001 from Director General of Geology and Mineral Resources ("DGGMR"), PT BSL was granted a license to continue its exploration activity from July 1, 2001 to June 30, 2002.

1. GENERAL (continued)

d. Coal Mining Operation Agreement – PT Barasentosa Lestari (PT BSL), The Company's Subsidiary (continued)

Based on Decree No. 2343/40.00/DPM/2002 dated September 20, 2002, the DGGMR refused the Company's proposal to further extend the exploration activity period, and confirmed that the exploration activity period expired on July 29, 2003. PT BSL lodged its exploration activity report to the DGGMR and expressed its intention to enter into the feasibility stage.

Based on Decree No. 242.K/40.00/DJG/2004 dated October 25, 2004, the DGGMR has approved the extension of the feasibility study period of PT BSL from July 30, 2004 to July 29, 2005. Based on the Decree, the Coal Agreement area was reduced to 24,385 hectare

Based on Decree No. 1570/40.00/DJG/2005 dated August 5, 2005, the DGGMR has approved the extension of the feasibility study period of PT BSL from July 19, 2005 to July 18, 2006.

On April 7, 2009, PT BSL has obtained the approval of final feasibility study from the Directorate General of Mineral Coal and Geothermal of Department of Energy and Mineral Resources Republic of Indonesia No. 785/31.02/DBM/2009. The approval of final feasibility study is granted for KW96PBO159 area of 24,385 hectares in Musi Banyuasin and Musi Rawas Regency, South Sumatra Province.

On July 28, 2010, PT BSL has received construction stage approval from DGGMR No. 449.K/30/DJB/2010. The approval of construction stage is granted for KW96PBO159 area of 24,385 hectares in Musi Banyuasin and Musi Rawas Regency, South Sumatra Province for the period from July 30, 2009 up to July 29, 2012.

On February 17, 2011, PT BSL has received forest use right permit No. SK.40/Menhut-II/2011 for exploration/feasibility study of coal mining in permanent production forest and convertible production forest on behalf PT BSL in Lakitan II Forest, Musi Rawas Regency, South Sumatra Province, area of 988 hectare, for the period from February 17, 2011 up to February 17, 2013.

Based on Decree No.718K/30/DJB/2011 dated March 31, 2011, the DGGMR has approved the beginning of the production phase which is valid for 30 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies adopted by the Company and Subsidiary, which affects the determination of its consolidated financial position and results of its operations, is presented below.

a. Basis of Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with Indonesia Financial Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention and using the accrual basis.

The consolidated financial statement have been prepared in accordance with Indonesian Financial Accounting Standards.

The consolidated financial statements have been prepared under the historical cost concept and using the accrual basis.

The consolidated statement of cash flows is prepared based on the indirect method by classifying cash flows on the basis of operating, investing, and financing activities. For the purpose of the cash flow statement, cash and cash equivalent include cash in hand, cash in bank, and time deposits with a maturity period of 3 months or less, as long as these time deposits are not pledged as collateral for borrowings nor restricted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Presentation of Consolidated Financial Statements (continued)

Figures in the consolidated financial statements are expressed in United States Dollar, which is the functional currency.

In order to provide further understanding of the consolidated financial performance of the Company and Subsidiary, due to the significance of their nature or amount, several items of income or expense have been shown separately.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimate. It also requires management to exercise its judgment in the process of applying the Company and Subsidiary's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

New accounting standards

On January 1, 2017, the Company and Subsidiary has applied improvements to PSAK issued in 2016. The adoption of these new / amended standards did not result in substantial changes to the Company and Subsidiary's accounting policies and had no material effect on the amounts reported for the current or prior financial years:

- PSAK 1 (Amendment 2015) "Presentation of Financial Statement of Disclosure Initiative"
- PSAK 3 "Interim Financial Report"
- PSAK No. 24 (Improvement 2016), "Employee Benefit"
- PSAK No. 58 (Improvement 2016), "Non-Current Assets Held for Sale and Discontinued Operation"
- PSAK No. 60 (Improvement 2016), "Financial Instruments- Disclosure"
- ISAK 31 "Interpretation of PSAK 13 Investing Property"
- ISAK 32 "Interpretation on definition and hierarchy of financial accounting standards"

The new, improvement and amendment of statements which have been published but not yet effective at least until January 1, 2017, are as follows:

- Amendment PSAK 2 "Statement of cash flow
- Amendment PSAK 16 "Fixed asset"
- Amendment PSAK 46 "Income taxes"
- Amendment PSAK 67 "Disclosure of Interests in Other Entities"

Management is still evaluating the possible impact of the issuance of these PSAKs to its consolidated financial statements.

b. Principle of Consolidation

The consolidated financial statements include the financial statements of the Company and Subsidiary, in which the Company maintains (directly or indirectly) equity ownership of more than 50%.

Where a Subsidiary either began or ceased to be controlled during the period, the results of the Subsidiary's operations are included only from the date of control commenced or up to the date of control ceased.

Control over a Subsidiary is presumed to exist where more than 50% of the Subsidiary's voting power is controlled by Company, or Company has the ability to control the financial and operating policies of a Subsidiary, or has the ability to remove or appoint majority of the Subsidiary's Board of Directors, or control the majority vote during management meeting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principle of Consolidation (continued)

All significant balances and transactions including unrealized gains/losses between Company and Subsidiary are eliminated to reflect the consolidated financial position and results of operations of Company and Subsidiary as a single entity.

The consolidated financial statements are prepared using uniform accounting policies for transactions and events in similar circumstances. If the Subsidiary's financial statements use accounting policies different from those adopted in the consolidated financial statements, appropriate adjustments are made to the Subsidiary's financial statements.

The non-controlling interest is presented in the equity of the consolidated statements of financial position and represents the non-controlling stockholders' proportionate share in the income for the year and equity of the Subsidiary based on the percentage of ownership of the non-controlling stockholders in the Subsidiary.

All material transactions and balances between consolidated companies have been eliminated in the consolidated financial statements.

c. Deferred Exploration and Development Expenditures - PT Barasentosa Lestari (PT BSL), The Company's Subsidiary

Exploration expenditures incurred is capitalized and carried forward, on an area of interest basis, provided one of the following conditions is met:

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

Ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area. Exploration expenditures in respect of an area of interest, which has been abandoned or for which a decision has been made by the PT BSL's Directors against the commercial viability of the area of interest, are written-off in the period the decision is made.

Deferred exploration expenditures represents the accumulated cost relating to general investigation, administration and license, geology and geophysics expenditures before the commencement of the PT BSL's commercial operations. Deferred exploration expenditure is amortized from the commencement of commercial production of each respective area of interest.

Development expenditures are capitalized and incorporate cost in developing an area of interest prior to the commencement of operations in that area. Exploration and development are amortized over the expected life of production for the area or the shorter of the mine life or period of the mining authorization. Unamortized costs are written off in the period in which the Company determines that no future value is expected from the area of interest.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposit held on call with banks and other short term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transactions with Related Parties

The Company and Subsidiary enter into transactions with related parties. In the consolidated financial statements, the term related parties are used as defined in the Statement of Financial Accounting Standards ("PSAK") No. 7 (Improvement 2015) regarding with "Related Party Disclosures".

The nature of transactions and balances of accounts with related parties, whether or not transacted on normal terms and conditions similar to those with non-related parties, are disclosed in the notes to the consolidated financial statements.

f. Inventories

Inventories are value at the lower of cost or net realizable value. The cost of inventories is determined using the moving average method. Cost of mining inventories consist of cost related to mining activities. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

g. Fixed assets

The cost of a fixed assets comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Once a mining project has been commercially viable, expenditure other than that of land, buildings, fixed assets is capitalised together with any amounts transferred from exploration and evaluation. This includes costs incurred in preparing the site for mining operations, including stripping costs. Depreciation is charged from such date. Costs associated with a start up period are capitalised where the asset is available for use but incapable of operating at normal levels without a commissioning period. Development costs incurred after the commencement of production are capitalised to the extent they give rise to a future economic benefit. Net interest on borrowings related to construction or development projects is capitalised until the point when substantially all the activities that are necessary to make the asset ready for use are complete. Other borrowing costs are expensed.

Fixed assets are stated at cost less accumulated depreciation. Historical cost covers expenditure that is directly attributable to the acquisition of the items. Land compensation is amortized over the expected useful life of mine rights.

The estimated useful lives assets as follows:

	Years	% per annum
Buildings and roads	10	10
Machineries	16	6.25
Computers	4	25
Office equipments	4	25
Furniture and fixtures	4	25
Vehicles	8	12.5

The cost of maintenance and repairs is charged as an expense as incurred. Expenditures which extend the future life of assets or provide further economic benefits by increasing capacity or quality of production is capitalized and depreciated over the remaining useful life of the related assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Fixed assets (continued)

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are eliminated from the consolidated financial statements and the resulting gains and losses on the disposal of fixed assets are recognized in consolidated statement of profit or loss and other comprehensive income.

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amounts which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at lowest level for which they are separately identifiable cash flow.

h. Expense Recognition

Expenses that do not meet the conditions for deferred exploration and development expenditure recognition are treated as expenses in the current period and recognized when these are incurred (accrual basis).

i. Foreign Currency Translation and Balances

1. Functional and presentation currency

   Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currencies").

   The consolidated financial statements are presented in US Dollar, which is the functional and presentation currencies of the Company and Subsidiary.

2. Transaction and balances

   Transactions denominated in Rupiah and other currencies are translated into US Dollar using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into US Dollar using the closing exchange rate. Exchange rate used as benchmark is the rate which is issued by Bank Indonesia. Foreign exchange gain and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

j. Income Tax

Income tax is computed on the basis of taxable income for the period. Deferred tax is provided for the timing differences in the recognition of income and expenses for financial reporting and income tax purposes and primarily it relates to depreciation and severance payments. The accounting treatment is in conformity with the Financial Accounting Standards No. 46 about Accounting for Income Taxes.

Deferred tax is accounted for by using the current tax rates or substantially applicable rates at the reporting date. Deferred tax is charged or credited to consolidated the statement of comprehensive income in the current year.

Deferred tax asset are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Post-Employment Benefit

In accordance with Law 13/2003, the Company and Subsidiary has further payment obligations if the benefits provided by the existing plan do not adequately cover the obligations under Law 13/2003 and PSAK 24 (Improvement 2016).

The liabilities recognized in the consolidated statement of financial position are the present values of the defined benefit obligations as of the consolidated statement of financial position date in accordance with Law No. 13/2003 or the Company and Subsidiary regulations (whichever is higher), less the fair value of Company and subsidiary's pension plan assets.

The defined benefit obligation is calculated by an independent actuary using the Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of Government Bonds (considering currently there is no deep market for high quality corporate Bonds) that are denominated in Rupiah, in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Expenses charged to deferred exploration and development expenditure includes current service costs, interest cost, past service cost and expected return on plan asset.

Remeasurements arising from defined benefit retirement plans are recognized in other comprehensive income. Remeasurements comprise unrecognized actuarial gain or loss, deviation assumed with realized and any changes in assumption and actuarial gain or loss on plan asset.

Past-service costs are recognized immediately in the current year profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified time period (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

A curtailment occurs when an entity either:

i. Is demonstrably committed to make a significant reduction in the number of employees covered by a plan; or

ii. Amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

A settlement occurs when the Company and Subsidiary enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

l. Financial Assets and Liabilities

Financial Assets

The Company and Subsidiary classifies its financial assets in the following categories of (i) financial assets at fair value through profit and loss, (ii) loans and receivables, (iii) held-to-maturity financial assets, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial Assets and Liabilities (continued)

Financial Assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking. Derivative receivables are also categorized as asset held for trading unless they are designated and effective as hedging instruments.

There are no financial assets categorized as held for trading.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current assets, except for maturities greater than 12 months after the reporting date. The Company and Subsidiary loans and receivables comprise of cash and cash equivalents, other receivables, refundable deposits and restricted deposits in the consolidated statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity instruments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Management has the positive intention and ability to hold to maturity, other than:

a) those that the Company and Subsidiary upon initial recognition designates as at fair value through profit or loss;
b) those that the Company and Subsidiary designates as available for sale; and
c) those that meet the definition of loans and receivables.

There are no financial asset categorized as held-to-maturity.

(iv) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or not classified in any of the other categories.

Available-for-sale financial assets are initially recognized at fair value, plus transaction costs, and measured subsequently at fair value with gains and losses being recognized in the consolidated statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial assets is derecognized.

If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is recognized in the consolidated statement of profit or loss and other comprehensive income. However, interest is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available-for-sale are recognized in the consolidated statement of profit or loss and other comprehensive income.

There is no financial assets that classified as available-for-sale financial assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial Assets and Liabilities (continued)

De-recognition of financial assets

Financial assets are derecognized when, only and if only, the contractual rights to the cash flows from the assets expire, or when the Company and Subsidiary transfers the financial assets and substantially all the risks and rewards of the ownership of the assets to another entity. If the Company and Subsidiary neither transfers nor retains substantially all the risks and rewards of the ownership of the assets to another entity If the Company and Subsidiary neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred assets, the Company and Subsidiary recognizes its retained interest in the assets and an associated liability for amounts it may have to pay, If the Company and Subsidiary retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company and Subsidiary continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial Liabilities

The Company and Subsidiary classifies its financial liabilities into the following category (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities measured at amortized cost.

At the consolidated statement of financial position date, there are no financial liabilities classified as financial liabilities at fair value through profit or loss. Therefore, the accounting policies related to this classification are not disclosed.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities classified as held for trading. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking. Derivative payables are also categorized as liabilities held for trading unless they are designated and effective as hedging instruments.

There are no financial liabilities categorized as held for trading.

(ii) Financial liabilities measured at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost are other payables, accrued expenses, due to related parties, bank loans, security deposit from vendor and convertible bonds.

De-recognition of financial liabilities

Financial liabilities are derecognized when, and only when, the Company and Subsidiary’s obligations are discharged, cancelled or they expired.

Fair value estimation

The fair value of financial instruments traded in active markets is determined based on quoted market prices at reporting date. The quoted market price used for financial assets held by the Company and Subsidiary is the current bid price, while for financial liabilities it uses ask price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Financial Assets and Liabilities (continued)

Fair value estimation (continued)

The fair value of financial instruments that are not traded in active markets is determined by using valuation technique. The Company and Subsidiary uses discounted cash flow methods and makes assumptions that are based on market condition existing at each reporting date which are used to determine fair value for the remaining financial instruments.

m. Accounting for Restructuring of Entities Under Common Control

In accordance with PSAK 38 (Revised 2012) “Accounting for Restructuring of Entities Under Common Control”, restructuring transactions of entities under common control represent transfer of assets, liabilities, shares or other ownership instruments to reorganize entities within the same group, therefore resulting in no changes of ownership in terms of economic substance, and should not result in any gains or losses for the whole group companies or for the individual entity in the group.

Since restructuring transactions of entities under common control do not result in changes in economic substance of ownership in transferred assets, shares, and liabilities or other ownership instruments, the transferred assets or liabilities (legal form) should be recorded at book value in a manner similar to business combination transactions using the pooling-of-interest method.

The consolidated financial statements items of restructured companies for the period in which the restructuring occurs and of any comparative periods should be presented as if the Companies had been combined from the beginning of the earliest period presented.

The difference between the transfer price an book value for each restructuring transaction of entities under common control is recorded in an account entitled “additional paid-in capital”.

n. Impairment of non-financial assets

PSAK No. 48 (Revised 2014) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than the recoverable amount. As asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this PSAK requires the entity to recognise an impairment loss. This PSAK also specifies when an entity should reverse an impairment loss and prescribes disclosures.

3. MANAGEMENT USE OF ESTIMATES, JUDGEMENT AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company and Subsidiary accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

3. MANAGEMENT USE OF ESTIMATES, JUDGEMENT AND ASSUMPTIONS (continued)

Judgments (continued)

Classification of financial assets and liabilities

The Company and Subsidiary determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014).

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company and Susidiary's accounting policies disclosed in Note 2.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period/year are disclosed below. The Company and Subsidiary based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for employee benefits

The determination of the Company and Subsidiary obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company and Subsidiary assumptions are recognized immediately in the profit or loss as and when they occurred. While the Company and Subsidiary believes that its assumptions are reasonable and appropriate, significant differences in the Company and Subsidiary actual experiences or significant changes in the Company and Subsidiary's assumptions may materially affect its estimated liabilities for employees' benefits and net employee benefits expense. The carrying amount of the Company and Subsidiary estimated liabilities for employees' benefits as of March 31, 2018 and 2017 are disclosed in Note 20.

Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 4 to 16 years. These are common life expectancies applied in the industries where the Company and Subsidiary conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of fixed assets as of March 31, 2018 and 2017 are disclosed in Note 9.

Income tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company and Subsidiary recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

(Expressed in US Dollar Currency, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand	3,875	112
Cash in banks:		
PT Bank UOB Indonesia		
Rupiah	159,294	-
US Dollar	9,462	-
PT Bank Sinarmas Tbk.		
Rupiah	89,470	591,532
US Dollars	20,601	180
PT Bank Central Asia Tbk.		
Rupiah	4,988	3,117
US Dollars	53,154	52,621
PT Bank Sumsel Babel		
Rupiah	11,289	-
PT Bank SBI Indonesia		
Rupiah	698	2,793
US Dollars	389	296
ICICI Bank Limited		
US Dollars	2,061	2,061
Total	**355,281**	**652,712**

Cash in bank generally earns interest at rates based on daily bank deposit rates.

5. INVENTORIES

	2018	2017
Coal Inventory	52,572	52,572
Total	**52,572**	**52,572**

Management believes that the Company and Subsidiary value of inventories as of March 2018 and 2017 has reflected the net realizable values of these inventories.

Inventories are covered with insurance against losses and other risks amounted to Rp 4,000,000,000 or equivalent with US$ 290,782.20 and US$ 300,277.75 in March 31, 2018 and 2017 to PT Kalibesar Raya Utama and PT China Taiping Insurance Indonesia. The management is in the opinion that insurance is adequate to cover possible losses.

6. TRADE RECEIVABLES

	2018	2017
Third party:		
Lianex Corporation Pte, Ltd	387,200	-
Total	**387,200**	**-**

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

No allowance for impairment losses was provided, as management believes that all trade receivables are collectible.

(Expressed in US Dollar Currency, unless otherwise stated)

7. ADVANCE PAYMENTS

	2018	2017
Related party:		
Emco Energy Limited	-	300,000
Third parties:		
Purchase of land advance	275,049	-
Storage room	201,037	217,761
Royalty	101,088	-
Transportation services	71,565	78,829
Mining services	53,310	-
Rental heavy equipment	44,621	-
Others	5,645	69,700
Total	**752,315**	**666,290**

Advances to employees represent funds given by the Company and Subsidiary to their employees for drilling, general investigation and other mining activities related expenses. These advances will be accounted by the employees.

Purchase of land advance represent down payments that have been paid by the Company and Subsidiary to purchase land at Belani.

8. PREPAYMENTS

	2018	2017
Insurance	13,747	6,258
Rental office	10,697	3,574
Total	**24,444**	**9,832**

9. FIXED ASSETS

As of March 31, 2018, the details of fixed assets are as follows:

	March 31, 2017	Additions	Disposals	Reclassification	March 31, 2018
Acquisition cost:					
Land compensation	9,659,150	487,292	-	413	10,146,855
Buildings and roads	918,574	21,832	-	-	940,406
Machineries	103,399	23,653	-	-	127,052
Computers	240,910	2,898	-	55,338	299,146
Office equipments	622,452	4,264	-	424,052	1,050,768
Furnitures and fixtures	479,803	-	-	(479,803)	-
Vehicles	-	2,407	-	-	2,407
Capital in progress	2,880,010	918,783	-	-	3,798,793
Total	14,904,298	1,461,129	-	-	16,365,427
Accumulated depreciation:					
Buildings and roads	282,078	95,871	-	-	377,949
Machineries	31,753	8,445	-	-	40,198
Computers	231,067	19,982	-	27,094	278,143
Office equipments	604,543	36,094	-	359,456	1,000,093
Furnitures and fixtures	386,550	-	-	(386,550)	-
Vehicles	-	552	-	-	552
Total	1,535,991	160,944	-	-	1,696,935
Book value	**13,368,307**				**14,668,493**

(Expressed in US Dollar Currency, unless otherwise stated)

9. FIXED ASSETS (continued)

As of March 31, 2017, the details of fixed assets are as follows:

	March 31, 2016	Additions	Disposals	March 31, 2017
Acquisition cost:				
Land compensation	9,648,276	10,874	-	9,659,150
Buildings and roads	1,044,215	33,121	158,762	918,574
Machineries	103,399	-	-	103,399
Computers	240,910	-	-	240,910
Office equipment	622,452	-	-	622,452
Furniture and fixtures	492,517	254	12,968	479,803
Capital in progress	2,880,010	-	-	2,880,010
Total	15,031,779	44,249	171,730	14,904,298
Accumulated depreciation:				
Buildings and roads	282,676	93,006	93,604	282,078
Machineries	25,297	6,456	-	31,753
Computers	223,928	7,139	-	231,067
Office equipments	589,551	14,992	-	604,543
Furniture and fixtures	359,608	39,910	12,968	386,550
Total	1,481,060	161,503	106,572	1,535,991
Book value	**13,550,719**			**13,368,307**

The depreciation expenses were allocated in:

	2018	2017
Deffered exploration and development	8,065	6,456
General and administrative expenses (Note 25)	152,879	155,047
Total	**160,944**	**161,503**

In March 31, 2018 and 2017, fixed assets is covered with insurance against fire and other possible losses amounted Rp 17,000,000,000 (equivalent with US$ 1,235,824.37) and Rp 20,000,000,000 (equivalent US$ 1,501,388.78), respectively.

10. REFUNDABLE DEPOSITS

	2018	2017
Third parties:		
PT Atlas Resources	2,500,000	-
Other deposits	279,869	18,533
Total	**2,779,869**	**18,533**

(Expressed in US Dollar Currency, unless otherwise stated)

11. RESTRICTED DEPOSITS

	2018	2017
Third parties:		
PT Bank Negara Indonesia (Persero) Tbk.		
US Dollar	416,414	294,390
PT Bank SBI Indonesia		
US Dollar	164,996	129,296
Total	**581,410**	**423,686**

Deposit placed in PT Bank Negara Indonesia (Persero), Tbk represents cash deposit as a restricted deposit for mine closure. On March 31, 2018 and 2017 restricted deposits in PT Bank Negara Indonesia (Persero), Tbk. are deposits amounted to US$ 416,414.15 and US$ 294,390.55, respectively, which started from December 10, 2014 and will automatically renewed every year with interest rate 0.5% per annum.

Deposit placed in PT Bank SBI Indonesia represents cash deposit as a restricted deposit for reclamation liabilities with government. As of March 31, 2018 and 2017, restricted deposits placed in PT Bank SBI are amounted to US$ 164,996 and US$ 129,296, respectively. The restricted deposits period is between 1 month and 3 month from the given date with interest rate ranged from 1% - 1.5% per annum, respectively.

12. TAXATION

a. Taxes payable

	2018	2017
Income taxes		
Article 21	5,408	20,231
Article 4 (2) and 23	196,815	161,693
Total	**202,223**	**181,924**

b. Income tax

Income tax expense for the years ended March 31, 2018 and 2017 are nil. Reconciliation between loss before provision for income tax as per consolidated statements of profit or loss and other comprehensive income and estimated taxable losses for the years ended March 31, 2018 and 2017 are as follow:

	2018	2017
Loss before tax per consolidated statement of profit or loss and other comprehensive income	(268,468)	(81,608)
Profit before tax of subsidiary and elimination	257,305	370,557
Profit (loss) before tax of the Company	(11,163)	288,949
Interest subject to final tax	(649,086)	(581,726)
	(660,249)	(292,777)
Compensated prior period losses	(292,777)	-
Estimated taxable losses	**(953,026)**	**(292,777)**

(Expressed in US Dollar Currency, unless otherwise stated)

12. TAXATION (continued)

b. Income tax (continued)

Company

	March 31, 2018	March 31, 2017
March 31, 2013	-	41,494
March 31, 2014	89,923	89,923
March 31, 2015	236,652	236,652
March 31, 2016	6,178	6,178
March 31, 2017	292,777	292,777
March 31, 2018	660,249	-
	1,285,779	**667,024**
Correction of tax loss carry forward from tax amnesty	(332,753)	(374,247)
Tax loss carry forward	**953,026**	**292,777**

Subsidiary

PT BSL has accumulated corporate income tax losses which are available to be carried forward and offset against future taxable income for five years following fiscal years:

PT Barasentosa Lestari

	December 31, 2017	December 31, 2016
December 31, 2012	-	460,336
December 31, 2013	569,847	569,847
December 31, 2014	462,569	462,569
December 31, 2015	285,738	285,738
December 31, 2016	341,292	341,292
December 31, 2017	330,567	-
Total	**1,990,013**	**2,119,782**
Correction of tax loss carry forward from tax amnesty	(1,318,154)	-
Tax loss carry forward	**671,859**	**2,119,782**

The Subsidiary

	2018			
	As of March 31, 2017	Charged to the consolidated statement of profit or loss and other comprehensive income for the year	Charged to equity	As of March 31, 2018
Deferred tax assets (liabilities)				
Depreciation of fixed assets	(1,166)	-	23,233	22,107
Post-employment benefits	(1,125)	3,100	-	1,935
Total	**(2,291)**	**3,101**	**23,234**	**24,042**

(Expressed in US Dollar Currency, unless otherwise stated)

12. TAXATION (continued)

c. Deferred tax assets (liabilities)

	March 31, 2017			
	As of March 31, 2016	**Charged to the consolidated statement of profit or loss and other comprehensive income for the year**	**Credited to equity**	**As of March 31, 2017**
Deferred tax assets (liabilities)				
Depreciation of fixed assets	(2,977)	1,811	-	(1,166)
Post-employment benefits	869	-	(1,994)	(1,125)
Total	**(2,108)**	**1,811**	**(1,994)**	**(2,291)**

As of March 31, 2018 and 2017, the Company and Subsidiary have unrecognized deferred tax asset in respect of the 2018 and 2017 tax losses of US$ 406,221 and US$ 603,140, respectively deferred tax assets have not been recognized on the basis that there is significant uncertainty as to whether the tax losses will be offset by sufficient taxable profits in the future

d. Administration

<u>The Company</u>

As of March 2017 the Company has submitted the Statement of Assets for Tax Amnesty that accepted on March 25, 2017 by KPP Pratama Jakarta Setiabudi Dua with Receipt No. 0180001436. The Company was received the Certificate of Tax Amnesty No. KET-4846/PP/WPJ.04/2017 dated March 29, 2017 and approving the value of assets amounted to US$ 10,000 or equivalent Rp 131,220,000 with penalty of 5% equivalent to Rp 6,561,000 (or equivalent to US$ 577).

<u>Subsidiary (PT Barasentosa Lestari)</u>

As of September 2016 the Company's subsidiary (BSL) has submitted the Statement of Assets for Tax Amnesty that accepted on March 25, 2017 by KPP Pratama Jakarta Setiabudi Dua with Receipt No. 0180001434. The Company's subsidiary (BSL) was received the Certificate of Tax Amnesty No. KET-4057/PP/WPJ.04/2017 dated March 29, 2017 and approving the value of assets amounted to US$ 52,572 or equivalent Rp 717,082,080 with penalty of 5% equivalent to Rp 35,854,104 (or equivalent to US$ 2,678.31).

13. DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

	2018	**2017**
General investigation expenses		
Feasibility study	3,053,634	3,053,634
Rental	1,249,660	1,239,215
Exploration extension	949,438	949,438
Drilling expenses	888,091	888,091
Airborne and digital expenses	601,546	601,546

(Expressed in US Dollar Currency, unless otherwise stated)

13. DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES (continued)

	2018	2017
Detailed mine study	441,511	441,511
Survey expenses	275,625	275,625
Analysis expenses	206,591	206,591
Geophysical services	145,865	145,865
Geological mapping	145,737	145,737
Desk study	81,592	81,592
Sub-contractor	80,569	80,569
	8,119,859	8,109,414
Other exploration expenses		
Manpower cost	19,792,490	18,620,603
Consultation	20,652,750	16,899,311
Interest expense	16,550,127	13,100,496
Transport and traveling	3,125,701	2,705,516
Other finance charge	2,966,380	1,975,263
Manpower outsourcing	2,150,944	1,769,975
Office expenses	1,750,978	1,037,555
Post-employment benefit (Note 18)	1,255,472	1,208,683
Other expenses	4,343,561	4,129,797
Pre-production revenue	(1,808,350)	(1,421,150)
	70,780,053	60,026,049
Total	**78,899,912**	**68,135,463**

14. ACCRUED EXPENSES

	2018	2017
Related parties:		
Interest.(Note 27c)	1,783,965	854,144
Third parties:		
Interest	787,400	738,600
Insurance	5,946	-
Outsourced manpower	-	45,939
Professional fees	-	61,259
Others	-	21,527
Total	**2,577,311**	**1,721,469**

15. OTHER PAYABLES

	2018	2017
Related party:		
GMR Energy (Netherlands) B.V (Note 27)	29,821,056	29,821,056

(Expressed in US Dollar Currency, unless otherwise stated)

15. OTHER PAYABLES (continued)

	2018	2017
Third parties:		
PT Gerak Bangun Utama (Note 17)	7,015,000	-
PT Artamulia Tatapratam (Note 17)	660,000	-
PT Bintang Sukses Energi	430,061	-
PT Lobunta Kencana Raya	218,815	-
PT Tata Kurnia Pratama	178,661	-
PT Yosindo Jaya Raya	135,058	-
PT Ganendra Paraka Satria	99,275	40,069
PT Waletindo Setia Persada	77,368	-
PT Lancarjaya Mandiri Abadi	53,009	-
PT Bumi Tata Khatulistiwa	47,788	-
PT PP London Sumatra, Tbk	40,069	45,791
PT Kalidareh Prima Mandiri	33,484	-
PT Lematang Anugrah Sejahtera	27,442	-
PT Kalibesar Raya Utama	14,357	-
PT Lemantang Anugerah Sejahtera	13,031	-
PT Putra Laskar Merdeka	10,074	-
Others	113,184	128,591
Total	**38,987,732**	**30,035,507**

GMR Energy (Netherlands) B.V

On April 15, 2009, PT Duta Sarana Internusa, the Subsidiary of the Company has entered into loan agreement with GMR Energy (Netherlands) B.V, the ultimate shareholder of the Company and its Subsidiary. This loan agreement has been amended several times, recently March 25, 2015 to amend the validity of the agreement until March 31, 2016. The outstanding principal amount was paid during the year 2016. Subsequently on July 12, 2016, PT Duta Sarana Internusa, the Company's Subsidiary has entered into fresh loan agreement with GMR Energy (Netherlands) B.V for providing a loan amount of US$ 30 million, valid until December 31, 2018.

Based on the loan agreement GMR should provide an unsecured loan with a revolving line of credit with detail of the loan are as follows:

Interest rate	:	LIBOR + 0.05%
Loan	:	up to US$ 30 million

16. ADVANCE FROM CUSTOMERS

	2018	2017
Related party:		
PT Golden Energy Mines Tbk.	5,092,552	1,614,938
Third partiy:		
Pine Energy Pte, Ltd.	14,000,000	-
Total	**19,092,552**	**1,614,938**

(Expressed in US Dollar Currency, unless otherwise stated)

16. ADVANCE FROM CUSTOMERS (continued)

PT Golden Energy Mines Tbk.

Based on Coal Sales Agreement No.224/GEMS/PJB-BB/LM/IV/2017, between the Company's subsidiary, PT Barasentosa Lestari (BSL) and PT Golden Energy Mines Tbk. (GEMS), BSL is agreed to sell and deliver the coal to GEMS in quantity up to 100,000 MT, quantity tolerance ± 10% at GEMS option. This agreement shall be effective until June 30, 2018. If there is no shipment during term of agreement, BSL will be charged with interest rate 3 month LIBOR plus margin of 10% of advance payment which has been received. The outstanding advance as per March 31, 2018 and 2017 are amounted to US$ 5,092,552 and US$ 1,614,938, respectively.

Pine Energy Pte Ltd

On May 15, 2017, the Company's Subsidiary, BSL has entered into coal sales agreement with Pine Energy Pte Ltd. Under this agreement Pine Energy Pte Ltd hereby agree to purchase the coal procedure from BSL and BSL hereby agree to supply and sell the coal to Pine Energy Pte Ltd. During term of agreement, BSL agrees to sell and deliver the coal to the Pine Energy Pte Ltd up to 1,000,000 MT quantity tolerance ±10% (approximately ten percent) at BSL's option.

The sales price of coal as agreed by the parties here to shall be agreed in the purchase order which will be issued by Pine Energy Pte Ltd to BSL. Pine Energy Pte Ltd shall make refundable advance down payment up to US$ 10,000,000 (ten million United States Dollar) to BSL ("advance payment") in single or several payments to secure the supply of coal under this agreement. Inspection and acceptance of quantity and specifications/quality of coal shall be performed by independent surveyor to be appointed by Pine Energy Pte Ltd at the expense of BSL at the point of delivery. The outstanding advance as per March 31, 2018 are amounted to US$ 14,000,000.

17. SECURITY DEPOSIT FROM VENDOR

	2018	2017
Third parties:		
PT Gerak Bangun Utama	-	7,015,000
PT Artamulia Tatapratama	-	660,000
Total	**-**	**7,675,000**

PT Artamulia Tatapratama

On January 23, 2015, the Company and PT Artamulia Tatapratama entered into mining services agreement. Based on the agreement, PT Barasentosa Lestari (the Company's subsidiary) and PT Artamulia Tatapratama will be entered into agreement which will be detailed and comprehensive set of terms and conditions of the implementation of the mining activities in the Muara Lakitan concession area of PT Barasentosa Lestari, including but not limited to the terms and provisions regarding the scope of work, price, etc.

PT Artamulia Tatapratama will provide an interest free guarantee deposit to the Company in the amount of US$ 4,500,000 as a guarantee for PT Artamulia Tatapratama to conduct mining activities.

On March 31, 2015 this agreement has been amended related to provision of deposit, PT Artamulia Tatapratama will provide an additional interest free guarantee deposit to the Company in the amount of US$ 15,000,000 which received on April 7, 2015.

(Expressed in US Dollar Currency, unless otherwise stated)

17. SECURITY DEPOSIT FROM VENDOR (continued)

PT Artamulia Tatapratama (continued)

On November 29, 2016, this agreement has been amended to refund the guarantee deposit from PT Artamulia Tatapratama, until December 31, 2016 the Company has already refund the security deposit up to US$ 18,840,000. The outstanding advance as per March 31, 2018 and 2017 are amounted nil and US$ 660,000, respectively (Note 15).

PT Gerak Bangun Utama

On July 30, 2012, the Company and PT Gerak Bangun Utama (GBU) entered into “Due Diligence Process and Execution of Definite” Agreement. The Company holds 100% beneficial shareholding in PT Bara Sentosa Lestari (“BSL”) and is ready to consider sale of a 50% or more ownership interest in BSL. This agreement to facilitate GBU to undertake detailed due diligence and propose term for acquisition of BSL shareholding. GBU will make a non interest bearing deposit of US$ 3,425,000 to the Company and the Company shall grant up to 180 days from the date of receipt of the deposit to conduct and complete detailed due diligence of BSL.

This agreement has been amended several times to extent the prescribed period up to December 31, 2017 to conduct and complete a detailed due diligence of BSL and at July 30, 2015, GBU will add a non-interest bearing deposit of US$ 3,590,000.

On June 15, 2017, the agreement between the Company and PT Gerak Bangun Utama has been terminated and the Company should pay back the deposit within 12 months from May 16, 2017 (Note 15).

18. BANK LOAN

	2018	2017
Third party:		
ICICI Bank Limited	36,000,000	40,000,000

Based on facility agreement dated March 22, 2017 with ICICI Bank limited sanctioned US$ 40 Million Term loan with a final maturity date 9 years from the first drawn date and bears interest at 6.07% above six months USD LIBOR per annum. The facility is secured by the securities as per facility agreement and also by the corporate guarantee from the holding Company. Based on the amendment agreement the Company’s subsidiary (BSL) shall ensure the repayment amount equal to 10% of all outstanding loan every 6 months.

19. DUE TO RELATED PARTY

	2018	2017
Related party:		
PT Dwikarya Sejati Utama (Note 27f)	6,388,135	6,388,135
Total	**6,388,135**	**6,388,135**

This payable to PT Dwikarya Sejati Utama (DSU), the Company and Subsidiary’s shareholder has no repayment schedule and non-bearing interest. DSU decide this payable will be stated in the loan agreement and can be collected any time.

(Expressed in US Dollar Currency, unless otherwise stated)

20. POST-EMPLOYMENT BENEFITS OBLIGATION

PT Barasentosa Lestari (the Company's Subsidiary)

The Company's subsidiaries provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003 and PSAK 24 (Amendment 2015) "Employee Benefits". The number of employees entitled to the benefits is 14 and 16 people as of March 31, 2018 and 2017 respectively.

Current period expense in respect of these post-employment benefits are as follows:

	2018	2017
Current service cost	23,192	37,885
Interest cost	21,272	28,951
Past service cost	(2,425)	32,531
Total expense	**42,039**	**99,367**

The amounts included in the consolidated statements of financial position arising from the Company's obligation in respect of these post-employment benefits are as follows:

	2018	2017
Present value obligation	322,110	478,921
Unrecognized past service cost	(95,477)	(156,811)
Net obligation	**226,633**	**322,110**

Movements in the net liability recognized in the consolidated statements of financial position are as follows:

	2018	2017
Beginning balance	322,110	478,921
Provision	42,039	99,367
Post-employment benefit payment	(227,493)	(225,832)
Unrealized actuarial gain (loss)	92,936	(7,978)
Foreign exchange gain on post-employment benefit obligation	(2,959)	(22,368)
Ending balance	**226,633**	**322,110**
Employee benefits provision is allocated to:		
Deferred exploration and development expenditures (Note 11)	42,039	99,367
Total	**42,039**	**99,367**
Beginning balance	145,783	137,805
Other comprehensive income (loss) for the year	(92,936)	7,978
Total	**52,847**	**145,783**

The cost of providing post–employment benefits is calculated by independent actuary, PT Dian Artha Tama as of March 31, 2018 and 2017, respectively.

(Expressed in US Dollar Currency, unless otherwise stated)

20. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)

PT Barasentosa Lestari (the Company's Subsidiary) (continued)

The actuarial valuation was carried out using the following key assumptions:

		2018	2017
Discount rate	:	7%	7.6% per annum
Salary increment rate	:	8%	8% per annum
Mortality rate	:	Indonesian -III (2011)	Indonesian -III (2011)
Resignation rate	:	3% p.a. for age 18-44 years old and 1% p.a. for age 45-54 years old	3% p.a. for age 18-44 years old and 1% p.a. for age 45-54 years old
Normal pension	:	55 years	55 years

The sensitivity analysis as of March 31, 2018, the changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the Company's obligation for post-employment benefits as shown on the table below:

	Increase	Decrease
Discount rate (1% movement)	310,597	335,306
Future salary increase rate (1% movement)	335,033	310,619

	March 31 2018	March 31 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value obligation	226,633	322,110	478,921	507,804	622,246
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	**226,633**	**322,110**	**478,921**	**507,804**	**622,246**

21. CAPITAL STOCK

The composition of stockholders as of March 31, 2018 and 2017, are as follows:

Stockholders	Number of shares	Par value Rp	Par value US$	Percentage of ownership %
PT Dwikarya Sejati Utama	990	990,000,000	101,597	99
GMR Energy (Netherlands) B.V.	10	10,000,000	1,026	1
Total	**1,000**	**1,000,000,000**	**102,623**	**100**

22. GENERAL RESERVE

The Limited Liability Company Law of the Republic of Indonesia No. 1/1995 introduced in March 1995 requires the establishment of a general reserve from net profits amounting to at least 20% of a Company's issued and paid up capital. This regulation has been amended by Indonesian Limited Company Law No. 40 year 2007 which also requires companies to set up a general reserve amounting to at least 20 % of the issued and paid-up share capital.

As of March 31, 2018 and 2017, the Company and Subsidiary has not yet established a general reserve as it is in accumulated loss position.

(Expressed in US Dollar Currency, unless otherwise stated)

23. MANDATORY CONVERTIBLE BONDS

	2018	**2017**
Related parties:		
PT Unsoco	113,180	113,180
Total	**113,180**	**113,180**

PT Unsoco

On December 4, 2012, PT Barasentosa Lestari, the Company's subsidiary and PT Unsoco, the affiliated company, has entered into Mandatory Convertible bonds Issuance Agreement. PT Unsoco agreed to subscribe the bonds for the aggregate value of remittance made in each trance by PT Unsoco, the Subsidiary shall issue the bond in the amount equal to the amount received substantially. Outstanding mandatory convertible bond of this agreement as of March 31, 2018 and March 31, 2017 amounted to US$ 113,180.

Based on amendment agreement dated December 1, 2017, this convertible bond should be converted into shares at maximum of 7 years starting from the date of issuance of the bonds, the outstanding bonds shall be automatically converted into the conversion shares and the holder shall be deemed to have given the conversion notice to convert bond.

24. ADDITIONAL PAID IN CAPITAL

This account consists of:

	2018	**2017**
Difference in value from restructuring transaction of entities under common control	44,937	44,937

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	**2017**
Depreciation (Note 11)	152,879	155,047
Taxes and licences	110,078	101,762
Professional fees	46,797	31,436
Deadrent	-	19,380
Total	**309,754**	**307,625**

26. OTHER INCOME (EXPENSES)

	2018	**2017**
Interest income	659,628	586,266
Gain on foreign exchange, net	88,234	32,704
Interest expenses	(660,053)	(291,239)
Bank charges	(21,320)	(18,096)
Donation	(25,203)	(18,461)
Loss on disposal of fixed assets	-	(65,157)
Total	**41,286**	**226,017**

(Expressed in US Dollar Currency, unless otherwise stated)

27. RELATED PARTIES TRANSACTIONS

In conducting its business, the Company and Subsidiary entered into certain business and financial transactions with its related parties.

Related parties	Nature of related Parties	Transactions/Balance
PT Unsoco	Affiliated company	Mandatory convertible bond
PT Golden Energy Mines Tbk.	Affiliated company	Advance from customer
GMR Infrastructure Singapore Limited	Affiliated company	Other receivables
GMR Energy (Netherland) B.V.	Stockholder	Mandatory convertible bond, Long term loan, Convertible bond, Other payables
PT Dwikarya Sejati Utama	Stockholder	Due to related party

a. Advance Payments (Note 7)

	2018	2017
Emco Energy Limited	-	300,000
Percentage of total advance payments	**0%**	**48.05%**

b. Mandatory convertible bond (Note 23)

	2018	2017
PT Unsoco	113,180	113,180
Percentage of total mandatory convertible bond	**100%**	**100%**

c. Accrued expenses (Note 14)

	2018	2017
GMR Energy (Netherlands) B.V.	1,514,197	854,144
PT Golden Energy Mines Tbk.	269,768	-
Total	**1,783,965**	**854,144**
Percentage of total accrued expenses	**79.88%**	**49.62%**

d. Advance from customer (Note 16)

	2018	2017
PT Golden Energy Mines Tbk.	5,092,552	1,614,938
Percentage of total advance from customer	**27.87%**	**100%**

e. Other payables (Note 15)

	2018	2017
GMR Energy (Netherlands) B.V.	29,821,056	29,821,056
Percentage of total other payables	**97.56%**	**99.12%**

(Expressed in US Dollar Currency, unless otherwise stated)

27. RELATED PARTIES TRANSACTIONS (continued)

f. Due to related party (Note 19)

	2018	2017
PT Dwikarya Sejati Utama	6,388,135	6,388,135
Percentage of related party	**100.00%**	**100.00%**

28. SIGNIFICANT AGREEMENT, COMMITMENT AND CONTINGENCIES

The Subsidiary - PT Barasentosa Lestari (PT BSL)

a. Coal barging contract agreement

On November 11, 2014, the Company's, PT Barasentosa Lestari (BSL) has entered into coal barging, transport and transshipment agreements with PT Bintang Kartika Segara to provide coal transportation services from PT BSL mine area to Intermittent Jetty and from Intermittent Jetty to Anchorage point. PT BSL is required to pay contractors a service fee, calculated on a monthly basis, based on a formula which includes the amount of coal transported. The term of this agreement shall be for 2 years commencing from the commencement date. On January 18, 2016 these agreement has been amended the contract will be valid until the outstanding advance is fully refunded to PT BSL.

b. Special coal terminal services agreement

On November 25, 2014, the Company's subsidiary, PT Barasentosa Lestari has entered into special coal terminal services agreement with PT Energate Prima Indonesia. Under the agreement PT Energate Prima Indonesia will provide special coal terminal facilities, heavy equipment and truck for unloading process, and stockpile area for stocking coal. The agreement has been extended until November 23, 2018.

c. Mining Law No. 4/2009

On December 16, 2008, the Indonesian Parliament passed a new Law on Mineral and Coal Mining (the "Law"), which received the assent of the President on 12 January 2009, becoming Law No. 4/2009. The Work Agreement on Coal Mining Concession (PKP2B) system under which the Company's subsidiary, PT Barasentosa Lestari, operates, will no longer be available to investors. However, the Law indicates that existing PKP2B, such as that held by the Company's subsidiary, PT Barasentosa Lestari, will be honoured. There are a number of issues which existing PKP2B holders, including the Company's subsidiary, PT Barasentosa Lestari, are currently analysing. Among others these include:

- The Law notes that existing PKP2B will be honoured until their expiration. However, it also states that existing PKP2B must be amended within one year to conform to the provisions of the Law (other than terms relating to State revenue - which is not defined, but presumably includes royalties and taxes); and

- The requirement for PKP2B holders which have already commenced some form of activity, within one year of enactment of the Law, to submit a mining activity plan for the entire contract area. If this plan is not fulfilled, the contract area may be reduced to that allowed for mining business licences ("Izin Usaha Pertambangan" or "IUP") under the Law.

28. SIGNIFICANT AGREEMENT, COMMITMENT AND CONTINGENCIES (continued)

c. Mining Law No. 4/2009 (continued)

In February 2010, the Government of Indonesia released two implementing regulations for Mining Law No. 4/2009, i.e. Government Regulation No. 22/2010 and 23/2010 (“GR No. 22” and “GR No. 23”). GR No. 22 deals with the establishment of the mining areas under the new mining business license (“IUP”). GR No. 23 provides clarifications surrounding the procedures to obtain the new IUP. GR No.23 indicates that existing PKP2B will be honoured by the Government although any extension of existing PKP2B will be through the issue of an IUP.

On February 21, 2012, the Government of Indonesia amended GR No. 23 by issuing Government Regulation No. 24/2012 (“GR No. 24”), which regulates the transfer of IUPs, divestment and mining areas.

The Company and Subsidiary is closely monitoring the progress of the implementing regulations for the Law and will consider the impact on its operations, if any, as these regulations are issued.

d. Coal Hauling and Port Facilities

On March 23, 2017, the Company’s subsidiary, PT Barasentosa Lestari (BSL) has entered into coal hauling and port facilities agreement with PT Atlas Resources, Tbk, PT Musi Mitra Jaya, and PT Sriwijaya Bara Logistic. Under this agreement regarding coal hauling road the parties agree that the coal hauling road will be utilized by BSL group to perform a coal hauling activities which shall not be ceased with any reason whatsoever, in relation with coal hauling road utilization, PT Musi Mitra Jaya shall maintain the coal hauling road so that can be used properly to support BSL group mine operation activity.

BSL may use the port facilities to load and stock the coal in the storage (stockpile) with capacity 2,500,000 MT per year from total port facilities capacity around 5,000,000 - 6,000,000 MT per year. Should BSL require to increase port facilities capacity, PT Sriwijaya Bara Logistic shall give a priority allocations of the additional port facilities capacity as required by BSL.

In connection with PT Atlas Resources assets utilization BSL shall be charged individually per metric ton as follows:
1. Coal hauling road utilization fee : Average JISDOR rate in current month x Rp 53,900
2. Port facilities utilization fee: Average JISDOR rate in current month x Rp 40,425

In relating with PT Atlas Resources assets utilization as mentioned above, BSL shall submit performance bond to owner in the amount of US$ 2.5 million as refundable deposits (Note 10).

e. Coal Hauling

On Augustus 16, 2017, the Company’s subsidiary, PT Barasentosa Lestari (BSL) has entered into coal hauling agreement with PT Duta Lemantang Jaya. PT Duta Lemantang Jaya is obliged to provide PS trucks with a capacity of ±8 tons and an enkel garbage truck with a capacity of ± 13 tons as 30 units for road works 1 within 7 days after the first party makes payment to the second party the number of units will be added in accordance with the capacity increase transported per month. PT Duta Lemantang Jaya is obliged to provide 150 units of ±25 ton dump truck for work on road 2 and later on road 3 permanently after lonsum road can effectively be used and according to production capability of BSL. This agreement shall be effective until Augustus 16, 2020.

In connection with PT Duta Lemantang Jaya assets utilization BSL shall be charged as follows:
1. For road 1, the price is Rp 1,450 / MT / KM
2. For road 2, the price is Rp 1,250 / MT / KM
3. For road 3, the price is Rp 1,250 / MT / KM

28. SIGNIFICANT AGREEMENT, COMMITMENT AND CONTINGENCIES (continued)

f. Mining Support

On June 19, 2017, the DSI's Subsidiary, PT Barasentosa Lestari (BSL) has entered into mining service agreement with PT Lobunta Kencana Raya. Under this agreement PT Lobunta Kencana Raya shall perform any and all works also provide all equipment and facilities and fixtures required by the contractor to perform the work in according with this contract.

The subsidiary prepare indicative production targets at or before the commencement of work in the work area. The parties agree that the indicative production target for coal hauling is 1,388,988 MT. Indicative production targets may change based on government approval, by giving notice 90 days before.

The unit price specified in the job price list. The unit price referred to in the price list is affirmed and stipulated during the term of the contract. The price is determined in rupiah. The method of measuring the payments of the completed work will be done in accordance with the provisions described in article 3 - the method of calculation and payment. If BSL requires a contractor to carry out work activities outside the scope of work or other activities that are the responsibility of BSL, then the free will arise will be agreed later by the parties

g. Land Use

On October 16, 2017 , the Company's subsidiary, PT Barasentosa Lestari (BSL) has entered into land use agreement with PT PP London Sumatra Indonesia Tbk. Under this agreement PT PP London Sumatra Indonesia Tbk. has agreed to grant BSL a right to use parts of the HGU Area for the purpose of conducting certain coal Mining activities and other supporting activities under the terms and conditions of the land use agreement. BSL wishes to construct access road for supporting its mining activities within HGU area.

The parties agree that term of this agreement and BSL right to use parts of locations and access road accordance with article 2 of this agreement and shall subject to article 7, continue until the date is 11 years after the effective date, unless terminated earlier in accordance with article 7 of this agreement. If agreed by the parties, the term of this agreement may be extended by parties with consideration the mine plan of BSL and progress of mining activities in the location.

29. ACCUMULATED DEFICIT

The Company's accumulated deficits due to recurring operating losses up to March 31, 2018 and 2017 were US$ 5,236,989 and US$ 4,971,621, respectively. The Company will be supported financially by its ultimate shareholders.

The Company is dependent upon the continuing financial support of its ultimate controlling stockholder. The accompanying financial statements do not include the effect of any adjustments that may be required if the Company cannot continue as a going concern. Management considers that its ongoing plans will allow it to continue as a going concern for the foreseeable future. These plans include the ability to defer payment of current liabilities to the Company's ultimate controlling stockholder, which has confirmed to management that it will not recall these current liabilities to the detriment of the Company.

The financial statements have been prepared on going concern basis, and do not include any adjustment that might results from the outcome of the uncertainties. Related effects will be reported in the financial statement as they become known and can be estimated.

There are no events subsequent to statement of financial position date until the date of this report occur that give rise to the uncertainties of the Company's going concern as an impact of the worsening current economy of Indonesia.

30. FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Company and Subsidiary. The Company and Subsidiary has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company and Subsidiary risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company and Subsidiary activities.

The Company and Subsidiary has exposure to the following risks from its use of financial instruments:

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company and Subsidiary income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

Changes in exchange rates have affected and may continue to affect the Company and Subsidiary's results operations and cash flows. Some of the Company and Subsidiary obligations and capital expenditures are, and expected will continue to be, denominated in US Dollar.

Interest rate risk

Interest rate exposure is monitored to minimize any negative impact to the Company and Subsidiary. Borrowings issued at variable rates expose the Company and Subsidiary to cash flow interest rate risk.

To measure market risk fluctuations in interest rates, the Company and Subsidiary primarily uses interest margin and spread analysis.

Liquidity risk

The Company and Subsidiary monitors its liquidity risk and maintains a level of cash deemed adequate by management to finance the Company and Subsidiary's operations and to mitigate the effects of fluctuations in cash flows.

Fair value risk

The fair value of the financial assets and liabilities are included at the amount at which instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The carrying amounts of other receivables, cash and cash equivalents, refundable deposits, other payables, accrued expenses approximate their fair values due to their short-term nature.

Capital Management

The primary objective of the Company and Subsidiary capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize stockholders' value.

The Company and Subsidiary manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company and Subsidiary may align the dividend payment to stockholders, return capital to stockholders or issue new shares.

There were no changes in the Company and Subsidiary approach to capital management during the year.

(Expressed in US Dollar Currency, unless otherwise stated)

30. FINANCIAL RISK MANAGEMENT (continued)

Capital Management (continued)

The Company and Subsidiary, being a limited liability company, is subject to externally-imposed capital requirement. Per the Laws of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Company, the minimum capital requirement to qualify as a limited liability company is Rp 50 million or equivalent with US$ 3,634 and US$ 3,754 in March 31, 2018 and 2017, respectively. As at March 31, 2018 and 2017 the Company and Subsidiary has complied with the minimum requirement having a paid in capital of US$ 102,263.

31. SUPLEMENTARY INFORMATION FOR STATEMENT OF CASH FLOWS

	2018	2017
Security deposit from vendor	(7,675,000)	-
Other payables	7,675,000	-

32. APPROVAL AND AUTHORIZATION TO ISSUE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company's Directors on May 14, 2018.

The supplementary information on pages 38 to 41 represents financial information of PT Duta Sarana Internusa (parent entity only) as at March 31, 2018 and 2017 for the year then ended, which presents the Company's investments in Subsidiary under the cost method, as opposed to the consolidation method.

- Statement of Financial Position

- Statement of Profit or Loss and Other Comprehensive Income

- Statement of Changes in Equity

- Statement of Cash Flows

PT DUTA SARANA INTERNUSA
PARENT ENTITY ONLY
STATEMENT OF FINANCIAL POSITION
As of March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	54,192	54,328
Other receivables	33,606,426	32,957,403
Total current assets	33,660,618	33,011,731
NON CURRENT ASSETS		
Investment	225,900	225,900
Other receivables	9,939,403	9,939,403
Investment	853,540	853,540
Total non current assets	11,018,843	11,018,843
TOTAL ASSETS	**44,679,461**	**44,030,574**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Other payables	14,065,886	9,815,890
Advance from customer	-	3,590,000
Security deposit from vendor	-	660,000
Accrued expense	1,514,197	854,143
Total current liabilities	15,580,083	14,920,033
NON-CURRENT LIABILITIES		
Other payables	29,821,057	29,821,057
Total non-current liabilities	29,821,057	29,821,057
EQUITY		
Share capital - US$ 1,000,000 par value per share		
Authorized - 4,000 shares		
Subscribed and paid-up capital 1,000 shares	102,623	102,623
Foreign exchange difference in capital stock	(12,436)	(12,436)
Accumulated deficits	(811,866)	(800,703)
Total capital deficiencies	(721,679)	(710,516)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCIES	**44,679,461**	**44,030,574**

PT DUTA SARANA INTERNUSA
PARENT ENTITY ONLY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	2017	2016
OTHER INCOME (EXPENSES)		
Interest income	649,060	581,723
Interest expenses	(660,053)	(291,239)
Gain (loss) on foreign exchange - net	(99)	18
Bank charges	(71)	(1,556)
Total other income (expenses) - net	**(11,163)**	288,946
PROFIT (LOSS) BEFORE INCOME TAX	**(11,163)**	**288,946**
TAX EXPENSES	**-**	**-**
NET PROFIT (LOSS)	**(11,163)**	**288,946**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(11,163)**	**288,946**

PT DUTA SARANA INTERNUSA
PARENT ENTITY ONLY
STATEMENT OF CHANGES IN EQUTIY
For the year ended March 31, 2018
(Expressed in US Dollar Currency, unless otherwise stated)

	Capital stock	Additional paid in capital	Accumulated deficit	Total
Balance as of March 31, 2016	**102,623**	**(12,436)**	**(1,089,649)**	**(999,462)**
Total comprehensive income for the year	-	-	288,946	288,946
Balance as of March 31, 2017	**102,623**	**(12,436)**	**(800,703)**	**(710,516)**
Total comprehensive loss for the year	-	-	(11,163)	(11,163)
Balance as of March 31, 2018	**102,623**	**(12,436)**	**(811,866)**	**(721,679)**

PT DUTA SARANA INTERNUSA
PARENT ENTITY ONLY
STATEMENT OF CASH FLOWS
For the year ended March 31, 2018
(In US Dollar Currency, unless otherwise stated)

	2018	2017
Cash flows from operating activities		
Profit (loss) before income tax	(11,163)	288,946
Working capital changes:		
Other receivables	(649,023)	(7,041,536)
Advance payment	-	418,230
Other payable	-	29,821,057
Advance from customers	-	(5,000,000)
Security deposit from vendor	-	(18,840,000)
Accrued expenses	660,050	291,238
Net cash used in operating activities	(136)	(62,065)
Net decrease in cash and cash equivalents	**(136)**	**(62,065)**
Cash and cash equivalents at beginning of year	**54,328**	**116,393**
Cash and cash equivalents at end of year	**54,192**	**54,328**