ANNUAL REPORT **2014**

INDIKA ENERGY



MEETING THE CHALLENGE

ENERGY • SYNERGY



MEETING THE CHALLENGE



As global coal prices continued their steep declined in 2014, all coal-related businesses worldwide came under further pressure, including Indika Energy as an integrated energy company with major interests in coal.

Confident in the long-term promise of energy as a fundamental need of every country, and even more so of Indonesia which is expected to keep its steady economic growth up for the foreseeable future, Indika Energy nonetheless remained committed to its vision to be a world-class Indonesian energy company recognized for its integrated competencies in energy resources, energy services and energy infrastructure..

Drawing on its substantial asset base and solid balance sheet, Indika Energy took steps to meet the challenge primarily by preserving cash and reducing costs, while simultaneously continuing to invest in strategic growth areas, improving productivity, and strengthening corporate governance. The Company also continued to build on its long-term strategy to capture both strategic and opportunistic business potentials with prudent risks management and create synergies within the three business pillars of energy resources, services and infrastructure.

Together, these steps will help enable Indika Energy to last through the downturn, and emerge as a leaner, stronger company more able to compete in the long run.



THEME

1

CORPORATE OVERVIEW

5

Indika Energy at a Glance 6

Capabilities Across the Entire Coal Value Chain 8

Operations Map 10

Milestones 12

Corporate & Organisation Structure 14

Vision, Mission and Values 18

Business Strategy 20

Composition of Shareholders 22

FINANCIAL HIGHLIGHTS

25

Financial Highlights 26

Stock Highlights 29

Financial Highlights - Associate Company - Kideco 30



PRESIDENT COMMISSIONER'S AND PRESIDENT DIRECTOR'S MESSAGES

35

President Commissioner's Message

36

President Director's Message

40

BOARD OF COMMISSIONERS & BOARD OF DIRECTORS PROFILES

45

MANAGEMENT REPORT

59

Economy and Industry Overview

60

Operational Review

62

Financial Review

76

Business Prospects & Key Risk Factors

80

Information and Communications Technology

86

Corporate Governance Overview

88

Human Capital

110

Corporate Social Responsibility

114

Subsequent Events

118

FINANCIAL STATEMENTS

121

CORPORATE INFORMATION

258





CORPORATE OVERVIEW

Indika Energy at a Glance

PT Indika Energy Tbk. ("Indika Energy" or "the Company") was listed in Indonesian Stock Exchange (IDX) in 2008.

Established in 2000, Indika Energy has grown to be one of Indonesia's leading integrated energy companies with a portfolio of businesses spanning in the energy resources, energy services and energy infrastructure sectors.

Over the years, the Company has grown rapidly both organically and through acquisition of synergistic businesses.

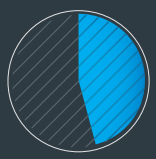
We believe our portfolio of businesses enables us to provide complementary products and services to domestic and international customers, thereby positioning us to capture growth opportunities across the Indonesian energy sector.

Indika Energy has grown into a company operating across the Indonesia archipelago.

ENERGY RESOURCES

Ownership

46.0%



PT Kideco Jaya Agung
Indonesia's third largest coal mining company, located in East Kalimantan

Ownership

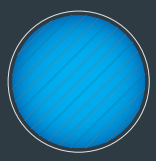
85.0%



PT Multi Tambangjaya Utama
a thermal bituminous and coking coal asset in Central Kalimantan

Ownership

100%



PT Indika Inti Corpindo
a coal trading company

Ownership

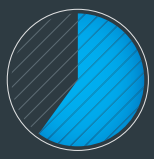
34.9%



PT Santan Batubara
a coal mining company in East Kalimantan

Ownership

60.0%



PT Mitra Energi Agung
a greenfield coal mining project in East Kalimantan

ENERGY SERVICES

Ownership

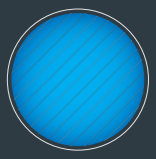
69.8%



PT Petrosea Tbk.
a coal contract mining and engineering & construction (E&C) company

Ownership

100%

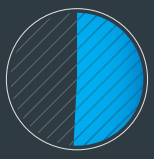


PT Tripatra Engineering & PT Tripatra Engineers & Constructors
engineering, procurement and construction (EPC) oil & gas services companies

ENERGY INFRASTRUCTURE

Ownership

51.0%



PT Mitrabahtera Segara Sejati Tbk.
an integrated transport & logistics services company for the mining industry

Ownership

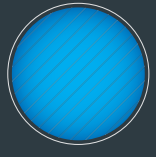
20.0%



PT Cirebon Electric Power
a 660 MW coal-fired steam power generation plant in Cirebon, West Java

Ownership

100%



PT Kuala Pelabuhan Indonesia
an integrated port management services in Papua

Capabilities Across the Entire Coal Value Chain



Identification of potential coal resources through geological study

INDIKA RESOURCES



Electricity generation in coal-fired power plant

CIREBON ELECTRIC POWER



Unloading coal from barges to mother vessel

mbss



Barging the coal to end user or transshipment point

mbss



Loading process of coal to barges

mbss



Coal loading terminal with stockpile prior to barging

KIDECO

SWCM BATUBARA

MUTU



2

Field exploration process of potential coal resources

KIDECO

MUTU

MEA



3

Economic and feasibility study of the coal reserves

PETROSEA



4

Engineering and construction of coal production infrastructure

PETROSEA



5

Overburden removal and coal extraction

PETROSEA

Concession holder



6

Crushing and washing of extracted coal

Concession holder



7

Transportation of processed coal to coal terminal

Concession holder

Operations Map





ENERGY RESOURCES

1 Multi Tambangjaya Utama

2 Kideco Jaya Agung

3 Santan Batubara

4 Mitra Energi Agung

ENERGY SERVICES

1 Exxon Mobil Cepu Project

2 JOB Pertamina Medco - Senoro

3 Pertamina HE ONWJ

4 Conoco Phillips - ESC

5 BP Tangguh

6 ENI Muara Bakau

7 Gunung Bayan Pratama Project

8 Kideco Project

9 Santan Batubara Project

10 Adimitra Baratama Nusantara Project

ENERGY INFRASTRUCTURE

1 Cirebon Electric Power

2 Petrosea Offshore Supply Base

3 Kuala Pelabuhan Indonesia

Floating Crane

1 FC Nicholas

2 FC Rachel

3 FC Ben Glory

4 FC Abby

5 FC Chloe

6 FC Blitz

7 FC Vittoria

Milestones

2000

The establishment of Indika Energy.

2004

Indika Energy acquired a 41% stake in Kideco.

Kideco was established in 1982, engages in open-cut coal mining in East Kalimantan. Kideco holds CCoW first generation Mining Rights until 2023.

2006

Indika Energy increased its stake in Kideco by 5% to 46%.

2007

- Indika Energy completed mergers with Tripatra Company and Ganesha Intra Development Company.

  Tripatra Company was established in 1973, engages in engineering, procurement and construction (EPC), operation & maintenance (O&M) in the energy sector.
- The establishment of Cirebon Electric Power, a 660MW coal-fired steam power generation plant. Indika Energy owns 20% stake in CEP.
- Tripatra acquired a 45% stake in Cotrans Asia, a coal logistics company established in 2004.

2008

- Indika Energy held its Initial Public Offering (IPO) on the Indonesia Stock Exchange, offering 937,284,000 shares or 20% ownership.
- The establishment of Sea Bridge Shipping, a transhipment service company, in which Tripatra owns a 46% stake.
- Kuala Pelabuhan Indonesia (KPI), became a wholly owned subsidiary of Tripatra through the acquisition of an additional 50.1% stake.
- The establishment of Intan Resource Indonesia.
- Indika Energy acquired a 100% stake in Indika Capital Pte. Ltd. (previously Westlake Capital Pte. Ltd.) and Citra Indah Prima.

2009

Indika Energy acquired a 98.55% stake in Petrosea.

Petrosea was established in 1972, and engages in engineering & construction (E&C) and coal mining contractor.

2010

- The establishment of Indika Logistic & Support Services (ILSS).
- Indika Energy entered into an Option Agreement to acquire 51% stake in MBSS.

  MBSS was established in 1994, engages in sea transportation and logistics services.

2011

Indika Energy acquired a 51% stake in MBSS.

2012

- Indika Energy divested 28.75% of its shares in Petrosea.
- Indika Energy acquired a 60% stake in Mitra Energi Agung (MEA).

  MEA was established in 2008 as a greenfield coal asset which owns an IUP concession area of 5,000 Ha in East Kalimantan.
- Indika Energy acquired a 85% stake in Multi Tambangjaya Utama.

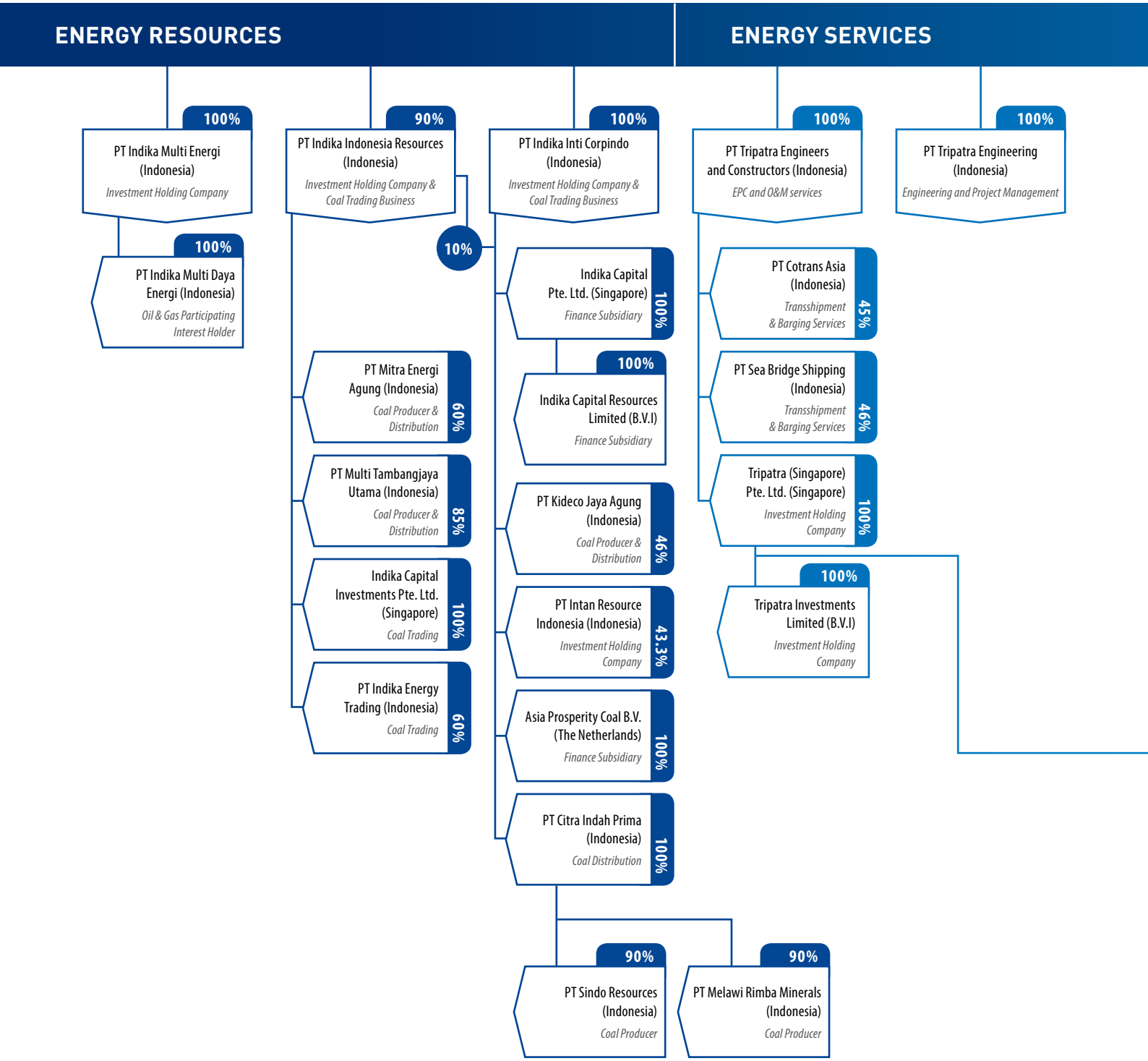
  MUTU was established in 1989 as a bituminous thermal and coking coal mine holding a third generation CCoW in Central Kalimantan, with a concession area of 24,970 Ha.
- Cirebon Electric Power, a 660MW coal-fired steam power generation plant, reached its Commercial Operation Date (COD) and was fully operational.

2013

Indika Logistic & Support Services acquired a 95% of Tripatra's shares in KPI.



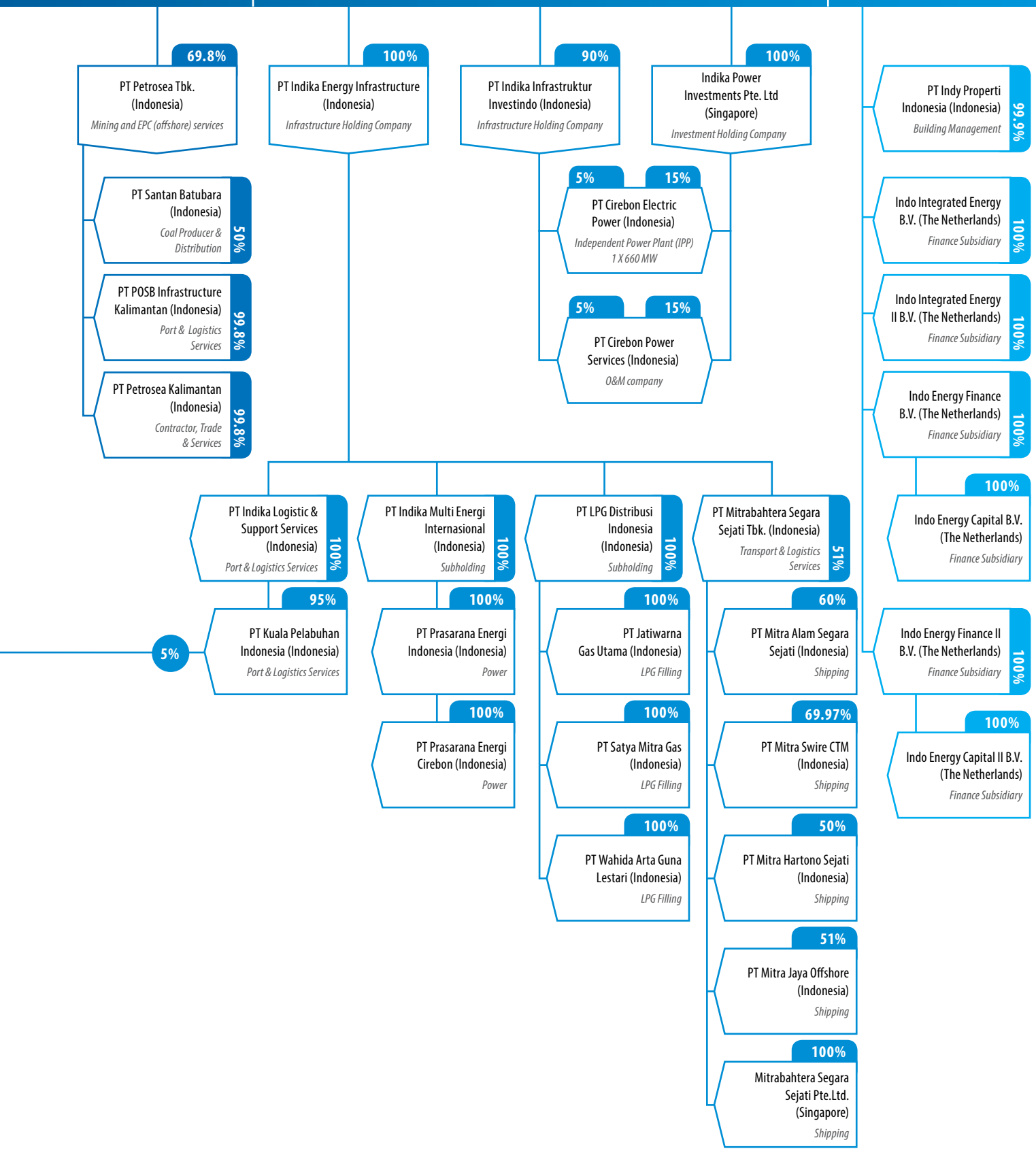
Corporate Structure



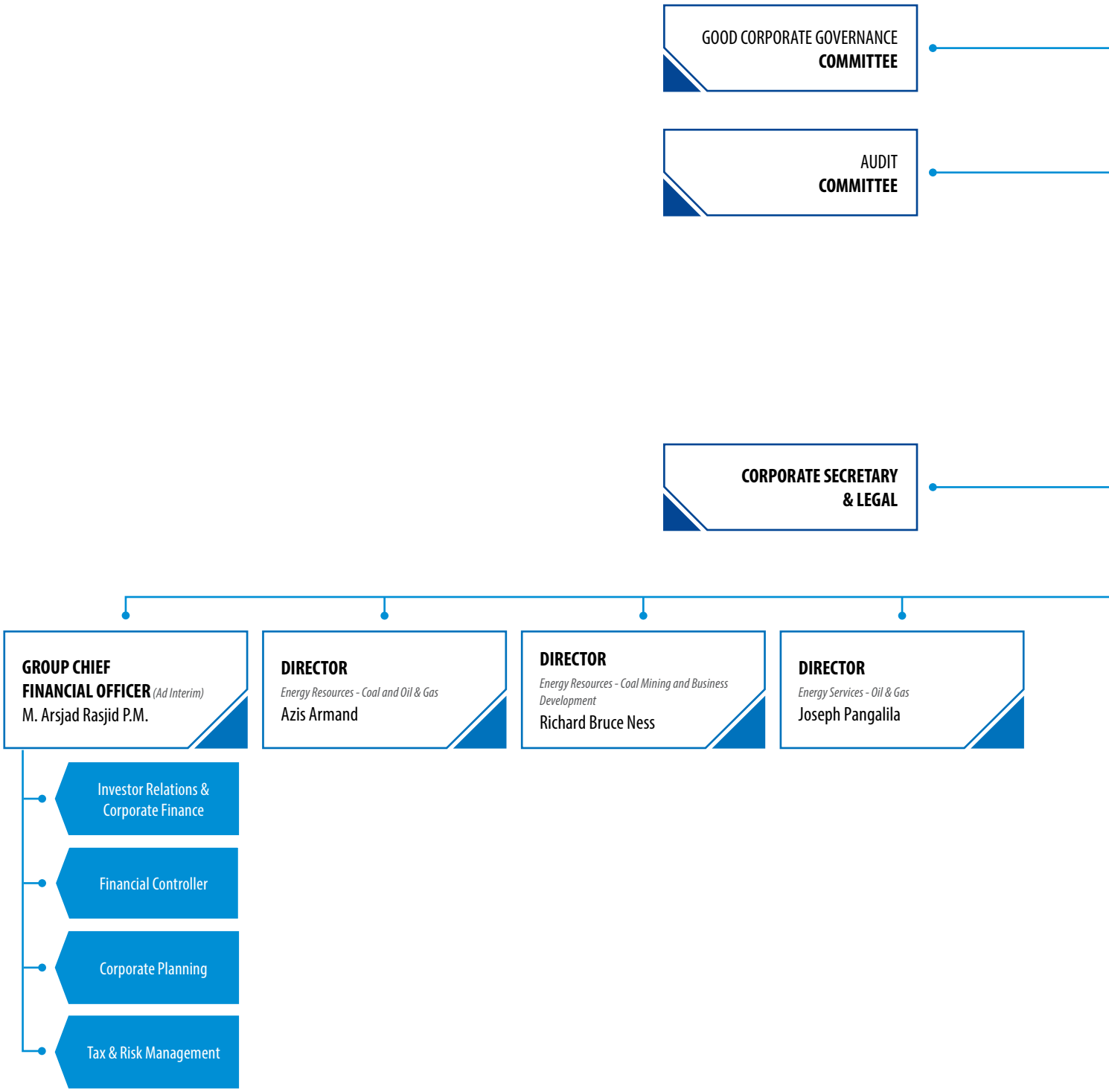
Note :

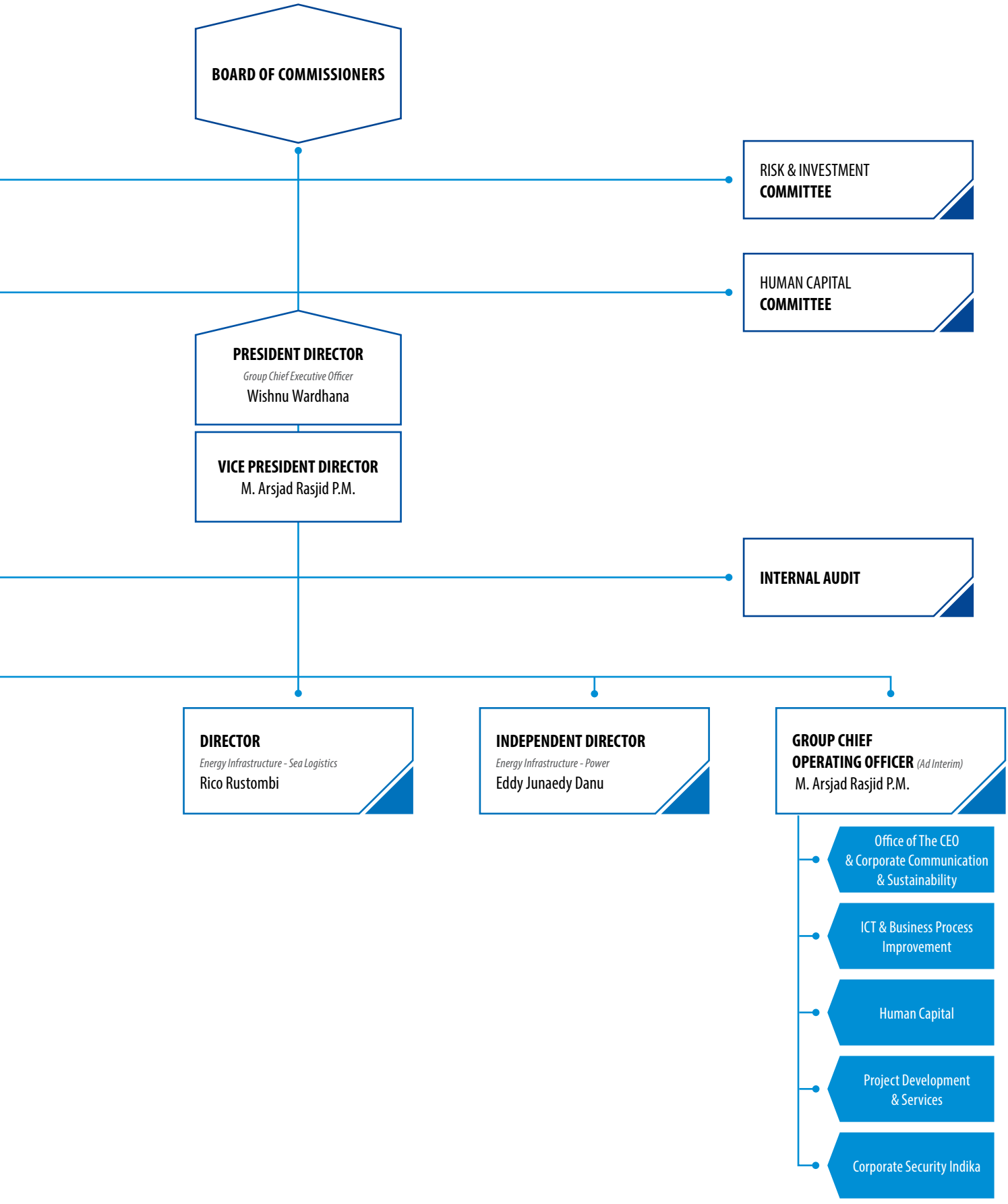
100% shares ownership of Indonesian limited liability company (PT) held by 2 shareholders which both are PT Indika Energy Tbk. and or its subsidiaries.

ENERGY INFRASTRUCTURE



Organisation Structure




BOARD OF COMMISSIONERS
RISK & INVESTMENT COMMITTEE
HUMAN CAPITAL COMMITTEE
PRESIDENT DIRECTOR
Group Chief Executive Officer
Wishnu Wardhana
VICE PRESIDENT DIRECTOR
M. Arsjad Rasjid P.M.
INTERNAL AUDIT
DIRECTOR
Energy Infrastructure - Sea Logistics
Rico Rustombi
INDEPENDENT DIRECTOR
Energy Infrastructure - Power
Eddy Junaedy Danu
GROUP CHIEF OPERATING OFFICER (Ad Interim)
M. Arsjad Rasjid P.M.
Office of The CEO & Corporate Communication & Sustainability
ICT & Business Process Improvement
Human Capital
Project Development & Services
Corporate Security Indika

Vision, Mission and Values



VISION

To be a world-class Indonesian energy company recognized for its integrated competencies in energy resources, services and infrastructure.

MISSION

1. To capitalise on the abundant energy resources in support of the global economic growth.
2. To create integration and synergies across businesses.
3. To create optimum shareholders value.
4. To continuously develop its human capital.
5. To become a good corporate citizen.



VALUES

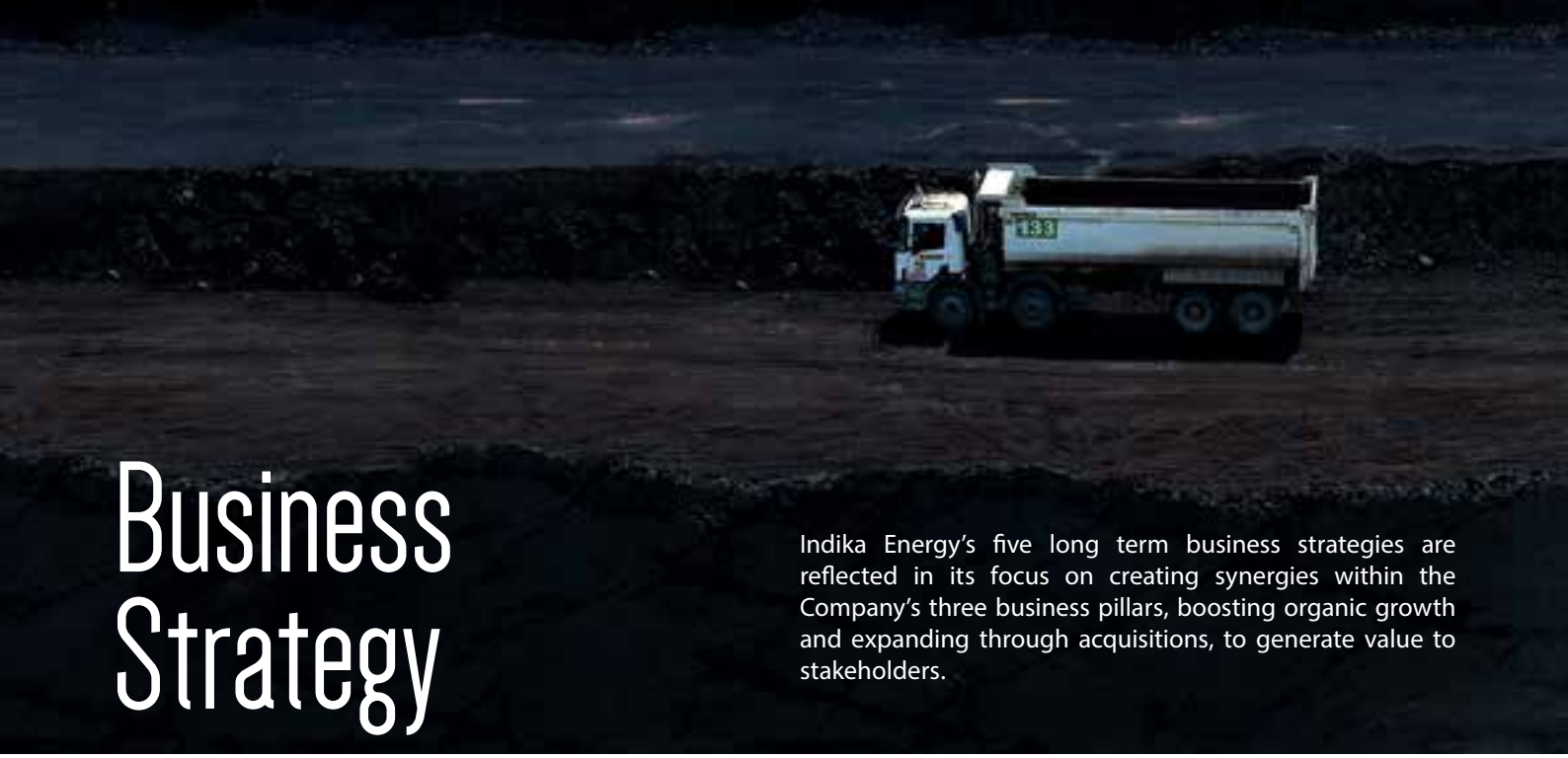
Integrity: Honest with oneself, others and one's work at every moment by upholding prevailing ethical standards and legal norms.

Unity in diversity: Viewing diversity as an asset to the company and accepting, valuing, completing and strengthening one another as a solidly unified entity.

Teamwork: Actively contributing and collaborating based on trust and shared interests rather than personal interests.

Achievement: Achievement as the measure of success and the motivation to do what is best for the company.

Social Responsibility: Highly concerned for the environment and community, and contributing added value as well as contributing to the prosperity of the society.



Business Strategy

Indika Energy's five long term business strategies are reflected in its focus on creating synergies within the Company's three business pillars, boosting organic growth and expanding through acquisitions, to generate value to stakeholders.

1

TO CAPITALISE ON INDONESIA'S ABUNDANT NATURAL RESOURCES AND GROWTH IN ENERGY DEMAND, INCLUDING IDENTIFYING AND ACQUIRING ATTRACTIVE ENERGY INVESTMENTS.

Indika Energy seeks out investments in the energy sector through a disciplined acquisition approach based on deep comprehension of energy assets. This requires Indika Energy to stay informed of natural resources regulatory developments and to promote Indonesia's economic development through its domestic and international interests.

2

TO INTEGRATE DIVERSE ENERGY PLATFORMS AND EXTRACT OPERATIONAL EFFICIENCIES.

Indika Energy's expertise and capabilities now span the entire coal energy operations business chain. Improved operational flexibility and cost management, and the provision of efficient services to clients throughout the value chain, are critical to extracting synergies from this integration.

3

TO LEVERAGE EXISTING PARTNERSHIPS AND EXPERTISE IN THE ENERGY SECTOR BY PURSUING INITIATIVES AIMED AT SUPPLYING AND SERVING NEW MARKETS.

Currently, Indika Energy plays a considerably large role in the coal mining industry as well as nationwide energy services including the logistics and energy infrastructure (power plant) businesses. Kideco's international customers include leading power plant companies from 16 countries across Asia and Europe. Its eco-friendly, low calorific, low-ash and low-sulfur coal gives rise to the possibility through blending of creating new products, for new markets.



Related to the prolonged decline in coal prices, the Company continued to focus on, and consistently implement, a strategy of improved operational efficiency, cash preservation and cost optimisation.

The management conducted ongoing efforts to optimise asset utilisation, reduce cost across the entire organisation, rasionalise human capital and allocate capital expenditure prudently.

4

TO OPTIMISE PRODUCTION OPERATIONAL EFFICIENCIES BY LEVERAGING EXISTING ASSETS FOR PRODUCTIVITY AND EFFICIENCY IN THE MINING OPERATIONS

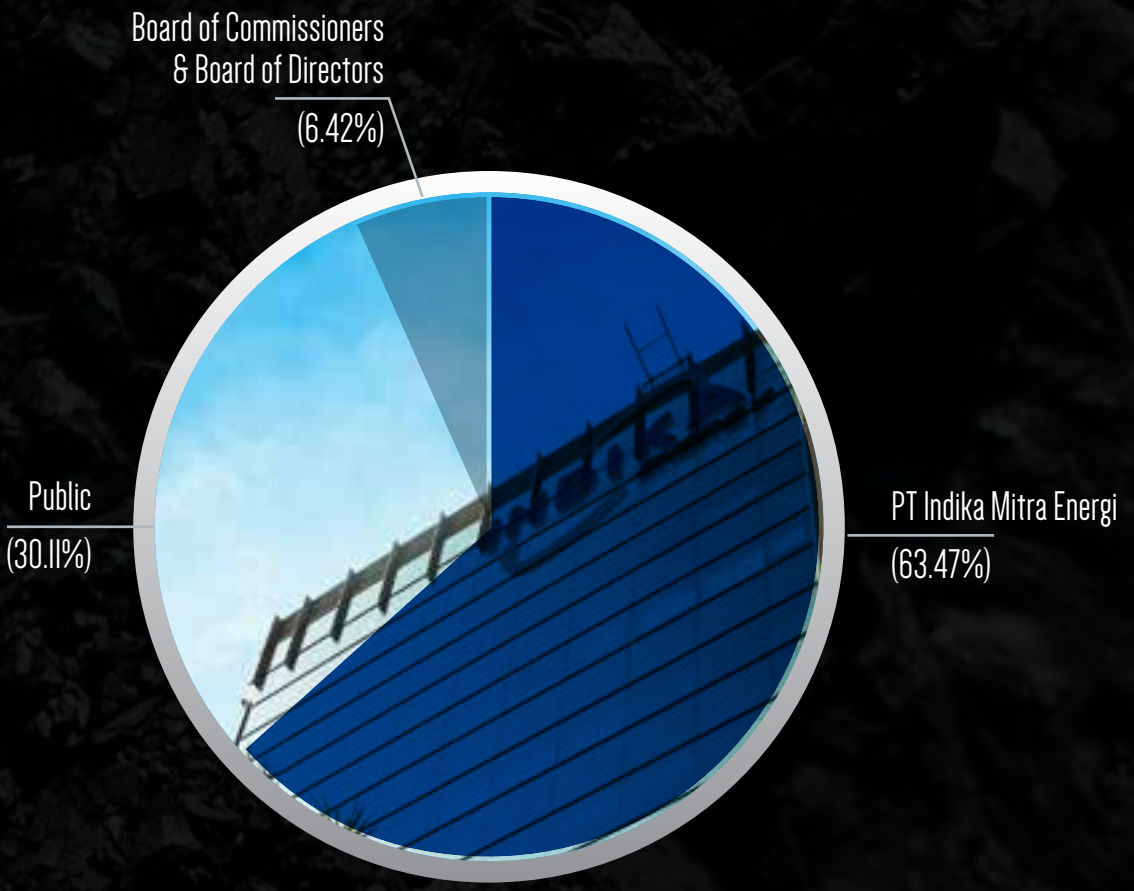
Through structural planning and corporate work plans, Indika Energy's advanced Information and Communication Technology (ICT) system has been harnessed to support business decision-making processes and objectives across all business units to achieve optimal efficiencies in the use of resources, cost management, fleet management and operational flexibility.

5

TO CONTINUE TO DIVERSIFY EARNINGS SOURCES AND STABILISE CASH FLOWS.

Indika Energy's business includes integrating attractive investments to diversify and grow earnings while maintaining financial prudence to ensure value protection.

SHAREHOLDING STRUCTURE AS OF 31 DECEMBER 2014



SHARE OWNERSHIP BY BOARD OF COMMISSIONERS & BOARD OF DIRECTORS AS OF 31 DECEMBER 2014

NO.	NAME	POSITION	NUMBER OF SHARES	SHARES (%)
1	Wiwoho Basuki Tjokronegoro	President Commissioner	5,264,500	0.10
2	Agus Lasmono	Vice President Commissioner	10,156,000	0.19
3	Indracahya Basuki	Commissioner	1,403,500	0.03
4	Pandri Prabono-Moelyo	Commissioner	231,100,200	4.44
5	Anton Wahjosoedibjo	Independent Commissioner	-	-
6	Dedi Aditya Sumanagara	Independent Commissioner	-	-
7	Wishnu Wardhana	President Director	1,208,500	0.02
8	M. Arsjad Rasjid P.M.	Vice President Director	1,208,000	0.02
9	Azis Armand	Director	1,208,000	0.02
10	Eddy Junaedy Danu	Director	81,880,500	1.57
11	Rico Rustombi	Director	-	-
12	Joseph Pangalila	Director	165,000	0.00
13	Richard Bruce Ness	Independent Director	810,000	0.02
	Total		**334,404,200**	**6.42**

CAPITAL STRUCTURE AS OF 31 DECEMBER 2014

AUTHORIZED CAPITAL	ISSUED & PAID-UP CAPITAL
Rp1,700,000,000,000 (Divided into 17,000,000,000 Shares, Each Share With a Par Value of Rp100)	Rp521,019,200,000 (US$56,892,154) (Divided into 5,210,192,000 Shares)

CONTROLLING SHAREHOLDERS AS OF 31 DECEMBER 2014

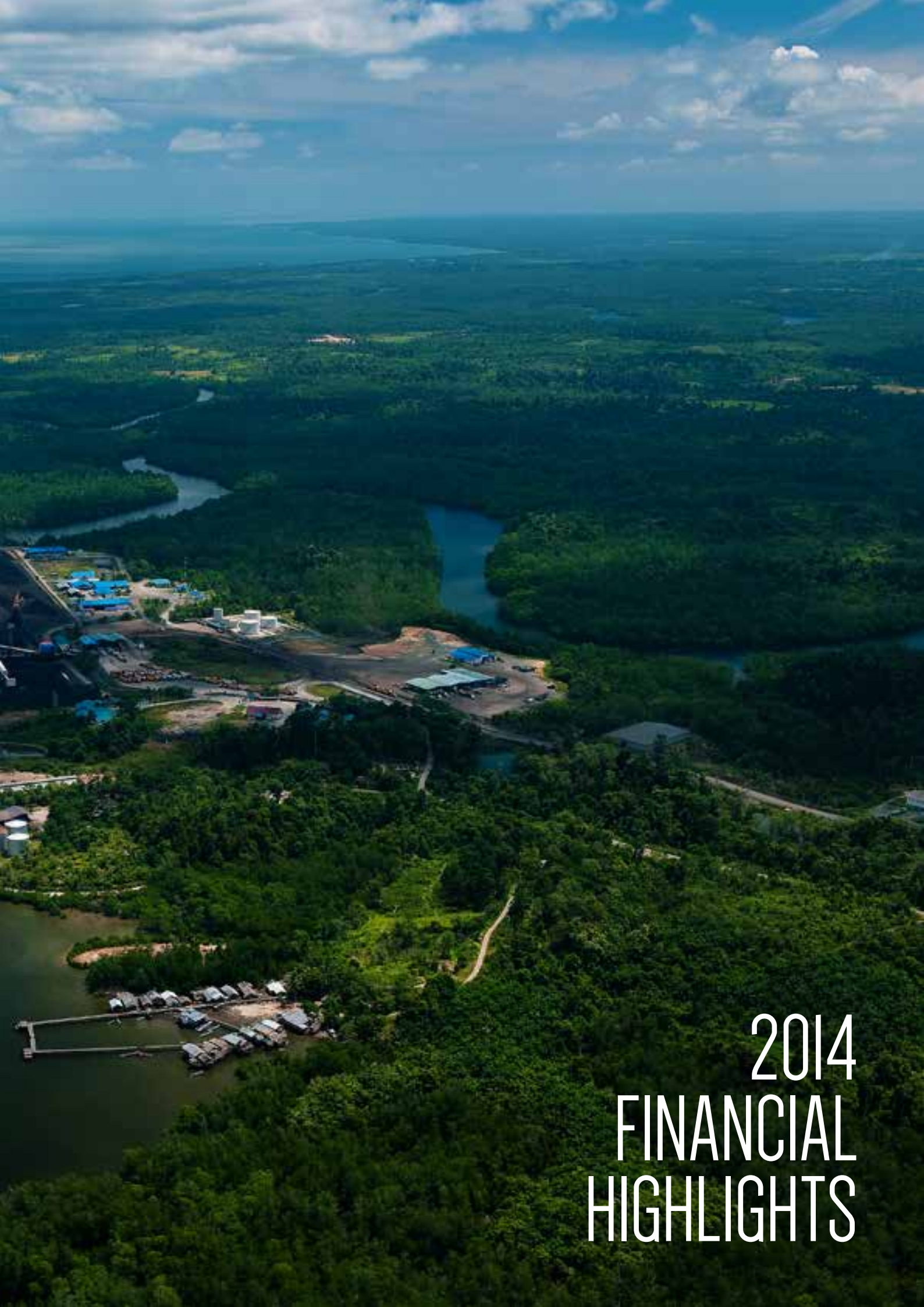
OWNERSHIP STATUS	NUMBER OF SHARES	OWNERSHIP (%)
PT Indika Mitra Energi*	3,307,097,790	63.47
Public (under 5%)	1,903,094,210	36.53

*) Controlled by Wiwoho Basuki Tjokronegoro & family with 40.5% ownership and Agus Lasmono with 59.5% ownership.

SHARE OWNERSHIP COMPOSITION AS OF 31 DECEMBER 2014

OWNERSHIP STATUS	NUMBER OF SHARES	OWNERSHIP (%)
Limited Liability Companies	3,337,549,193	64.06
Individual – Foreign	3,476,500	0.07
Institutions – Foreign	619,600,185	11.89
Insurance	225,095,500	4.32
Pension Funds	62,652,700	1.20
Employees	35,579,500	0.68
Mutual Funds	17,344,995	0.33
Cooperatives	6,460,500	0.12
Foundations	14,636,000	0.29
Individuals – Domestic	887,796,927	17.04
Total	**5,210,192,000**	**100.00**





2014 FINANCIAL HIGHLIGHTS

Indika Energy
Financial Highlights

Expressed in US$, unless otherwise stated

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	2014	2013	2012
Revenues	**1,109,508,311**	863,394,192	749,705,785
Cost of Contracts and Goods Sold	**948,472,697**	669,987,605	556,462,501
Gross Profit	**161,035,614**	193,406,587	193,243,284
General and Administrative Expenses	**132,149,607**	152,450,752	158,569,000
Operating Profit	**28,886,007**	38,830,394	34,674,284
(Loss) Profit for The Year	**(30,498,929)**	(53,798,103)	87,207,432
Total Comprehensive (Loss) Income for The Year	**(30,565,073)**	(49,329,010)	84,832,965
Profit Attributable To :			
Owners of The Company	**(27,514,790)**	(62,487,116)	68,680,536
Non-Controlling Interests	**(2,984,139)**	8,689,013	18,526,896
Total Comprehensive (Loss) Income Attributable To:			
Owners of The Company	**(27,580,934)**	(58,018,023)	66,306,069
Non-Controlling Interests	**(2,984,139)**	8,689,013	18,526,896
Equity in profit of Associates and Jointly Controlled Entities	**73,482,756**	102,511,466	178,983,576
Outstanding Shares	**5,210,192,000**	5,210,192,000	5,210,192,000
Earnings per share	**(0,0053)**	(0,0120)	0,0132
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Investment in associates	**271,766,662**	286,550,051	288,079,887
Investment in jointly-controlled entities	**14,487,529**	21,102,394	25,528,684
Investments in portofolio - Third party	**54,780,796**	54,896,489	40,026,825
Investments in bond	**-**	-	-
Total Current Assets	**831,419,308**	759,345,558	698,911,436
Total Non-Current Assets	**1,458,932,984**	1,556,977,758	1,660,820,522
Total Assets	**2,290,352,292**	2,316,323,316	2,359,731,958
Total Current Liabilities	**396,736,289**	347,398,333	542,284,297
Total Non-Current Liabilities	**981,113,153**	1,019,053,345	794,927,594
Total Liabilities	**1,377,849,442**	1,366,451,678	1,337,211,891
Total Equity	**912,502,850**	949,871,638	1,022,520,067
Total Liabilities & Equity	**2,290,352,292**	2,316,323,316	2,359,731,958
GROWTH			
Revenues	**28.5%**	15.2%	26.3%
Cost of Contracts and Goods Sold	**41.6%**	20.5%	20.3%
Gross Profit	**-16.7%**	-0.1%	47.8%
General and Administrative Expenses	**-14.5%**	-3.9%	44.5%
Operating Profit (Loss)	**-25.6%**	17.2%	64.5%
Profit - Attributable to owners of the Company	**-56.0%**	-191.0%	-46.3%
Total Assets	**-1.1%**	-1.8%	17.1%
Total Liabilities	**0.8%**	2.2%	15.3%
Total Equity	**-3.9%**	-7.1%	19.6%
OPERATING PROFIT RATIO			
Operating Income (Loss) / Revenues (%)	**2.60**	4.50	4.63
Profit (Loss) Attributable to the Owners of the Company / Revenues (%)	**-2.48**	-7.24	9.16
Operating Profit (Loss) / Total Equity (x)	**0.03**	0.04	0.03
Profit (Loss) Attributable to the Owners of the Company / Total Equity (x)	**-0.03**	-0.07	0.07
Operating Profit (Loss) / Total Assets (x)	**0.01**	0.02	0.01
Profit (Loss) Attributable to the Owners of the Company /T otal Assets (x)	**-0.01**	-0.03	0.03
FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities (x)	**2.10**	2.19	1.29
Total Liabilities / Total Equity (x)	**1.51**	1.44	1.31
Total Liabilities / Total Assets (x)	**0.60**	0.59	0.57

REVENUES
in US$

2014 | 1,109,508,311
2013 | 863,394,192

+28.5%



GROSS PROFIT
in US$

2014 | 161,035,614
2013 | 193,406,587

-16.7%

OPERATING PROFIT
in US$

2014 | 28,886,007
2013 | 38,830,394

-25.6%

EQUITY IN NET PROFIT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES
in US$

2014 | 73,482,756
2013 | 102,511,466

-28.3%

(LOSS) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
in US$

2014 | (27,514,790)
2013 | (62,487,116)

-56.0%



ADJUSTED EBITDA*
in US$

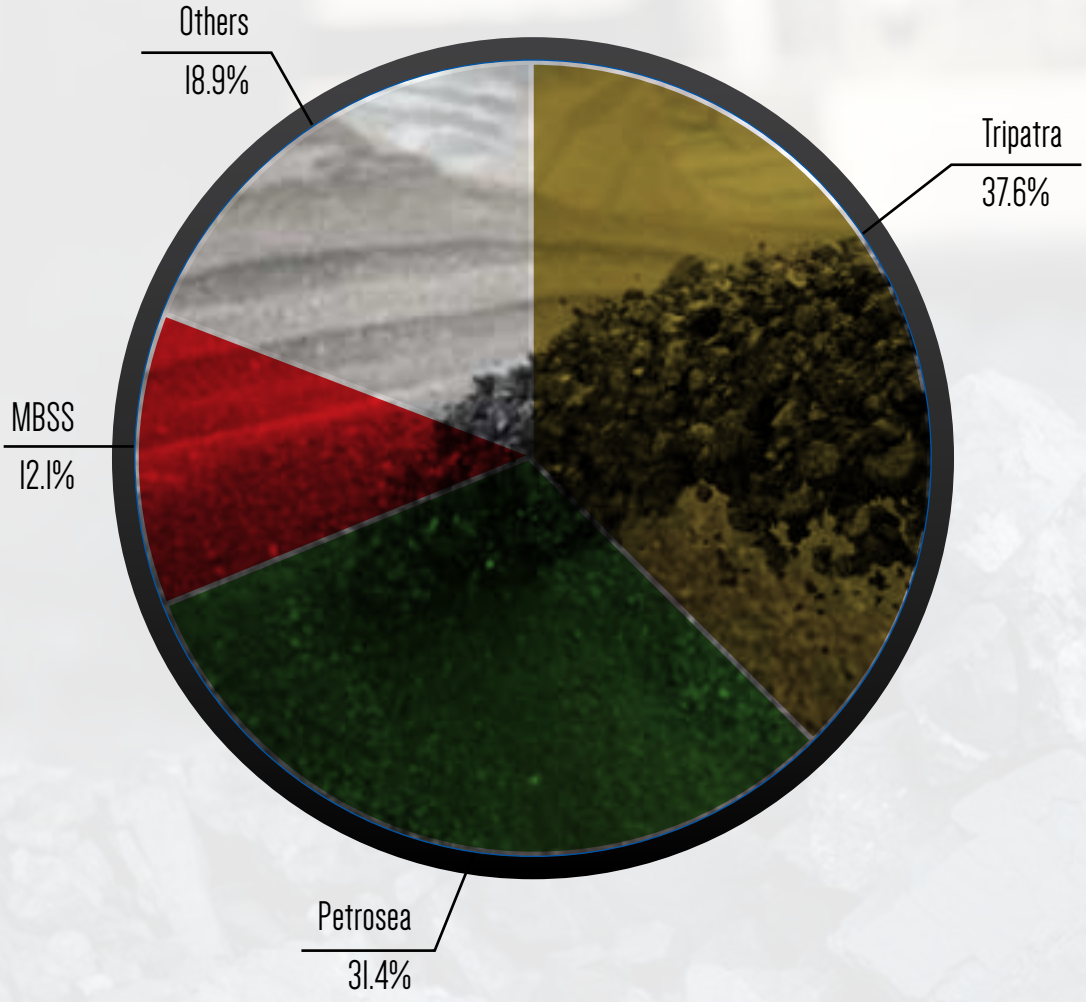
2014 | 231,909,056
2013 | 260,553,462

-11.0%

* Including dividends received from associates and jointly controlled companies.

REVENUE BREAKDOWN 2014

US$1,109.5 million



Stock Highlights

SHARE PRICE

(in Rp)

2014	OPEN	HIGHEST	LOWEST	CLOSE	2013	OPEN	HIGHEST	LOWEST	CLOSE
1st Quarter	610	635	490	585	1st Quarter	1,240	1,730	1,200	1,220
2nd Quarter	630	750	565	630	2nd Quarter	770	1,300	700	770
3rd Quarter	745	815	625	740	3rd Quarter	750	880	475	740
4th Quarter	520	750	500	510	4th Quarter	600	880	580	590

VOLUME AND SHARES TRANSACTION

2014	Q1	Q2	Q3	Q4	2013	Q1	Q2	Q3	Q4
Average/day-Volume (thousand shares)	6,485	8,685	3,765	3,275	Average/day-Volume (thousand shares)	11,586	7,416	20,278	9,690
Average/day-Value (Rp billion)	3.7	5.8	2.7	2.0	Average/day-Value (Rp billion)	17.2	7.7	14.0	7.6

CHRONOLOGICAL SHARE LISTING

DESCRIPTION	SHARES OFFERED	TOTAL NUMBER OF SHARES	DATE OF EFFECTIVE STATEMENT FROM OJK/SHAREHOLDERS MEETING APPROVAL	IDX LISTING DATE
Initial Public Offering	937,284,000	5,207,142,000	2 June 2008	11 June 2008
Employee and Management Stock Option	3,050,000	5,210,192,000	8 May 2008	11 August 2011

BOND INFORMATION

DESCRIPTION	VALUE	STOCK LISTING	INTEREST RATE	EFFECTIVE DATE	MATURITY DATE	RATING
Notes 2018	US$300 Million	Singapore Stock Exchange	7%	5 May 2011	May 2018	"B1" with negative outlook by Moody's and "B+" with negative outlook by Fitch.
Notes 2023	US$500 Million	Singapore Stock Exchange	6.375%	24 January 2013	January 2023	"B1" with negative outlook by Moody's and "B+" with negative outlook by Fitch.

DIVIDEND POLICY

	DIVIDEND AMOUNT (IN BILLION RP)	DIVIDEND PER SHARE (IN RP)	DIVIDEND PAYOUT RATIO	DIVIDEND PAYMENT DATE
2008	437.40	84.00	40.32% of 2008 Net Income	3 July 2009
2009	362.83	69.68	50.00% of 2009 Net Income	25 June 2010
2010	249.94	48.00 (Interim Dividend)	-	30 November 2010
	135.39	26.00 (Final Dividend)	-	29 July 2011
Total	385.30	74.00	50.00% of 2010 Net Income	
2011	312.61	60.00	25.79% of 2011 Net Income	26 July 2012
2012	US$19,000,000,00	US$0.003647	21.79% of 2012 Net Income	31 July 2013

ASSOCIATE COMPANY - KIDECO

Expressed in million US$, unless otherwise stated

COMPREHENSIVE STATEMENTS OF INCOME	2014	2013	2012
Sales	**2,059.4**	2,120.6	2,357.3
Cost of Sales	**1,731.1**	1,654.9	1,623.9
Gross Profit	**328.3**	465.7	733.4
Operating Expenses	**32.7**	31.6	40.4
Operating Income	**295.6**	434.1	692.9
Net Income	**154.4**	212.2	380.0
STATEMENT OF FINANCIAL POSITION			
Total Current Assets	**396.0**	457.6	523.7
Total Non-Current Assets	**206.4**	229.0	221.4
Total Assets	**602.4**	686.7	745.1
Total Current Liabilities	**224.3**	272.0	312.1
Total Non-Current Liabilities	**51.6**	51.4	46.9
Total Liabilities	**275.8**	323.4	359.1
Total Equity	**326.6**	363.3	386.0
Total Liabilities & Equity	**602.4**	686.6	745.1
GROWTH (%)			
Sales	**-2.9**	-10.0	4.0
Cost of Sales	**4.6**	1.9	15.8
Gross Profit	**-29.5**	-36.5	-15.2
Operating Expenses	**3.6**	-21.9	-0.8
Operating Income	**-31.9**	-37.4	-15.9
Net Income	**-27.3**	-44.2	-16.7
Total Assets	**-12.3**	-7.8	-8.9
Total Liabilities	**-14.7**	-9.9	-0.7
Total Equity	**-10.1**	-5.9	-15.3
OPERATING RATIO			
Operating Income / Sales (%)	**14.35**	20.47	29.40
Net Income / Sales (%)	**7.50**	10.01	16.12
Operating Income / Total Equity (x)	**0.90**	1.20	1.80
Net Income / Total Equity (x)	**0.47**	0.58	0.98
Operating Income / Total Assets (x)	**0.49**	0.63	0.93
Net Income / Total Assets (x)	**0.26**	0.31	0.51
FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities (x)	**1.77**	1.68	1.68
Total Liabilities / Total Equity (x)	**0.84**	0.89	0.93
Total Liabilities / Total Assets (x)	**0.46**	0.47	0.48

-2.9%

REVENUES
in million US$

2014 | 2,059.4
2013 | 2,120.6

-29.5%

GROSS PROFIT
in million US$

2014 | 328.3
2013 | 465.7

-31.9%

OPERATING INCOME
in million US$

2014 | 295.6
2013 | 434.1

-27.3%

NET INCOME
in million US$

2014 | 154.4
2013 | 212.2

-29.1%

EBITDA
in million US$

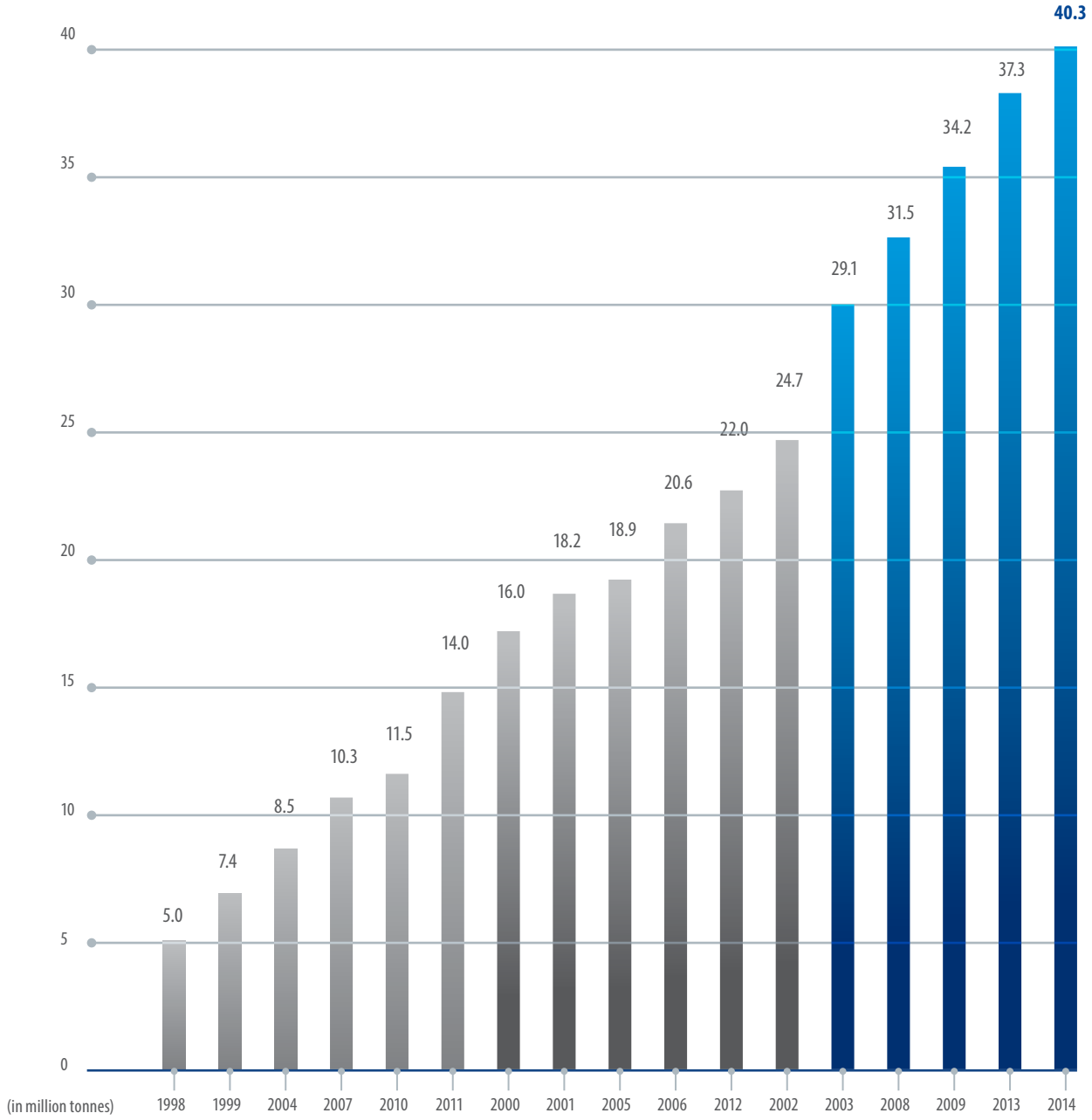
2014 | 328.7
2013 | 463.7

SALES VOLUME
in million tonnes

2014 | 40.2
2013 | 37.1

+8.3%

KIDECO'S COAL PRODUCTION



COAL RESERVES BY PIT

in million tonnes

AREA	CALORIFIC VALUE (KCAL)	PROVED	PROBABLE	TOTAL
Roto South	4,870	91	66	157
Roto North	5,470	-	18	18
Roto Middle	4,730	22	17	39
Susubang	5,120	-	16	16
Samarangau	4,430	79	342	421
Total		**192**	**459**	**651**

Based on JORC Report dated April 2011

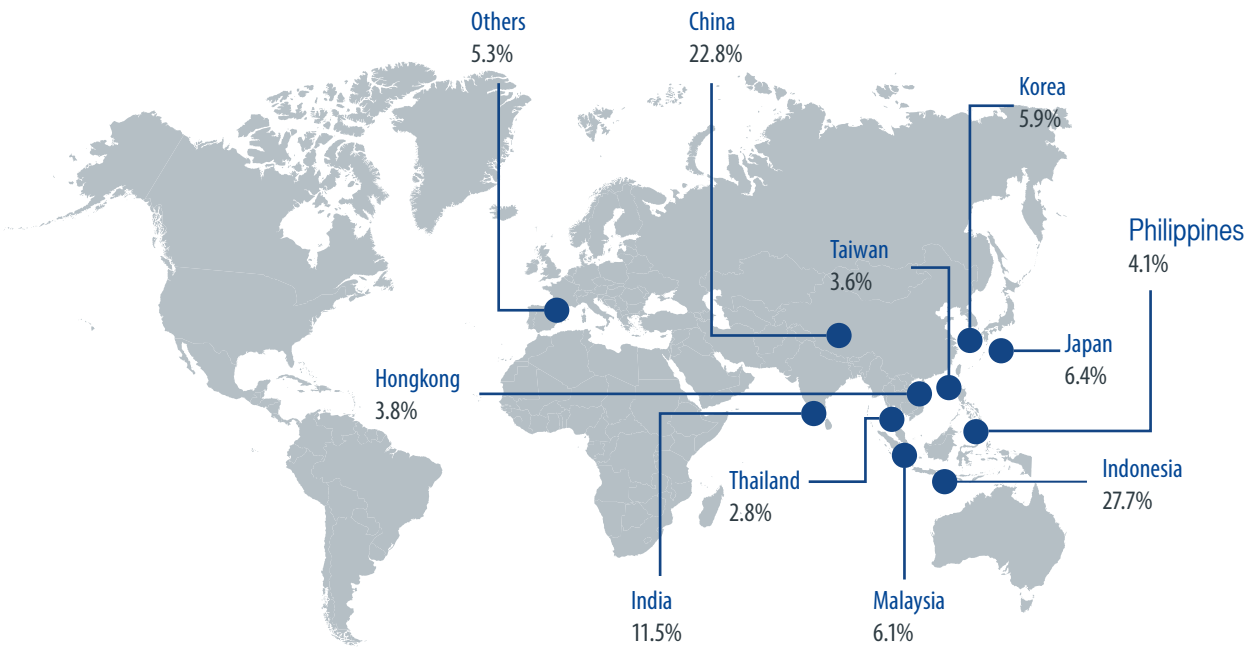
COAL RESOURCES BY PIT

in million tonnes

AREA	MEASURED	INDICATED	INFERRED	TOTAL
Roto South	106	114	44	264
Roto North	-	22	57	79
Roto Middle	27	33	62	122
Susubang	-	21	7	28
Samarangau	88	570	225	883
Total	**221**	**760**	**395**	**1.376**

Based on JORC Report dated April 2011

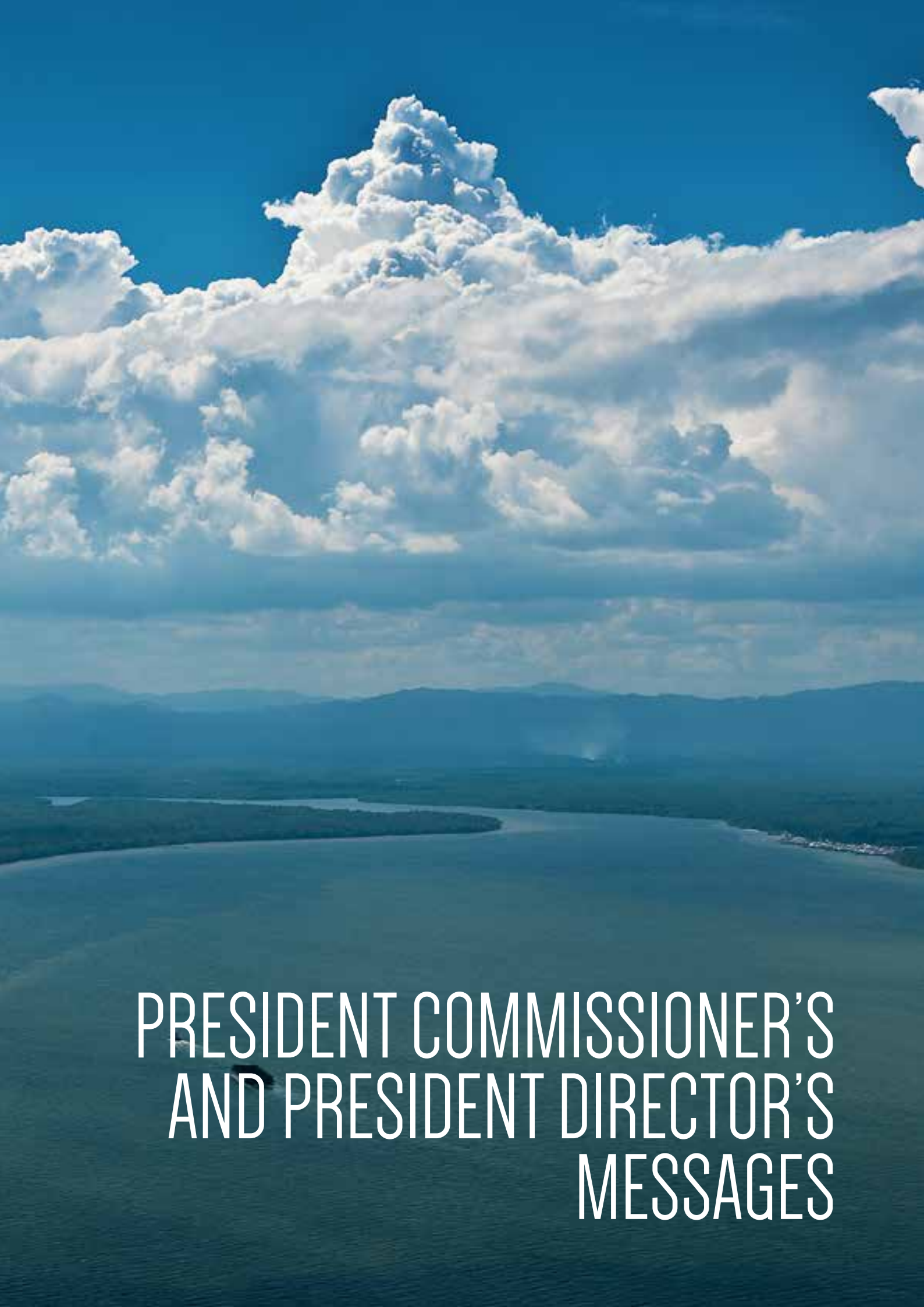
SALES BY DESTINATION 2014



OPERATION BY PIT 2014

DESCRIPTION	ROTO NORTH	ROTO SOUTH	ROTO MIDDLE	SAMARANGAU;	SUSUBANG	TOTAL
Overburden (million bcm)	18.6	115.9	35.8	81.7	5.3	257.4
Production (million tonnes)	3.0	15.9	4.3	16.7	0.5	40.3
Stripping Ratio (x)	6.3	7.3	8.3	4.9	10.4	6.4





PRESIDENT COMMISSIONER'S AND PRESIDENT DIRECTOR'S MESSAGES

PRESIDENT COMMISSIONER'S MESSAGE

"WE ARE CONFIDENT IN THE FUTURE DEVELOPMENT OF THE COMPANY'S BUSINESS PROSPECTS; THE CRUCIAL CHALLENGE IS HOW THE COMPANY CAN EFFECTIVELY MANAGE COST IN THE INCREASINGLY COMPETITIVE ENERGY INDUSTRY."

WIWOHO BASUKI TJOKRONEGORO
President Commissioner



Respected Shareholders,

The business environment in 2014 continued to be very challenging for all participants in the coal industry worldwide. Global coal prices declined further due to a combination of factors, foremost a slowdown in China's economic growth compounded by new regulations limiting coal imports into China. Meanwhile, India's coal import demand was not as expected as the restructuring of the domestic power sector still faces challenges. These factors have resulted in further coal price weakening.

RESULTS & EVALUATION FOR 2014

As an integrated energy company with substantial coal-related holdings, Indika Energy's performance was impacted by the abovementioned developments. However, the Company registered some growth in the oil and gas-related Engineering, Procurement & Construction (EPC) business as well as in the coal trading business. Notwithstanding these two developments, the Company recorded an overall loss in 2014 as all subsidiaries engaged in coal-related businesses experienced margin contraction, while the EPC business delivered relatively low margin contribution.

Under these persistently challenging conditions, the management of Indika Energy continued to maintain a prudent approach to business, with increased focus on efficiency, optimizing cost structure, preserving cash, enhancing asset utilization, and rationalizing operations which are susceptible to coal price changes. At the same time, Indika Energy pushed to enhance its business activities within the group which required minimum capital spending such as engineering and project management services, as well as coal trading. Synergies were continually developed within Indika Energy group by leveraging each subsidiary's operational strengths.

GOVERNANCE & HUMAN CAPITAL

The Company continued to improve its organizational structure, among others by strengthening the functions of committees at all subsidiaries for oversight covering aspects such as audit, governance, risk and investment, and human capital development. These committees are actively engaged in promoting improvements and enhancing coordination at the holding level.

Human capital development, as the key driver of the Company's performance, continues to be given high priority, with improvements to strengthen the quality and competency of staff and employees through various trainings and development. The ability to innovate, embrace change and drive business growth is essential for transformation into a high performance company.

BUSINESS PROSPECTS & STRATEGY

In the coming years, the growth in demand for primary energy sources including coal for Asia and especially Indonesia will continue to increase in line with future economic development. Coal, as a competitive primary energy source, will continue to play a significant role in supporting the region's economic growth. We are confident in the future development of the Company's business prospects; the crucial challenge is how the Company can effectively manage cost in the increasingly competitive energy industry. We believe that with the initiatives taken by the management, the Company will be well-positioned to meet this challenge going forward.

In closing, on behalf of the Board of Commissioners, I wish to thank the shareholders for the support given during this challenging time. I expect the Board of Directors and all staff and employees to continue efforts to improve the performance of the Company in the coming years.



WIWOHO BASUKI TJOKRONEGORO
President Commissioner

PRESIDENT DIRECTOR'S MESSAGE

"IN 2014, THE MAIN PRIORITY OF THE COMPANY WAS TO IMPROVE OPERATIONAL EFFICIENCY, CONTINUE COST REDUCTION, TIGHTEN CAPITAL SPENDING AND PRESERVE CASH. THE COMPANY WILL ALSO MANAGE RISK BY FOCUSING ON EFFICIENT CASH FLOW MANAGEMENT."

WISHNU WARDHANA
President Director & CEO



Valued Shareholders,

The year 2014 was another challenging year for companies engaged in the Indonesian coal sector business, including Indika Energy. The primary factor was the continuing slowdown in China's demand for coal in 2014, given that China is the largest importer of Indonesian coal. In addition, China reintroduced duty on coal imports, making domestic coal cheaper than imports. In the meantime, coal demand from India did not grow as expected. These developments resulted in oversupply of coal on the global market, leading to intensified competition among coal producers and related industries which further depressed prices. As a result, the entire coal value chain was significantly impacted.

2014 PERFORMANCE & STRATEGY

As a result of prolonged pricing pressure on the coal industry, Indika Energy recorded net loss in 2014, despite an increase in revenue from US$863.4 million in 2013 to US$1,109.5 million in 2014. The biggest revenue contributor was Tripatra, whose revenue grew 37.7% to US$417.7 million based on full year recognition of major Engineering, Procurement & Construction (EPC) projects. Coal trading also contributed positively, with revenues increasing to US$143.0 million on higher volumes of coal traded from 56,000 tonnes to 3.6 million tonnes.

However, these contributions were offset by a decrease in revenue from Petrosea and MBSS. Petrosea registered revenue of US$347.9 million in 2014, representing a drop of 3.3%, while MBSS' revenue decreased 11.3% to US$134.1 million, as both were impacted by pricing pressures and lower capacity utilization.

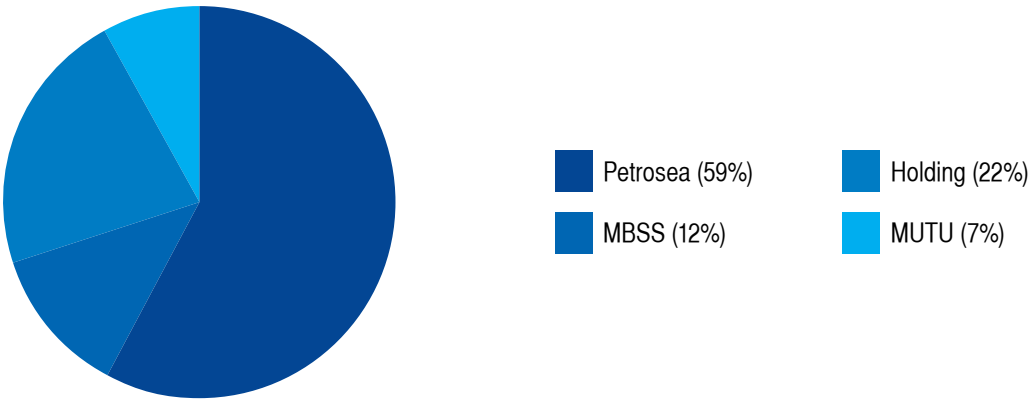
Reflecting the change in revenue and margin level mix, the overall cost structure of the business portfolio also changed. Cost of contracts and goods sold grew 41.6% in 2014 to US$948.5 million, driven mainly by costs associated with growth in the lower margin EPC projects and smaller margins from the coal trading business. Fixed cost proportions for Petrosea and MBSS increased due to low capacity utilization. As a consequence, consolidated gross margin declined 16.7% to US$161.0 million.

Measures consisting of cost efficiency and reduced capital spending continued to be implemented to address the prolonged price decline in the coal industry. Group wide cost rationalization successfully reduced consolidated operating expenses by US$22.4 million to US$132.1 million in 2014. In addition, the 2013 liability management exercise resulted in annual interest cost savings of around US$7.8 million from 2014 onwards. In 2014, capital spending declined to US$68.5 million compared with US$74.5 million in 2013, mainly for maintenance of heavy equipment and completion of ongoing construction of the needed office facility.

In parallel, equity in net profit of associates and jointly controlled entities declined by 28.3% to US$73.5 million in 2014, mainly as a result of reduced earnings contribution from Kideco due to the decline in coal prices.

As shown by these operational results, the Company had a total net loss of US$27.5 million compared with net loss of US$62.5 million in 2013, including one off transactions in both years. Nonetheless, the Company closed the year with a healthy cash balance and other financial assets amounting to US$411.1 million.

Capital Expenditures in 2014
100%= US$68.5 Million



GOVERNANCE & HUMAN CAPITAL

To support improvement of operational efficiencies and synergies of the subsidiary companies, corporate governance and control was strengthened at all levels during the year. The actions taken included enhancing committee functions covering audit, human capital, governance and risk & investment, implementing a Group-wide SAP information system, and implementing an online whistleblowing mechanism in the whole group.

Human capital development was further strengthened through selective leadership training to enhance managerial leadership abilities as realized among others by the annual Indika Energy Leadership Summit. Meanwhile, a rationalization programme took place, mostly related to the suspension of certain coal operations.

OUTLOOK FOR THE FUTURE

The outlook for coal prices in the near future remains low, as is Indonesia's economic growth rate which is predicted to remain sluggish at less than 6% in 2015.

Reflecting on the Company's performance in 2014 and the prolonged downturn of the coal industry, the immediate priority is to continue focus on achieving operational efficiency as well as further cost reductions, tightened capital spending and cash preservation efforts.

While coal prices are not projected to recover within the immediate future, energy is a crucial need for any country, including Indonesia which requires a large supply of energy due to its relatively high rate of economic growth.

We believe that the Company is strategically positioned to face these conditions and will be able to realize potential opportunities ahead by maintaining its focus and long term strategy of being an integrated energy business.

In summary, the management will continue to take a proactive role in protecting value as the Company's business portfolio is developed, enhanced and diversified with reference to the principle of prudence.

On behalf of the Board of Directors, I would like to thank all our stakeholders for their support during this challenging period. Lastly, a special note of appreciation goes out to the Board of Commissioners for its support and advice, on our path of progress towards improved Company performance.



WISHNU WARDHANA
President Director & CEO


IKA
ENERGY
RAPAT UMUM PEMEGA
PAPAR
PT INDIK



BOARD OF COMMISSIONERS & BOARD OF DIRECTORS PROFILES

The Board of Commissioners



INDRACAHYA BASUKI

Commissioner



DEDI ADITYA SUMANAGARA

Independent Commissioner



WIWOHO BASUKI TJOKRONEGORO

President Commissioner



PANDRI PRABONO-MOELYO

Commissioner



AGUS LASMONO

Vice President Commissioner



ANTON WAHJOSOEDIBJO

Independent Commissioner

Board of Commissioners Profile



WIWOHO BASUKI TJOKRONEGORO

President Commissioner

Age 75, appointed as President Commissioner of Indika Energy in February 2007 as referred to Deed Number 24 dated 15 February 2007. Bapak Wiwoho Basuki Tjokronegoro also holds positions as President Commissioner of PT Indika Mitra Energi (since 2005), PT Teladan Resources (since 2005), PT Indoturbine (since 2005) and PT Teladan Utama (since 2008). Previously he held positions as the President Director of PT Teladan Resources (1998-2005), President Commissioner of TPEC (1988-2012) and TPE (1992-2012). He graduated with Magna Cum Laude from the University of Kansas, earning a Bachelor of Science in Petroleum Engineering in 1964 and a Master of Science in Petroleum Engineering in 1965. Bapak Wiwoho Basuki Tjokronegoro also entered into post-graduate study in Earth Science at Stanford University from 1968 to 1969.



AGUS LASMONO

Vice President Commissioner

Age 43, appointed as Vice President Commissioner of Indika Energy since February 2007 as referred to Deed Number 24 dated 15 February 2007. Bapak Agus Lasmono also holds positions as President Commissioner of PT Net Mediatama Indonesia (since 2012) and PT Indika Inti Corpindo (since 2004), Commissioner of PT Indika Inti Mandiri (since 1999) and Kideco (since 2004) and as President Director of PT Indika Mitra Energi (since 2010) and PT Indika Multi Media (since 2002). Previously he also held positions such as President Commissioner of PT Indika Inti Mandiri (1996- 1997), President Director of PT Indika Inti Mandiri (1997-1999) and Independent Commissioner of PT Surya Citra Media Tbk. and PT Surya Citra Televisi (2005-2012). He earned his Bachelor of Arts in Economics from Pepperdine University, Malibu, California, United States in 1993 and Master degree in International Business from West Coast University, Los Angeles, California, United States in 1995.



INDRACAHYA BASUKI

Commissioner

Age 41, appointed as Commissioner of Indika Energy since February 2007 as referred to Deed Number 24 dated 15 February 2007. Bapak Indracahya Basuki also holds positions as Director of PT Teladan Resources (since 1998) and PT Indika Mitra Energi (since 2005). Previously Bapak Indracahya Basuki also held positions as Commissioner of Tripatra (2007-2012). He earned a Bachelor of Science in Mechanical Engineering from Columbia University, New York, United States in 1996 and a Master of Business Administration from Rice University, Houston, Texas, United States in 2002.



PANDRI PRABONO-MOELYO

Commissioner

Age 66, appointed as Commissioner of Indika Energy in May 2013 as referred to Deed Number 15 dated 15 May 2013. Bapak Pandri Prabono-Moelyo initially joined Indika Energy as Director in 2007 as referred to Deed Number 24 dated 15 February 2007. Bapak Pandri Prabono-Moelyo has more than 35 years experiences with Tripatra. Currently he also holds positions as President Commissioner of Tripatra (since 2012), Commissioner of Petrosea (since May 2011), and Director of Tripatra (Singapura) Pte. Ltd. (since 2005). He previously held positions as Director of Indika Energy (2007-2013), President Director of TPEC (1988-2010) and TPE (1992-2010), and as President Commissioner of Petrosea (2009–2010). He has extensive experiences in dealing with large scale international construction contracts and in practices and characteristics of construction industries in Indonesia. Earned his degree in Mechanical Engineering from the Bandung Institute of Technology in 1974 and a Master of Business Administration from Central Institute of Management in 1989.





ANTON WAHJOSOEDIBJO

Independent Commissioner

Age 75, appointed as Independent Commissioner of Indika Energy since March 2008, as referred to Deed Number 65 dated 13 March 2008. Bapak Anton Wahjosoedibjo also holds position as President Director of PT Pranata Energi Nusantara (since 2004). Previously, Bapak Anton Wahjosoedibjo served as executive advisor at Amoseas Indonesia Inc. and Senior Vice President and Deputy Managing Director of PT Caltex Pacific Indonesia (Chevron). He earned a degree in Electrical Engineering from the Bandung Institute of Technology (ITB), Indonesia in 1962, attended the post-graduate study in Electrical Engineering at the University of Pennsylvania (1966), and earned a Petroleum Professional Diploma from the International Petroleum Institute, Tulsa, Oklahoma, United States in 1976. He also attended various executive programs at Stanford University, Palo Alto, California and National University of Singapore (1983), The Southern Methodist University of Dallas, Texas (1988) and Princeton University, New Jersey, United States.

DEDI ADITYA SUMANAGARA

Independent Commissioner

Age 67, appointed as Independent Commissioner of Indika Energy in May 2010 as referred to Deed Number 131 dated 19 May 2010. Bapak Dedi Aditya Sumanagara serves as Chairman of the Board of Councilors of the Association of Indonesian Mining Professionals (2012-2015). Previously he held positions as President Commissioner of PT Semen Gresik (Persero) Tbk. (2008-2013), Chairman of the Indonesian Chamber of Commerce and Industry (2004-2009), President Director of PT Aneka Tambang (Persero) Tbk. (1997-2008), Commissioner of PT Indonesia Chemical Alumina (2008-2012) and Director of Development of PT Aneka Tambang (Persero) Tbk. (1994-1997). He has more than 35 years experiences in the mining industry. He earned his degree in Geological Engineering in 1974 from the Bandung Institute of Technology.

The Board of Directors



AZIS ARMAND

Director

WISHNU WARDHANA

President Director

RICHARD BRUCE NESS

Director



EDDY JUNAEDY DANU

Independent Director



M. ARSJAD RASJID P.M.

Vice President Director



JOSEPH PANGALILA

Director



RICO RUSTOMBI

Director

Board of Directors Profiles



WISHNU WARDHANA

President Director

Age 44, appointed as President Director of Indika Energy in May 2013, whilst previously he held position as the Vice President Director of Indika Energy from May 2009 to May 2013. Bapak Wishnu Wardhana initially joined Indika Energy as Director in 2007 as appointed Deed Number 24 dated 15 February 2007. Previously Bapak Wishnu Wardhana also holds positions as President Commissioner of PT Indika Infrastruktur Investindo (2008-2009, 2013-2014), Vice President Commissioner of Petrosea (2013-2014) and Commissioner of MBSS (2013-2014). Currently he also holds positions as Vice President Commissioner of Tripatra (since 2012), Commissioner of PT Indika Mitra Energi (since 2005), PT Indoturbine (since 2005), Kideco (since 2005), and PT Indika Energy Infrastructure (since June 2010), President Director of PT Teladan Resources (since 2004) and PT Indika Inti Corpindo (since 2008). He has been appointed as Asia Pacific Economic Cooperation Business Advisory Council (ABAC) Indonesia Chair and APEC CEO Summit 2013 Chair (Decree of President of Republic of Indonesia No. 79M Year 2012). He earned his Bachelor of Arts in Economics from Pepperdine University, California, United States in 1993.



M. ARSJAD RASJID P.M.

Vice President Director
(Operation & Finance)

Age 44, appointed as Vice President Director of Indika Energy in May 2013, whilst previously he held position as President Director of Indika Energy since November 2005 to May 2013. Bapak Arsjad Rasjid initially appointed as President Commissioner of Indika Energy in 2000 with reference to Deed Number 31 dated 19 October 2000. Currently he also holds positions as Director of Kideco (since 2005), Commissioner of Tripatra (since 2007), Commissioner of PT Indika Mitra Energi (since 2010), President Commissioner of MBSS (since 2010) and Director of PT Indika Energy Infrastructure (since 2010). Bapak Arsjad Rasjid studied at the University of Southern California in Computer Engineering in 1990 and earned his Bachelor of Science in Business Administration in 1993 from Pepperdine University, California, United States. In March 2012, he completed the Executive Education Global Leadership and Public Policy for the 21st Century program at the Harvard Kennedy School, United States and on Insights Into Politics and Public Policy in Asia for Global Leaders at the Lee Kuan Yew School of Public Policy, Singapore. In 2013 he completed Executive Education on Impacting Investing at Said Business School, University of Oxford, United Kingdom. In 2014 he completed Executive Education on Leadership and Decision Making in the 21st Century program at the Jackson Institute for Global Affairs, Yale University, United States.



AZIS ARMAND

Director
(Director of Resources: Coal and Oil & Gas)

Age 47, appointed as Director of Indika Energy since February 2007, whilst from March 2008 to May 2013, he held position as Unaffiliated Director of Indika Energy. Bapak Azis Armand initially joined Indika Energy as Director in 2007 with reference to Deed Number 24 dated 15 February 2007. He also holds positions as Commissioner of PT Indika Inti Corpindo (since 2008) and PT Indika Infrastruktur Investindo (since 2008). Previously he also held position as Commissioner of Petrosea (2009-2013). He has more than 10 years extensive experiences in Corporate Finance and Investment, with previous careers as Rating Manager at PT Pemeringkatan Efek Indonesia (1995-1997) and Associate at JP Morgan Chase (1997-2004). He earned a degree in Economics from the Faculty of Economics University of Indonesia in 1991 and Master in Urban Planning from the University of Illinois in Urbana-Champaign, United States in 1995.



EDDY JUNAEDY DANU

Independent Director
(Director of Energy Infrastructure: Power Plant)

Age 64, appointed as Independent Director of Indika Energy in May 2014. Bapak Eddy Junaedy Danu initially joined Indika Energy as Director in 2009 with reference to Deed Number 123 dated 28 May 2009. He also holds other positions such as President Commissioner of Petrosea (since April 2014), PT Indika Multi Energi Internasional (since May 2014) and PT Indika Infrastruktur Investindo (since May 2014). Previously he held positions such as President Director of Petrosea (2013-2014), PT Indika Infrastruktur Investindo (2013-2014) and PT Cirebon Electric Power (2013-2014). He had been with Tripatra for more than 35 years, where previously he also held positions such as Commissioner of Tripatra and Executive Director for Marketing and Operational. Has more than 36 years experiences in engineering and project management and has served as Project Engineer and Project Manager for various large-scale oil and gas EPC projects. He graduated with a degree in Electrical Engineering from Bandung Institute of Technology (ITB) in 1973 and a Master in International Business from Prasetya Mulya Business School in 1998.



RICHARD BRUCE NESS

Director
(Director of Energy Services: Mining and Director of Business Development)

Age 65, appointed as Director of Indika Energy in May 2014, whilst previously he held position as Director of Indika Energy since May 2009 and as Independent Director in 2013 to 2014. Bapak Richard Bruce Ness initially joined Indika Energy as Director in 2009 with reference to Deed Number 123 dated 28 May 2009. Currently he is also the President Director of Petrosea (since April 2014). Bapak Richard Bruce Ness has been actively involved in the energy, resources and mining sectors for more than 30 years. Key positions he previously held, including President Commissioner of Petrosea (2013-2014), Commissioner of MBSS (2010–2011), President Director at various affiliates and subsidiaries of Newmont, mining consultant at PT Clinton Indonesia and Vice President of PT Freeport Indonesia. Bapak Richard Bruce Ness also holds the position of Chairman of Mining for the American Chamber of Commerce, Indonesia. He earned a degree in Mechanics from Moorhead Technical Institute, Minnesota, United States in 1969 and attended Moorhead State University, Minnesota, United States for additional studies in post-secondary education until 1979. Bapak Richard Bruce Ness also completed the Professional Management program at Harvard Business School, United States in 1992.



RICO RUSTOMBI

Director
(Director of Energy Infrastructure: Sea Logistics)

Age 46, initially appointed as Director of Indika Energy in May 2013 with reference to Deed Number 15 dated 15 May 2013. He also holds positions as the President Director of MBSS since 2012 and Commissioner of PT Cotrans Asia since 2006. Previously he also held positions as the Vice President Director MBSS (2010-2012) and Commissioner of Petrosea (2010-2013). Bapak Rico Rustombi joined Indika Energy in 2006 and appointed as Group Chief Corporate Affairs of PT Indika Energy Tbk (2011-2013). He also holds positions as Finance Director of PT Abadi Agung Utama, President Director of PT Wahana Artha Mulya (since 2005) and President Director PT Quantum Sarana Nusantara since 2004. Bapak Rico Rustombi also held numerous positions at different mining, engineering, construction and energy services companies in Indonesia throughout his career. He is also active as an executive board in organization such as KADIN and HIPMI. He earned a bachelor's degree in Economics from the Indonesian School of Economics and Business Management (STEKPI) majoring in Finance and a master's degree in Finance from the University of Gadjah Mada, Yogyakarta.



JOSEPH PANGALILA

Director
(Director of Energy Services: Oil & Gas)

Age 51, initially appointed as Director of Indika Energy in May 2013 with reference to Deed Number 15 dated 15 May 2013. Currently he also serves as President Director of Tripatra (since 2012), whilst previously he held position as Director of Tripatra (2007–2012). Bapak Joseph Pangalila started his career in 1988 in Tripatra and he used to be a lecturer at the Department of Mechanical Engineering at the Bandung Institute of Technology. He earned a degree in Mechanical Engineering from the Bandung Institute of Technology in 1987 and a Master degree in Business Administration from University of Indonesia in 1991.


INDIKA
INDIKA ENERGY LEAD
BANDUNG, 22-



MANAGEMENT REPORT

Economy & Industry Overview



ECONOMIC REVIEW

Global growth was mixed in 2014, with IMF estimates of growth for Asia slowing slightly to 6.5% over 6.6% in 2013. The main drag on growth in Asia was China's slowing economy, which was partially offset partially by India's acceleration. The Indonesian economic growth expanded at its slowest pace in five years with growth at 5.1% according to the Central Statistics Agency, down from 5.6% the year before. The main factors were tight monetary stance, a weak global economy with slowing Chinese growth, and a tightly contested race. Indonesia also suffered from falling commodity prices, a widening current account and depreciation of the Rupiah.

Indonesia's long term prospects remain intact. Fueled by strong consumer demand, a stable banking system and political climate, the economy has plenty of growth potential given the nation's large and youthful population of some 240 million people. Accordingly, the demand for energy is also expected to rise as a crucial need for development, supported by nationwide urbanization and infrastructure development. As an integrated energy company, Indika Energy is well-positioned to participate in these sectors.

COAL INDUSTRY REVIEW

Global coal prices continued their prolonged decline in 2014, with the average price of the Newcastle declined from US$82.9 per tonne in 2013 to US$68.7 per tonne in 2014.

The primary factor was the slowdown in Chinese demand for coal in 2014. In addition, China reintroduced a duty on coal imports, making domestic coal cheaper than international supplies. International coal prices consequently declined due to the increase in available supply. Indian demand growth for coal, while growing, was insufficient to offset the decline in Chinese demand.

Consequently, Indonesian coal producers and related industries were significantly affected as China is the largest coal export market for Indonesia. Top tier producers continued to try to compensate for lower prices by increasing volume to maintain revenue, with exports increased from 349 million tonnes in 2013 to 359 million tonnes, according to the Ministry of Energy & Mineral Resources, putting more pressure on prices, while a number of smaller of coal producers chose to suspend their operations completely.

Meanwhile, oil and gas prices declined by more than 40% between mid-2014 and year-end due to a combination of factors including high levels of oil production in the Middle East, ramped up American shale oil production resulting in lower oil imports to the United States, and slowing demand from Europe and Asia Pacific. All these factors have resulted in higher levels of available supply, depressing market prices.


PE



Operational Review

MEETING THE CHALLENGE

Indika Energy faced a challenging year in 2014, with continued pressure on its coal-related businesses due to the difficult market conditions. The majority of its subsidiaries and associate companies performed lower for the year, though still contributing positively. The main contributor to revenue in 2014 were oil and gas engineering, procurement and construction (EPC) services carried out by Tripatra, which contributed approximately 40% of revenue in 2014.

COAL RESOURCES ASSETS

	Indika Energy's Ownership	Coal Reserves (in million Tonnes)	Coal Resources (in million Tonnes)	Concession Area (Hectares)
Kideco	46.0 %	651.0 (1)	1,376.0 (1)	50,921 (1)
Santan	34.9 %	17.3 (2)	61.5 (2)	24,930 (2)
MEA	60.0 %	~40 (3)	~100 (3)	5,000 (3)
MUTU	85.0 %	40.6 (4)	75.2 (4)	24,970 (4)

(1) Source: Based on a JORC-compliant report prepared by PT Runge Indonesia as of 31 April, 2011.
(2) Source: Based on a JORC-compliant report prepared by PT Runge Indonesia as of 1 January, 2011 in respect of the Separi block.
(3) Source: In-house geologist estimate.
(4) Source: Based on a USGS-compliant January 2011 report prepared by PT LAPI ITB and based on management estimates.



Faced with a bearish climate for coal, Indika Energy continued ongoing cost efficiency initiatives, optimized the cost structure, preserved cash, tightened capital spending, enhanced non-coal holdings in our business portfolio such as EPC, and rationalized operations susceptible to drastic coal price changes. At the same time, improvements continued to be made in various areas including human capital, information technology, and corporate governance.

Revenues grew 28.5% to US$1,109.5 million in 2014, with a 16.7% decrease in gross profit to US$161.0 million. Major developments in 2014 included:

- Cost efficiency initiatives: Human resources rationalisation and cost cutting initiatives across Indika Energy Group decreased consolidated operating expense by US$22.4 million.
- Rationalizing operations susceptible to drastic coal price changes: Operations at coal asset Santan Batubara were suspended during the year, reserving its high quality coal for better pricing conditions. The Company has decided to defer the start of production and are currently in the process of reevaluating the mine and business plan at Mitra Energi Agung and Multi Tambangjaya Utama.
- Leadership competency training was held for the Board of Directors and employees to boost productivity.
- Health, Safety and Environment (HSE) compliance was maintained across the Group.
- Implementation of a Group-wide SAP ERP system for improved management and reporting.



Energy Resources

The Energy Resources business pillar focuses on the exploration, production and processing of coal.

The Company has engaged in coal mining operations since 2004, through a 41.0% acquisition of interest in coal producer PT Kideco Jaya Agung ("Kideco"), which was later increased to 46.0% in 2006. In 2009, coal producer PT Santan Batubara ("Santan") was added to the energy resources portfolio, through the acquisition of PT Petrosea Tbk. In 2012, Indika Energy acquired stakes in coal assets PT Mitra Energi Agung (MEA) and PT Multi Tambangjaya Utama (MUTU).

PT KIDECO JAYA AGUNG

PT Kideco Jaya Agung (Kideco) was established in 1982 and engages in surface open-cut coal mining at its 50,921 hectare concession area in East Kalimantan, Indonesia, where it holds coal mining rights until 2023 under a first-generation Coal Contract of Work (CCoW). As Indonesia's third-largest coal mining company measured by production, Kideco represents the Company's core asset in the energy resource pillar.

Located in Paser Regency, East Kalimantan, Kideco operates five mine concession sites using open pit



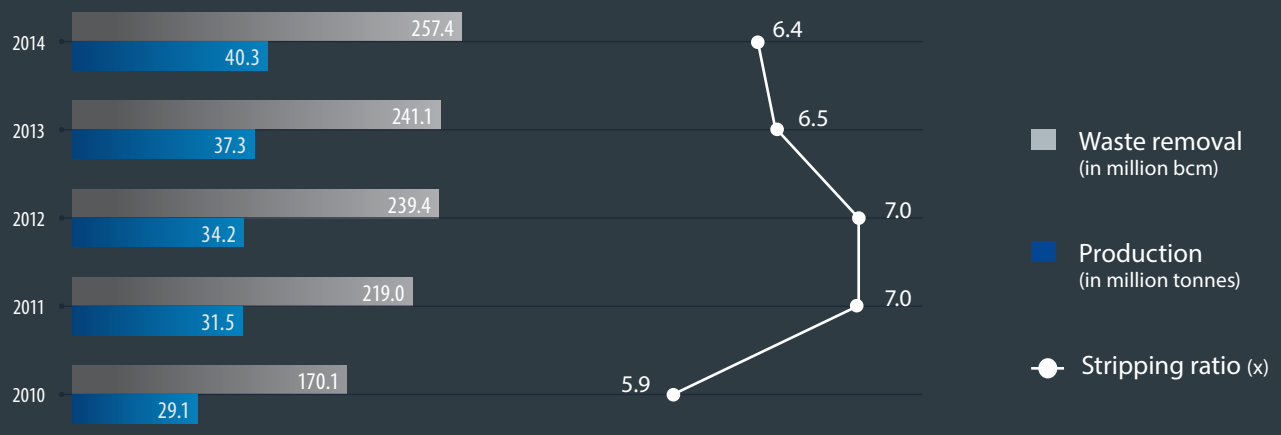
mining methods in Roto North, Roto South, Roto Middle, Susubang and Samarangau, with aggregate probable and proven coal reserves estimates of 651 million tonnes and total estimated coal resources of 1,376 million tonnes based on JORC (Australian Joint Ore Reserves Committee) dated April 2011. Kideco has identified potential additional coal resources at its Samu and Pinang Jatus concession areas.

Kideco produces a range of sub-bituminous coal containing very low levels of sulphur (0.1%) and ash (average 2.5%). In addition, Kideco's coal produces relatively low levels of nitrogen during combustion, making it environmentally friendly for use in coal-fired power plants. Based on its proven track record in meeting contractual coal delivery obligations, Kideco has earned a reputation for being one of the most reliable coal suppliers in Indonesia. Kideco's geographically well-diversified customer base includes long standing relationships with highly-rated power companies in South Korea, Taiwan, Malaysia and Indonesia, with annual installed capacity of up to 55 million tonnes.

Supported by a well-developed infrastructure located in favourable geographical terrain with a well-planned coal mine, Kideco maintained a low strip ratio of 6.4x during a very challenging coal market in 2014, and was able to hold its position as one of the lowest cost coal producers in the world. Total volume of coal produced for the year was 40.3 million tonnes, compared with 37.3 million tonnes the year before. Higher production volumes substantially offset the impact of the lower average selling price (ASP) per tonne realized by Kideco in 2014 of US$51.3 per tonne compared with US$57.2 per tonne in 2013. As a result, total revenue for the year was US$2,059.4 million, compared with US$2,120.6 million in the previous year.

Despite the 8.2% rise in coal production, efficient operations was seen with Cost of Goods Sold and Operational Expenses only increased by 4.6% and 3.6% respectively compared to the previous year. Consequently, net profit for the year was US$154.4 million, 27.3% lower than 2013, of which Indika Energy's share was US$71.0 million.

OPERATIONAL PERFORMANCE



OPERATIONAL HIGHLIGHTS

PRODUCTION VOLUME
in million tonnes

2014 | 40.3
2013 | 37.3

+8.2%

SALES VOLUME
in million tonnes

2014 | 40.2
2013 | 37.1

+8.3%

STRIPPING RATIO
(x)

2014 | 6.4
2013 | 6.5

-1.3%

AVERAGE SELLING PRICE
in million US$/ton

2014 | 51.3
2013 | 57.2

-10.3%

PT SANTAN BATUBARA

Established in 1998, PT Santan Batubara (Santan) is a 50/50 joint-venture between Indika Energy's 69.8% owned Petrosea and PT Harum Energy Tbk. that engages in surface open-cut coal mining at its 24,930 hectare concession area in Kutai Kartanegara Regency and Kutai Timur Regency, East Kalimantan. It holds coal mining rights until 2028 under a third-generation CCoW.

In 2014, the 50% equity contribution from Santan amounted to US$4.0 million net loss compared with a US$4.3 million net loss in 2013. Following the prolonged weakness in coal prices, in the second half of the year the management of Santan closed the Separi block mine and suspended operations in the Uskap block in line with the management's strategy for conserving maximum value.

In light of the current situation, Santan is carefully reviewing its plans for the future.

PT MITRA ENERGI AGUNG & PT MULTI TAMBANGJAYA UTAMA

In March 2012, Indika Energy acquired an indirect 60.0% stake in PT Mitra Energi Agung (MEA), a greenfield coal asset located in East Kalimantan with an IUP concession area covering 5,000 hectares. More than 90.0% of the MEA concession has been explored and several promising coal seams identified.

In May 2012, Indika Energy acquired an indirect 85.0% equity interest in PT Multi Tambangjaya Utama (MUTU), a high-rank bituminous thermal and coking coal holding a third-generation CCoW based in Central Kalimantan, with a concession area of 24,970 hectares of which over 7,000 Ha have been mapped.

Located approximately 30 km northeast of Ampah city and approximately 250 km north of Banjarmasin, MUTU has developed coal hauling roads with a capacity of 3.0 million tonnes per year and a barge port with a capacity of 5.0 million tonnes per year. MUTU has obtained an environmental permit to extract up to 1.2 million tonnes of coal per year. Necessary permits for production were obtained in the fourth quarter of 2014.

In view of the current coal market conditions, the Company has decided to defer the start of production of MUTU and are currently in the process of re-evaluating its mine and business plan.

MEA's exploration activities are on hold until market conditions improve.

PT INDIKA INTI CORPINDO

PT Indika Inti Corpindo (IIC) is a coal trading company, which is 99.99% owned by Indika Energy.

Leveraging the Group's existing network and experience, in 2014, IIC was able to generate revenues of US$135.1 million on 3.6 million tonnes coal traded. By comparison, in 2013 only 56,000 tonnes were traded. Revenues for 2014 amounted to US$135.1 million.



Energy Services

The Energy Services business pillar consists of Tripatra and Petrosea. Tripatra is a provider of engineering, procurement and construction (EPC), operations and maintenance (O&M) and logistics services in this energy sector. Petrosea offers contract mining, engineering and construction (E&C) services, with complete pit-to-port and life-of-mine services.

TRIPATRA

PT Tripatra Engineering and PT Tripatra Engineers & Constructors (Tripatra) has one of the longest service histories among engineering, procurement and construction (EPC) companies in Indonesia since its establishment in 1973. Through its two subsidiaries, Tripatra provides a complete range of engineering, procurement and construction (EPC), operations and maintenance (O&M), engineering, procurement and costruction management (EPCM) and logistics services for a range of energy clients with a focus on the oil & gas, downstream and petrochemical, and power sectors.

Tripatra had a solid start in 2014 as it successfully obtained two major engineering services contracts valued at over a billion dollars. The first project, valued at US$1.1 billion in total, is an EPC contract for construction and installation of a new Barge Floating Production Unit (FPU) in Muara Bakau B.V.'s offshore Jangkrik Complex (Jangkrik) in the Muara Bakau Permit area, Makassar Strait, offshore Kalimantan. Tripatra is involved in this project both directly and through a project consortium with PT Saipem Indonesia, Chiyoda International Indonesia and Hyundai Heavy Industries Co. Ltd. This agreement contributed US$61.6 million to 2014 revenue.



The second project was an onshore Front End Engineering and Design (FEED) project valued at US$50 million for the Tangguh Expansion Project (Train 3) in Teluk Bintuni Regency, West Papua, of which Tripatra's portion would be 30%. Tripatra was part of a winning consortium consisting of Tripatra Engineers and Constructors, Tripatra Engineering, Chiyoda International Indonesia, Saipem Indonesia, Suluh Ardhi Engineering and Chiyoda Corporation Consortium. While small, participation in FEED opens opportunities for Tripatra to participate in subsequent phases of development.

Total revenue for the year grew 37.7% to US$417.7 million, mostly derived from full 12-month recognition on several projects which were just starting up in 2013. These projects were the Pertamina E&P Tomori Sulawesi project, which contributed revenues of US$147.7 million, the Eni Muara Bakau project which contributed US$61.6 million, and the ExxonMobil Cepu which contributed US$189.8 million representing 95.5% of all revenue for the year.

For 2015, with the drop in oil price and a number of Tripatra's projects approaching completion, Tripatra is working closely with its clients to mitigate risk and challenges arising from these developments. Additionally, Tripatra will look for new projects.

As of December 31, 2014, including new projects factored in, Tripatra's contracted backlog stood at US$376.9 million.

Associate Companies (Logistics services)

Tripatra's logistics business remained resilient in this challenging environment, for the reason that it caters to the end user market. Total combined profit and dividends paid out to Tripatra reached US$20.5 million and US$5.1 million respectively in 2014.

PT PETROSEA TBK.

With more than 40 years of experience in contract mining, engineering and construction (E&C) and logistics services, PT Petrosea Tbk. (Petrosea) currently operates five mining sites in Kalimantan. Petrosea also operates a deepwater offshore supply base (POSB) located at Tanjung Batu, in West Balikpapan, Indonesia, which provides services to major oil and gas clients including Chevron, Halliburton, ExxonMobil, ENI Bukat, MI Swaco, Statoil, Niko Resources, Anadarko and Total (POSB is further discussed in the Energy Infrastructure section).

Petrosea owns one jointly controlled company, namely Santan Batubara, a coal mining joint venture with PT

Harum Energy Tbk. in which each party holds 50% of the shares. Petrosea divested its 47% ownership in non-core business PT Tirta Kencana Cahaya Mandiri in 2014.

The provision of mining services and services for E&C projects is highly competitive with substantial international and domestic competitors. Petrosea competes primarily on pricing, performance and quality of services, including technology, safety and skilled personnel, leveraging synergies from within the Indika Energy Group.

Petrosea continued to face persistent challenges in 2014 as its main contract mining clients looked for further ways to improve their cost structure in order to sustain growth and/or operations in a flat pricing environment. Given that contract mining services accounts for roughly 60% to 70% of concession costs, the pressure remains on the latter to be able to achieve tolerable margins.

As a consequence of the 2014 challenges in the coal market, Petrosea revenues declined 3.3% to US$347.9 million as coal producers reduced stripping ratios as well as production volumes. Overall, overburden removal (OB) contract mining volumes declined by 7.0% from 141.1 million BCM in 2013 to 131.2 million BCM in 2014.

Petrosea's contract mining customers remain vulnerable to dropping coal prices. Overburden removal volume increased at both the Kideco and ABN sites, with both mines increasing their coal production output in 2014 to compensate for falling coal prices. On the other hand, Santan Batubara suspended its mining activities focusing on long term preservation of reserves until prices improve.

By contrast, non-contract mining revenue showed stable growth, increasing more than 12.2% to contribute US$53.7 million revenue for the year.

In 2015 Petrosea expects to continue to experience both price and margin pressures as a result of the prolonged coal market decline. Gunung Bayan Pratama, a client of Petrosea since 1994, also decided to wind down coal operations in a select area due to cost considerations. However, the drop in volume was offset by a new seven year contract with Bayan's Tabang coal mine for a total of 72 million BCM overburden removal.

Going forward, in order better rebalance its revenue streams, the management has undertaken to further strengthen its non-coal mining business segment.




SCANIA
P 420



Energy Infrastructure

Indika Energy has four core assets within the Energy Infrastructure business pillar as follows.

PT MITRABAHTERA SEGARA SEJATI TBK.

Incorporated in 1994, MBSS is an integrated one-stop coal transportation and logistics company, which provides coal handling management services from port, barging, river and sea based transportation to offshore vessels using its floating crane systems. Leveraging its in-depth industry knowledge accumulated over 20 years of operations, MBSS has built a customer portfolio which includes long-term contracts with top tier coal producers such as PT Kideco Jaya Agung, PT Adaro Indonesia, PT Berau Coal, PT Kaltim Prima Coal as well as coal end users such as PT Holcim Indonesia Tbk. and PT Indocement Tunggal Prakarsa Tbk.

As of December 31, 2014, MBSS operated a large and varied fleet comprised of 76 barges, 84 tug boats, 7 floating cranes, 1 cement vessel and 1 support vessel. The entire fleet fulfills the Indonesian Classification Bureau (BKI) requirements and part of the fleet also fulfills international classification association requirements namely Registro Italiano Navale (RINA), Bureau Veritas (BV), Nippon Kaiji Kyokai (NK), American Bureau of Shipping (ABS) and Germanischer Lloyd (GL) and can therefore serve clients regionally.



MBSS was also affected by the slowdown in the coal industry. MBSS' margins came under pressure as intensified market competition resulted in lower unit prices. Due to intensified competition and higher available capacity in the market, MBSS adopted a price rationalization approach in order to sustain existing contracts up for renewals and moved to flexible contracts including spot and time charters.

The reduction in tariffs put pressure on gross profit margins, which decreased from 40.2% to 32.1% or US$43.4 million in 2014.

MBSS acquired several new coal producing clients within Indonesia which were carefully selected for their strong risk profile and their potential for growth.

In total, MBSS transported 52.6 million tons of coal in 2014, 11.3% lower than 2013. The main contributor to the decline was the barging segment, which transported 31.1 tons compared with 38.4 tons in 2013. This was partially offset by a 3.0% rise in volume contributed by the floating crane segment from 20.9 tons to 21.5 tons over the same period. As a result, barging revenues decreased by 15.2% to US$93.1 million, while floating crane revenues decreased by 1.0% to US$41.0 million,

MBSS CONTRACT VALUE IN 2014

BACKLOG IN 2014	in million US$
Description of Project	Remaining Contract as of 31 Desember 2014
Barging	145.9
Floating Crane	117.7
Total	**263.6**









for total revenue of US$134.1 million compared with US$151.1 million in 2013.

Net profit therefore amounted to US$20.1 million, a 47.4% decline over 2013, with a backlog of US$263.6 million as of year end.

CIREBON ELECTRIC POWER

Cirebon Electric Power (CEP) is a 660 MW coal-fired power generation plant (CFPP) located in Cirebon, West Java. All of its output is sold to the State Electric Company PLN under a 30-year Power Purchase Agreement (PPA) starting from the date of commencement of operation of the plant, which was achieved on 27 July 2012.

CEP was established in April 2007 by Indika Energy through its wholly owned subsidiaries Indika Power Investments Pte. Ltd. and PT Indika Infrastruktur Investindo, together with Marubeni Corporation, Samtan Co. Ltd. and Komipo Global Pte. As of December 31, 2014, Indika Energy owned a 19.99% indirect equity interest in CEP. The successful establishment of CEP completes the Company's establishment of a full presence along the coal value chain from resources ownership to electricity generation. It also supports the government's plan to boost domestic power generation.

The 660 MW CFPP uses supercritical technology for high efficiency, consuming less coal and producing fewer emissions. The power plant continues to operate above expectations in terms of availability factor and performance, including completely recycling remnant ash, and gas emission records that are significantly below the government and industry environmental limits. Since the commencement of operations, the CEP net dependency capacity (NDC) tests have consistently met PPA requirements.

CEP has been in stable operation for two years. In 2014 it initiated repayments interest of shareholder loans in the amount of US$12.5 million. Moving forward it plans to continue on with its periodic repayments. During the year, the availability factor was 79%, lower than 87% in 2013 due to scheduled and unscheduled maintenance.

Out of total annual coal consumption of 2.7 million tonnes, 1.4 million tonnes were sourced from Kideco, an Indika Energy associate, for synergies.

PETROSEA OFFSHORE SUPPLY BASE

Petrosea Offshore Supply Base (POSB) is a provider of offshore supply logistics services for international and national oil and gas exploration and extraction companies operating in the Makassar Straits. POSB is a fully integrated, multi-functional supply base to support customer operations at Tanjung Batu, West Balikpapan in East Kalimantan. POSB maintained its revenue growth with a 7.3% increase to US$35.5 million.

In anticipation of future demand from global and local clients, Petrosea has embarked on a programme to expand POSB with the development in Kariangau.

KUALA PELABUHAN INDONESIA

PT Kuala Pelabuhan Indonesia (KPI) is a subsidiary of PT Indika Logistic & Support Services. An operator of marine fleets and ports, the company provides ship dock integrated operations, management, logistics, maintenance and portside services.

In 2014, KPI was able to maintain its strong relationship with its key customers, thus maintaining its stable profitability.



Financial Review

2014 FINANCIAL HIGHLIGHTS

- Revenue increased to US$1,109.5 million, a 28.5% increase over US$863.4 million reported in 2013.
- Gross profit amounted to US$161.0 million, a 16.7% decrease over US$193.4 million reported in 2013.
- Equity in profit of associates & jointly controlled entities declined by US$29.0 million from US$102.5 million in 2013 to US$73.5 million in 2014, as a result mainly of lower income derived from Kideco due to the global decline in coal prices.
- Loss attributable to the Owners of the Company of US$27.5 million, 56.0% decrease from US$62.5 million loss reported in 2013.
- Cash and other financial assets were US$411.1 million in 2014.

REVENUE

The Company's revenue increased 28.5% to US$1,109.5 million against US$863.4 million reported in 2013 due mainly to:

a. Improved revenues from Tripatra (+37.7%, +US$114.3million YoY) increasing to US$417.7million,



mainly due to revenue realization from EPC projects, namely 1) Pertamina Tomori Sulawesi ("Senoro") US$147.7million (+US$74.4million, +101.4% yoy); 2) ENI Muara Bakau ("Jangkrik") US$61.6million (vs US$1 million in 2013) and 3) Exxon Mobile Cepu ("Exxon") US$189.8million (US$-2.4million, -1.3% YoY). Collectively, the three EPC projects above represented about 96% of Tripatra's revenues in 2014. Senoro and Jangkrik projects' revenues have been recognized in full in 2014 (vs. the start-up phase in 2013). The Exxon and Senoro projects are nearing completion in 2015 and as such the rate of revenue realization is expected to wind down for these projects.

b. Other revenues increased to US$143.0 million in 2014 compared with US$2.6 million in 2013, mostly contributed by coal trading revenue, with coal trading volumes reaching 3.6 million MT in 2014 versus 56 thousand tons in the previous year.

However, the revenue gains above were offset by:

a. Lower Petrosea revenues (-3.3%, US$-12.1million YoY) to US$347.9 million primarily on the back of lower contributions from contract mining (-5.7% YoY from US$312.1 million in 2013 to US$294.2million in 2014), with overburden removal volume down 7.0% YoY from 141.1 million BCM in 2013 to 131.2 million BCM in 2014 mainly contributed by Santan Batubara (Santan) and PT Gunung Bayan Pratama (GBP). Santan has suspended its mining activities at Uskap block and significantly reduced stripping ratio at Separi block since the start of 2014 due to soft global prices while GBP has started to wind down production activity in 4Q14. However, non-contract mining revenues arising from its oil and gas services and E&C businesses increased by 12.2% yoy to US$53.7million.

b. MBSS revenues dropped to US$134.1 million (-11.3%, US$-17.0 million YoY) vs. US$151.1 million in 2013 with lower coal volume transported by barging (-19.0% YoY from 38.4 million tons to 31.1 million tons in 2014). Transshipment volumes, however, improved marginally (+3.0% YoY from 20.9 million in 2013 tons to 21.5 million tons in 2014). The drop in revenues from barging was partially mitigated by MBSS offering time charters for its vessels in 2014, which accounted for 15.5% of its total revenue.

COST OF CONTRACTS AND GOODS SOLD

The cost of contracts and goods sold increased 41.6% to US$948.5 million mainly as result of Tripatra's business expansion in various EPC projects, which accounted for

41.0% of the consolidated cost of goods sold in 2014. Further, increased sales of coal added US$136.7 million in cost of contracts and good sold relative to 2013.

GROSS PROFIT

As result of the above factors, Gross Profit decreased to US$161.0 million, -16.7% YoY from US$193.4 million reported in 2013. On gross margin basis, there was a drop from 22.4% to 14.5% largely due to the impact of (a) Tripatra's expansion which altered both the revenue and cost mix (Tripatra has historically had the lowest margin among all operating subsidiaries) and (b) a highly competitive pricing environment faced by MBSS and Petrosea, coupled with lower capacity utilization of their operating fleets.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were reduced by 14.5% (US$-22.4 million YoY) from US$154.6million in 2013 to US$132.1 million in 2014, mainly due to: group-wide manpower cost rationalization, which was initiated in 2013, as well as on-going cost saving initiatives at both holding and subsidiary levels.

EQUITY IN NET PROFIT OF ASSOCIATES & JOINTLY CONTROLLED ENTITIES

Equity in net profit of associates & jointly controlled entities declined 28.3% from US$102.5million in 2013 to US$73.5million in 2014 mainly due to lower earnings derived from Kideco which accounts for a major portion of the total equity in net profit.

- Kideco reported net profit of US$154.4 million (Indika portion of US$71.0 million) on revenue of US$2,059.4million in 2014. Net profit was down 27.3% YoY from US$212.2 million in 2013 due to lower realized ASP (US$57.2/ton in 2013 vs. US$51.3/ton in 2014).
- Lower contribution from Cirebon Electric Power ("CEP") to US$4.5million from US$7.0million in 2013 due to the power plant's scheduled and unscheduled maintenance shutdown in 2014.
- Suspension of operation of the 50% owned Santan coal mine resulting in an US$4.0 million loss. Santan halted its coal production in 2Q14 and focused on the preservation of its reserves rather than to produce at current depressed prices.

FINANCE COST

Finance costs were down by 39.2% yoy to US$69.4million due to the impact of the Liability Management Exercise conducted in 2013 which led to 1) early bond redemption completed in November 2013, and 2) 2023 senior notes interest expense of 6.375% p.a., delivering annual interest cost savings of around US$7.8million from 2014 onwards.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of Intangible Assets decreased from US$52.3 million (including impairment of US$14.1 million) in 2013 to US$36.6 million in 2014, since there was no more amortization made on intangible assets related to West Kalimantan Project, which was fully impaired in 2013. The amortization charge related to the West Kalimantan Project in 2013 was US$1.2 million.

OTHERS - NET

Others expense-net was reduced 63.9% YoY to US$9.5million in 2014 due mainly to: 1) non-occurrence of exploration costs in 2014 and 2) lower forex loss as US Dollars strengthened against the rupiah and 3) gain on sale of equipment (from a loss in 2013) which were tempered by 4) tax penalties in MUTU and Petrosea 5) impairment of receivables in Petrosea from Santan and 6) final settlement by MBSS of past coal handling undertaking.

LOSS BEFORE TAX

As a result of the above factors, loss before tax decreased by 94.6% to US$2.3 million in 2014 from US$42.5 million in 2013.

INCOME TAX

Income tax increased by 150.5% from US$11.3 million in 2013 to US$28.2 million in 2014. The main contributors to the increase were (1) adjustment of US$9.1 million recognized by Petrosea in 2014 in relation to prior years' corporate income tax audit, and (2) approximately US$4 million paid by Tripatra on higher revenue.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Loss Attributable to the Owners of the Company decreased by 56.0% from US$62.5 million in 2013 to US$27.5 million in 2014. Current Assets

Current assets increased by 9.5% to US$831.4 million from US$759.3 million in 2013 mainly due to:

1. Increase in Prepaid Taxes of US$22.6 million, mainly from Tripatra of US$15.0 million, Petrosea of US$5.7 million related to its overpayment of corporate income tax in 2014 and IE of US$1.7 million.
2. Increase in estimated earnings in Excess of Billings on Contracts by US$18.2 million in Tripatra
3. Increase in Other Current Assets by US$18.2 million, mainly due to increase in outstanding advance for purchase of coal in IIC and IIR (+US$20.9 million).
4. Increase in Trade Accounts Receivable, including unbilled receivables of US$12.5 million, mainly due to coal trading activities in IIC and MUTU at the end of 2014.
5. In line with the Company's cash preservation objective, cash and cash equivalents and other financial assets increased by US$4.1 million to US$411.1 million at the end of 2014.

PROPERTY, PLANT AND EQUIPMENT (PPE)

The Company's PPE decreased by US$35.3 million to US$660.4 million in 2014, primarily as the result of depreciation expense of US$101.8 million charged in 2014, offset by additional PPE of US$70.0 million of which US$42.9 million was spent by Petrosea and US$16.2 million was spent for the Bintaro office building.

INTANGIBLE ASSETS

The Company's Intangible Assets decreased 11.3% to US$285.0 million from US$321.1 million in 2013, due to amortization expenses charged in 2014 of US$36.6 million.

INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Investments in Associates and Jointly Controlled Entities decreased by US$21.4 million to US$286.3 million, mainly due to lower net income reported by Kideco in 2014, compared to dividends paid out in the same year.

CURRENT LIABILITIES

Current liabilities increased by 14.1% to US$396.7 million from US$347.4 million in 2013 mostly resulting from 1) short-term bank loans of US$48.5 million, mostly to support coal trading and Petrosea's activities and 2) trade accounts payable and accrued expenses (+US$7.9 million) resulting from higher coal trading activities.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by 3.7% to US$981.1 million from US$1,019.1 million in 2013 due to payment of lease liabilities and long-term loans by Petrosea and MBSS.

EQUITY

Equity decreased by 3.9% to US$912.5 million from US$949.9 million in 2013 primarily due to Company's net loss for the year of US$27.5 million.

Business Prospects & Key Risk Factors

ENERGY RESOURCES COAL PROSPECTS

The short and midterm global outlook for thermal coal points to sustained low coal prices ahead, primarily related to the slowing rates of coal consumption in China as the main importer of coal in Asia. In addition, ramped up global production in recent years has produced record output and further pressure on prices.

Asian economies continue to dominate the import of thermal seaborne coal with China remaining the largest importer, followed by India and Japan. China and India together accounted for the majority of growth in global thermal coal demand from 2000 to 2014. However, China has begun systematically shifting away from coal as part of its government policy to introduce cleaner energy sources, although Chinese demand is still expected to grow over the next five years according to the International Energy Agency (IEA). India is now projected to overtake China within the near future as the largest global importer of coal, but its coal import growth in 2014 was less than expected, and the outlook remains challenging for those in this energy sector.

Indonesia is one of the biggest global exporters of thermal coal, producing 435 million tonnes in 2014 of which 359 million was exported. Indonesia's coal exports are expected to remain approximately flat in 2015, as declining prices force smaller operators to close, offsetting ramped up production by large producers as they try to compensate for price declines through higher volume. Despite the drop off in demand for exports, Indonesian producers have in their favour growing domestic demand for coal. In 2014, only 76 million tons or 17 percent of total production was distributed to the domestic market, far below the allocated domestic market obligation of 95.5 million tons according to figures from the Energy and Mineral Resources Ministry's mineral and coal directorate general. This figure is expected to rise as more coal-fired power plants come on line, with the electricity sector absorption accounting for around 80 percent of total domestic allocation.

Under the new government, Indonesia has launched a program to develop 35,000 MW of new power generation capacity over the next five years, of which 50 percent are expected to be coal fuelled, as coal is an affordable and widely available energy source. Subject to capacity constraints, this plan could support growth in domestic coal consumption and presumably coal prices. Future prospects for coal in Indonesia are therefore promising, especially given projections of medium term growth in global coal demand.

The IEA projects global coal demand to grow at an average rate of 2.1 percent per year through 2019 to reach 9 billion tons with growth in coal consumption from India, the ASEAN countries and other countries in Asia offsetting declines in Europe and the United States. These factors suggest that the market will eventually tighten and global coal prices will rise correspondingly, in line with the historically cyclical price structure and demand curve of coal as a commodity.

ENERGY SERVICES PROSPECTS

With the new government stated policy of encouraging offshore oil & gas exploration, the demand for competent Engineering, Procurement & Construction (EPC) services in the oil & gas sector is expected to experience strong growth. Tripatra is advantageously positioned to capitalize on these opportunities, based on its prior track record and current capabilities.

At the same time, the project management capabilities that Tripatra developed may also be applied outside the oil & gas sector. Tripatra has successfully applied these skills in to the telecommunications sector in the past. Such opportunities therefore present possible growth scenarios for Tripatra beyond its core customer base.

Petrosea's core coal mining business is expected to remain under pressure for the short term until coal prices improve. Consequently, Petrosea's margins are forecasted to remain under pressure for the




231

near future. However, as mentioned above, forecasted global as well as domestic coal consumption growth is expected to eventually lead to increased prices in the mid to long term, which could benefit Petrosea.

ENERGY INFRASTRUCTURE PROSPECTS

The short term prospects of MBSS are related to coal as its core business. As long as coal prices remain depressed, the coal logistics industry is likely to experience extreme pricing pressure and intense competition, with some logistics providers even suspending operations. As a result of these factors, MBSS' margins are expected to remain under pressure for the immediate future, although it continues to enjoy some competitive advantage from its strong customer base and excellent safety record.

Prospects for Petrosea Offshore Base (POSB) are linked to the possibility of higher demand from oil & gas clients as discussed in the previous section.

Lastly, CEP's success as a reliable power producer has created the possibility of expansion in the field of power generation to capture opportunities arising from the government's new 35,000 MW initiative.

RISK FACTORS

Indika Energy's business is subject to various risk factors, including but not limited to factors shown below.

Risks Related To Indonesia

Being incorporated in Indonesia with substantially all of its assets and operations located in Indonesia, Indika Energy can be adversely affected by future political, economic, legal and social conditions in Indonesia, as well as policies and actions adopted by the government which can affect the results of operations and prospects.

Risk Factors Related To Energy Resources

Indika Energy as an integrated energy company with core coal assets is vulnerable to certain risks associated with the energy sector, and in particular coal.

1. Regulatory Risk

   The framework governing Indonesian energy resources is subject to extensive regulation. The new Mining Law regulates that local extraction of coal mined in Indonesia and Indonesian coal producers are restricted from engaging their subsidiaries or affiliates to provide mining services on their own concessions without first obtaining ministerial approval, with a priority towards domestic contractors, labour, products and services. Changes in regulations may affect Indika Energy's business and ability to compete.

2. Financial Risk

   Domestic, regional and global economic changes as well as stringent controls on lending and investments caused by illiquid credit markets and general tightening of credit in the financial markets may affect Indika Energy's working capital and borrowing abilities. Indika Energy and its subsidiaries are also exposed to foreign currency risk.

3. Business Risk

   (i) Business Risks Primarily Related to Energy Resources

   - *Coal Market Volatility Risk*

   Over the past decades, coal demand on the world market has spurred the development of new mines and expansion of existing mines, increasing global production capacity. Slower global demand growth for coal in recent years has resulted in an oversupply, affecting the prices in coal supply agreements and consequently reducing the amount of dividend payments from Kideco to Indika Energy.

   As has already been witnessed, the global coal markets are sensitive to changes in coal mining capacity and production output levels, and can adversely affect the businesses of Kideco and Indika Energy. The coal consumption of emerging markets where coal is a principal fuel is affected by the economy, local environmental and other governmental regulations, technological developments and the price and availability of competing coal and alternative fuel supplies. The sustained global economic slowdown has resulted in higher supplies of coal and subsequently depressed coal prices.

   Kideco maintains a focused end-user customer base for a large portion of its total coal sales and depends on the renewal and extension of these supply agreements with its customers to purchase coal on favourable terms. Kideco has significant reserves of bituminous and subituminous coal which are an important fuel supply for

emerging markets like China, India, Africa and Southeast Asia. However, the demand from these markets has declined since 2011, and further decline in demand from these countries may affect dividend payments to Indika Energy.

Furthermore, some of the coal reserves of Kideco may be determined as being, or become, unprofitable or uneconomical to develop if there are unfavourable long-term market price fluctuations for coal, or significant increases in operating costs.

- *Contractor Management Risk*

Kideco depends on independent contractors to conduct its mining operations, and any significant failure to deliver their obligations will have a negative effect on dividend payments to Indika. In the same way, if the amount Kideco has to pay for services exceeds the amount estimated in bidding for fixed price work, Kideco will incur losses on the performance of these contracts. These delays and additional costs may be substantial, and Kideco may not be able to recover these costs from its customers or may be contractually required to compensate its customers for these delays.

- *Weather Risk*

Severe weather may affect or disrupt operations in the field, including coal mining at Kideco, and fleet movements at MBSS, resulting in lower productivity and lower revenues.

(ii) Risk Factors Primarily Related To Energy Services

Tripatra and Petrosea provide energy services which are primarily dependent on capital spending by large coal, mineral, infrastructure, and oil and gas companies, including national and international companies, all of which may be directly affected by trends in global and regional coal, mineral, oil and gas prices. Historically, the markets for coal and oil and gas have been volatile and volatility is likely to continue in the future.

The award of new contracts to Tripatra and Petrosea depends on successful bidding processes which are subject to financing and other contingencies. A significant portion of energy services projects are fixed-price contracts, which can expose the energy services businesses to risks associated with cost over-runs, penalties, operating cost inflation and costs associated with fluctuations in commodity prices and foreign exchange rates, changes in pricing fundamentals and cost estimates made between the time of submission of a bid and the time that the bid is accepted by the customer, including labour availability and productivity, as well as favourable supplier and third-party contractor pricing and performance.

Petrosea's mining operations are also subject to environmental and other regulations which can incur significant costs or liabilities which can adversely impact the results of operations.

(iii) Risk Factors Primarily Related to Energy Infrastructure

MBSS service contracts contain commercial agreements with set price and minimum tonnage requirements that can be terminated following a force majeure event or a default by the customer or MBSS.

Indonesia's lack of consistent energy infrastructure spending in the energy sector has led to a power crisis. There is increased demand for coal-fired plants but state-owned and other independent power producers may not complete their scheduled new coal power plant generation projects on time, and this may lead to supply shortages.

4. Environmental Risk

Although Indika Energy Group companies take every measure to mitigate environmental risks, operations of Indika Energy Group companies have the potential to substantially impact the environment or cause exposure to hazardous substances, which could result in material liabilities.

Growing environmental compliance costs, if materially increased by new issuance laws and regulations, as well as the ongoing mine reclamation and rehabilitation obligations can also adversely affect all mining businesses.

5. Labor & Community Risk

The management strives to nurture good relationships with employees in the field, realizing that a shortage of skilled labor or labor disputes may pose a risk in achieving high levels of productivity at competitive costs. Similarly,

intensive consultation with local communities is carried out to create goodwill and diminish the risk of social conflict.

6. Other Risks

Indika Energy's acquisition strategy to expand operations by complementing existing businesses depends on the successful integration of acquired companies, businesses and properties, and the creation of synergies, further growth opportunities and other benefits from such acquisitions. Difficulties in integration and project delays have a material adverse effect on the Company's liquidity and capital resources.





Information and Communication Technology

Indika Energy's Information and Communication Technology (ICT) division is focused on improving business information processes for decision-making as well as increasing efficiency. Where possible, technology is harnessed and applied across the value chain to produce synergies in applications and infrastructure, towards operational performance and strengthened control.

ICT FRAMEWORK

The ICT framework is depicted clearly by the "ICT House" illustration. The foundation represents ICT infrastructure, which facilitates a standardised and secure infrastructure environment for the Company's overall business applications. The three pillars reflect application systems specific to each business unit, while the roof component represents a corporate-wide initiative of portals and dashboards comprising the Enterprise Resources Planning (ERP) and Human Resources Management System (HRMS).

OVERSIGHT

The ICT Steering Committee provides high level direction, leadership and strategy for the ICT departments, and oversees the efficiency and effectiveness of ICT as a Shared Services Organisation (SSO) as well as policy compliance related to the Company's goals and objectives. As such, the ICT Steering Committee is in charge of setting ICT policies, priorities, and project investment, as well as execution of plans in accordance with Indika Energy's business needs and requirements.

SERVICE LEVEL AGREEMENTS (SLA) & USER SATISFACTION

As an internal service provider, ICT provides a range of services which includes analysis, design, preparation, operation, support and maintenance for the Group's Information, Communication and Technology requirements in accordance with agreed upon Service Level Agreements (SLAs). These SLAs were established as a mechanism to ensure service quality and benchmarking with industry standards, and to ensure that ICT provides an enabling role as a Shared Services Organisation (SSO) that supports the Company and its business units. These Service Level Agreements (SLA) cover five Service Portfolios consisting of:

- Data Center
- Network and Communications
- Application Development
- Application Support and
- End User Management.

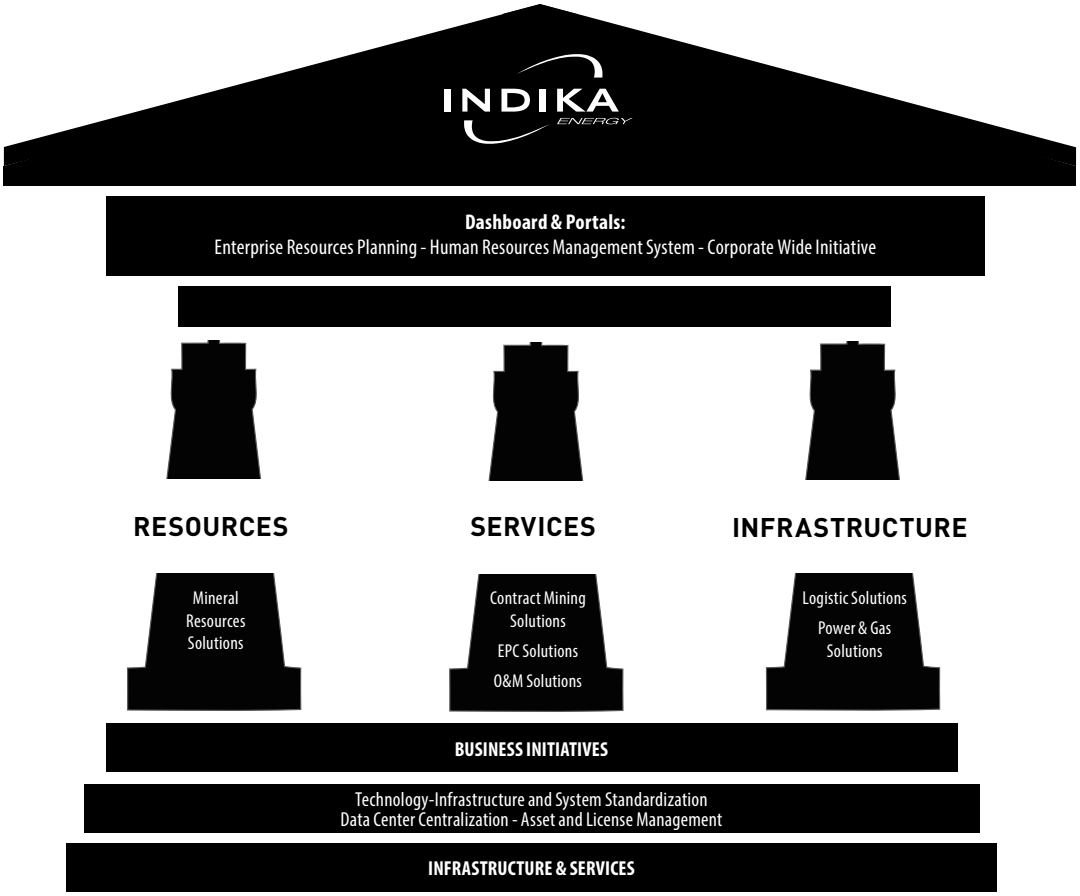
To monitor the progress of various ICT projects and to ensure that Service Levels are being met, ICT provides a monthly report to each business unit detailing the progress and performance targets for all service portfolios. This helps ICT to identify and understand users' needs, and develop solutions that can be implemented for tangible results.

In addition, user satisfaction is evaluated yearly by an ICT Customer Satisfaction Survey to document areas of user satisfaction or otherwise.

ACTIVITIES IN 2014

In 2014, the ICT Team undertook the following activities:

- The ICT team continued to focus on the roof component of the ICT House, developing management dashboards and successfully completing a Group wide ERP system implementation running on SAP, the system is called INSPIRE (Integrated Strategic Platform for Infrastructure, Resources and Energy Services). INSPIRE aims to improve efficiency and decision-making capabilities across the



Group through a more integrated and robust ERP system that covers finance and accounting, procurement, project management, asset management, consolidation and management reporting. Throughout the project, the INSPIRE Project Management Office (PMO) managed the progress and issues related to business processes and design, data conversion , data migration, technical infrastructure, change management and realisation of benefits.

- The ICT team continued to install, develop, maintain and support its infrastructure covering the data center facility, network/data communication systems as well as system software, and hardware. The infrastructure environment at the Data Center was built using virtualisation technology that enables usage of shared computing resources based on demand. As an example, the ERP system runs on this facility, enabling seamless handling of increasing transaction volumes as required.
- To improve connectivity between offices of the Company and its business units including remote site offices, ICT uses bandwidth management tools to ensure optimum usage based on service categories.
- The ICT team maintained and enhanced the Engineering Document Management System, Material Tracking System, Operations Database (OpsDB) and others critical applications essential to the smooth running of operations.
- To safeguard Company information, ICT has established encryption technology, ensuring the data or information disseminated can only be readable by those for whom it is intended.

Corporate Governance Overview

As a listed Company on the Indonesian Stock Exchange (IDX), the Company continues to be fully committed to consistently and continously applying and improving good corporate governance implementation in supporting the Company to face various in challenges in 2014.

The strategic decisions taken by the Board of Directors and Board of Commissioners of the Company always give consideration to, and ensure the implementation of, the principles of transparency, accountability, responsibility, independency as well as fairness and equality in conducting activities ethically in line with the Company's values and Code of Business Conduct, while taking into consideration the interests of other stakeholders.

The Company strives to tangibly and seriously comply with all prevailing regulations and laws in Indonesia, including those implemented by the Financial Services Authority, the Indonesia Stock Exchange, regulations of the places in which the Company carries out its business activities, as well as other laws.

Our implementation of corporate governance is supported and reflected by the legitimation and clear separation of the organs of the Company such as the Board of Commissioners, Board of Directors and other units at management level that is clearly related to the duties and responsibilities, independency, and tenure of committees under the Board of Commissioners such as the Audit Committee, Good Corporate Governance (GCG) Committee, Human Capital Committee, and the Risk and Investment Committee are part of our commitment to implementing solid good corporate governance. This ensures compliance with prevailing laws and regulations in all operational aspects of the Company, avoids conflicts of interests, establishes clarity as to internal reporting and the functions of the Company's organs, and ensures that corporate social responsibility is properly executed, as part of our commitment to implement good and solid corporate governance.

2014 was a year full of challenges for companies engaged in the coal sector in Indonesia. Companies are required to be able to manage the challenge to keep running their businesse in a healthy and strong risk management and is based on the principles of corporate governance.

I. PRINCIPLES

Transparency

To maintain objectivity in conducting its business, the Company must provide all the necessary material and relevant information to the shareholders and stakeholders by facilitating timely access to information, in a meaningful and easily comprehensible manner.

The information provided is not limited to information as required by prevailing laws and regulatory bodies, but extends to include all necessary information required by the shareholders to make informed decisions. Information which is deemed by prevailing laws and regulations to be proprietary and confidential shall not be disclosed, in accordance with the confidential secrets and the rights assigned to each position.

Accountability

The Company is managed properly in a measurable manner in line with the interests of the Company with due respect to the interests of the shareholders and stakeholders. The Company strives to be accountable for its performance in a transparent and fair manner, in order to achieve and maintain improved performance.

Responsibility

In its activities, the Company always adheres to the principles of prudence and ensures compliance with prevailing laws and regulations, Articles of Association, and prevailing corporate practices, as well fulfilling its corporate social responsibility towards the community and environment at large in order to maintain the long term sustainability of its business.





Independency

The Company is managed independently in order to avoid domination and intervention by certain parties.

The Company organs, namely the General Meeting of Shareholders, Board of Commissioners and Board of Directors are permitted to perform their functions and duties in accordance with the Articles of Association and applicable laws and regulations, free from domination and conflicts of interest or the intervention and influence of third parties, thus ultimately enabling objective and accurate decision-making.

Fairness and Equality

In its business activities, the Company prioritizes the interests of the shareholders and other stakeholders based on the principles of fairness and equality.

II. GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders possesses special authority that is not possessed by either the Board of Commissioners or the Board of Directors. Throughout 2014, the Company did not hold any Extraordinary General Meetings of Shareholders.

The Company held its Annual General Meeting of Shareholders (AGMS) in Jakarta on 14 May 2014 in accordance with the Company's Articles of Association and the prevailing laws and regulations. The AGMS was attended by the shareholders or their authorized representatives.

Items approved by the Annual GMS included among others:

1. Received the Annual Report, Accountability Report of the Board of Directors and Supervisory Board of Commissioners relating to the Company's management and matters related to finance for the fiscal year ended December 31, 2013.
2. To approve the Financial Statements of the Company, including the Balance Sheet and Profit and Loss Account for the year ended December 31, 2013, giving full exemption (acquit et de charge) to the Board of Commissioners with regard to all management actions taken by the Board of Directors and to the Board of Commissioners for the supervisory duties of the Board of Commissioners in 2013, insofar as these actions are reflected in the Financial Statements and Annual Report for the financial year 2013.
3. Approved the authorization of the Board of Commissioners to appoint a Public Accountant in order to examine the books of the Company for the year ended December 31, 2014, and gave power and authority to the Board of Directors of the Company to establish remuneration and other conditions related to the designation of Certified Public Accountant.
4. Approved the appointment of Eddy Junaedy Danu as an Independent Director of the Company and Richard Bruce Ness as a Director of the Company. Each will continue his term of service as a Director in accordance with his appointment by the General Meeting of Shareholders in 2013 which will expire at the close of the General Meeting of Shareholders in 2015.
5. Reaffirmed the provision of power and authority to the Board of Commissioners of the Company in connection with the implementation of the Employee and Management Stock Option Plan (EMSOP).

All the actions approved in the Annual GMS have been implemented by the Company.

III. BOARD OF COMMISSIONERS

The Board of Commissioners is an organ of the company that is tasked with supervision of the management's policies, the general execution of management both regarding the Company as well as the businesses of Company, and to advise the Board of Directors. The Board of Directors carried out their tasks and responsibility as counsel in the interests of the Company.

As of 31 December 2014, the Board of Commissioners comprised six members, of which two are Independent Commissioners.

a. Structure and Membership of the Board of Commissioners

Members of the Board of Commissioners are appointed by a GMS until the closing of the second Annual GMS after their appointment, without prejudice to the right of the GMS to dismiss them at any time. The composition of the Board of Commissioners was established at the 14 May 2014 Annual GMS and has not changed since, with composition as follows:

President Commissioner : Wiwoho Basuki Tjokronegoro
Vice President Commissioner : Agus Lasmono
Commissioner : Indracahya Basuki
Commissioner : Pandri Prabono-Moelyo
Independent Commissioner : Anton Wahjosoedibjo
Independent Commissioner : Dedi Aditya Sumanagara

b. Duties and Responsibilities

In conducting its supervisory duties, the Board of Commissioners holds tightly to the GCG principles and continuously implements GCG within the Company. In implementing the principles of GCG, the Board of Commissioner ensures that the policies and management of the Board of Directors have complied with prevailing laws and regulations and the Company's Articles of Association, and have obtained the necessary approvals as may be required from time to time.

The Board of Commissioners is required to conduct their tasks independently and is also required to ascertain the implementation of the corporate governance of the Company. In conducting its tasks, the Board of Commissioners shall provide advice and input to the Board of Directors in the implementation of policies and management, and shall report to the GMS on the execution of its duty to supervise the management of the Company.

In conducting its supervisory duties, the Board of Commissioners' duties includs, among others, the following:

1. To ensure that the Company stays aligned with its set and approved vision, mission, as well as the destination statement;
2. To provide feedback and advice on work plans and the annual budget prepared by the Board of Directors and to ratify them based on the Company's Articles of Association;
3. To monitor the Company's development activities;
4. To supervise the implementation of the Company's business strategy and investments, as well as assessing risk management of the investments that will be or have been conducted by the Board of Directors;
5. To review, analyse and sign the annual report prepared by the Board of Directors; and
6. To ensure the implementation of GCG practices based on the recommendations from the GCG Committee.

Every member of the Board of Commissioners shall be well intentioned, prudent, responsibly implement its supervisory duties and provide advice to every member of Board of Directors in the interests of the Company and in accordance with the Company's purposes and objectives.

c. Independence of Commissioners

The composition of the Board of Commissioners of the Company fulfils prevailing rules and regulations, especially in the Capital Market, with a total of six Board of Commissioners members at the present. Of the Board of Commissioners member, two members are Independent Commissioners, namely Mr. Wahjosoedibjo and Mr. Dedi Aditya Sumanagara. The Independent Commissioners of the Company are not related by blood, affiliation or financial ties to other members of the Board of Commissioners, the Board of Directors or the controlling shareholders, so as to maintain the independence of the Board of Commissioners' supervisory function and ensure that the check and balance mechanism functions. In carrying out its tasks, the Board of Commissioners takes care to refrain from executive tasks, and remain firmly in its supervisory function.

d. Execution of the Tasks of the Board of Commissioners

As part of its responsibilities, the Board of Commissioners holds meetings to discuss issues related to the management of the Company, and to evaluate the performance of the Company and the audit report carried out by the Audit Committee. These meetings are held to ensure that the goals and performance of the Company with regard to strategic planning, finances, acquisitions, divestments, operations, risk management and corporate governance can be achieved in line with the targets of the Company.

Board of Commissioners meetings may be held at any time as deemed necessary by one or more members of the Board of Commissioners, or upon written request from one or more members, or upon the written request of one or more of the shareholders who jointly represent one tenth or more of the total shares with voting rights. Board of Commissioners meetings are deemed legitimate and entitled to make legally binding decisions only if more than half of the Board of Commissioners members are either present or represented in the meeting.

Resolutions of the Board of Commissioners meetings must be passed in consensus. Failing to achieve such consensus, the resolution shall be passed by voting based on affirmative votes with at least more than half of the total votes cast at the meeting including the votes of the President Commissioner and Vice President Commissioner, provided that the resolutions of this Board of Commissioners meeting must be signed by the President Commissioner and Vice President Commissioner.

The Board of Commissioners may also pass valid resolutions without convening a Board of Commissioners meeting, provided that all members of the Board of Commissioners have been notified in writing and all members of the Board of Commissioners have granted their approval for the written proposals as evidenced by

their signed consent. The resolutions passed in such a manner shall have the same legal force as the resolutions lawfully passed at the Board of Commissioners meetings.

Meeting Frequency and Attendance

The Board of Commissioners held five meetings in 2014 on the dates listed with attendance as shown in the accompanying table below:

1. 10 March;
2. 28 April;
3. 23 July;
4. 28 October; and
5. 3 December.

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Wiwoho Basuki Tjokronegoro	5	5	0	100%
Agus Lasmono	5	4	1	80%
Indracahya Basuki	5	5	0	100%
Pandri Prabono-Moelyo	5	5	0	100%
Anton Wahjosoedibjo	5	5	0	100%
Dedi Aditya Sumanagara	5	5	0	100%

e. Performance Assessment Process for the Board of Commissioners

Assessment of Board of Commissioners' performance is conducted based on evaluation criteria that is related to the execution of the Board of Commissioners' tasks and responsibilities.

Parties carrying out the Performance Assessment of the Board of Commissioners

The Board of Commissioners in 2014 submits a report on their performance to the GMS

f. Remuneration of the Board of Commissioners

Procedure for Determination of Remuneration of the Board of Commissioners Remuneration of members of the Board of Commissioners is established with reference to the internal policies of the Company, prevailing rules and regulations and standards in related industries, that is approved by the GMS.

Remuneration Structure Board of Commissioners

Details of the compensation awarded to the Board of Commissioners of the Business Group are as follows:

in US$

DESCRIPTION	2014	2013
Short term benefits	**976,768**	1,367,881

h. Training for the Board of Commissioners

Throughout 2014, members of the Board of Commissioners did not participate in any training or competency development programs.

IV. COMMITTEES ACCOUNTABLE TO THE BOARD OF COMMISSIONERS

To support the Board of Commissioners in performing its supervisory duties effectively, it is supported by four committees, namely the Audit Committee, GCG Committee, Risk and Investment Committee and Human Capital Committee.

a. AUDIT COMMITTEE

The Board of Commissioners has established and appointed the Audit Committee in compliance with prevailing laws and regulations, towards enhancing the implementation of GCG practices within the Company's operations as well as expansion activities in order to promote openness and objectivity in addressing issues related to the internal control system, financial statements and external auditors. The Audit Committee is governed by the Audit Committee Charter which is available on the Company's website.

i) Structure, Membership and Profiles of the Audit Committee

During 2014, the Audit Committee was chaired by an Independent Commissioner, Anton Wahjosedibjo, with two independent professional members who have the appropriate qualifications and extensive financial experience, namely Maringan Purba Sibarani and Deddy Harijanto Sudarijanto.

Based on Bapepam Regulation Number: IX.I.5 on the Guidelines On Establishment And Working Implementation Of Audit Committee, which is was an Attachment of Decision of the Chairman of Bapepam Number: Kep-29 / PM / 2004 dated 24 September 2004, as amended to become the Attachment of Decision of the Chairman of Bapepam-LK No. 643 / BL / 2012 dated 7 December

2012, the term of service for Audit Committee members should not be longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association, and they may be only be reelected for one subsequent term.

The term of office of the Chairman of the Audit Committee and its members is valid until the close of the Annual General Meeting of Shareholders of the Company in 2015. This is their second period of tenure as Chairman and members of the Audit Company of the Company.

The profiles of the members of the Audit Committee are as follows:

1. **Chairman: Anton Wahjosoedibjo**

   For the profile of Mr. Anton Wahjosoedibjo, please refer to the profiles of Board Commissioners & Board of Directors (page XX).

2. **Member: Maringan P. Sibarani**

   Age 71, formerly Director of PT Indofood Sukses Makmur Tbk for 9 years and a Senior Partner of Arthur Andersen for 16 years. Graduated from the Faculty of Economics at the University of Indonesia, major in Accounting. He is the Head of the Accounting Department at the Faculty of Economics, Trisakti University, and a Lecturer for the Professional Education for Accountant Program at the Trisakti University and Parahyangan University.

3. **Member: Deddy Harijanto Sudarijanto**

   Age 42, currently a Vice President Director of PT Net Mediatama Indonesia, President Director of PT Polypet Karyapersada (since 2004) and PT Rekamitrayasa Komunikatama (since 2003), and Director of PT Indika Multimedia (since 2001). Previously he also held positions as Commissioner of MBSS (2010–2013) and CEO of PT Petrokimia Nusantara Interindo. He graduated from Northeastern University with a BSc. in Industrial Engineering in 1993 and an MSc. in Industrial Management from Stanford University in 1994.

ii) Primary Responsibilities of the Audit Committee

As the independent advisor of the Board of Commissioners, the primary responsibility of the Audit Committee is to ensure that the appropriate processes are in place to support the Board of Commissioners in fulfilling its responsibilities to exercise due care, diligence and skill specifically in relation to:

- The adequacy of internal controls: The Audit Committee oversees the effectiveness of the internal control system established by the management. In fulfilling this responsibility, the Audit Committee is assisted by the Internal Audit of the Company;
- Reliability of the Company's financial information;
- Regulatory compliance: The Audit Committee ensures that the Company complies with applicable laws and regulations pertaining to the capital market and other prevailing laws related to the Company's operations;
- Reviewing the performance of the external auditor: The Audit Committee reviews the financial results of the Company to ensure the reliability of the financial information. In conducting its duties, the Audit Committee has the authority to review whether the quarterly financial statements correctly represent real business results and significant fluctuations, if any, consistent with the overall industrial or economic conditions;
- Effectiveness of the internal auditor: The Audit Committee approves the internal auditor's work program and the outcomes of internal audits conducted to ensure that the recommendations of the internal auditor on significant internal control shortcomings are addressed.

iii) Activities of the Audit Committee

The following activities were carried out in 2014:

1. Meetings with Public Accountant Firm Osman Bing Satrio & Eny (KAP Deloitte) to discuss the audit results for the Company's Consolidated Statement for the year ended 31 December 2013;
2. Quarterly meetings to discuss the quarterly financial results of the Company;
3. Meetings with Internal Audit to discuss, among others, significant findings and cases, standard operating procedures and work plans.

Meeting Frequency and Attendance

In 2014, the Audit Committee of the Company held four meetings on the following dates:

1. March 10;
2. April 28;
3. July 22; and
4. October 28.

With attendance as shown in the following tabel:

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Anton Wahjosoedibjo	4	4	0	100%
Maringan Purba Sibarani	4	4	0	100%
Deddy H. Sudarijanto	4	4	0	100%

b. GCG COMMITTEE

The GCG Committee has been established to assist the Board of Commissioners with oversight of management actions performed by the Board of Directors in accordance with the Articles of Association and prevailing laws and regulations, particularly with regard to implementation of GCG principles within the Company.

i) Structure, Membership and Profile of the GCG Committee

The GCG Committee currently consists of one chairman and two members.

The term of office of the Chairman of the GCG Committee and its members is valid until the close of the Annual General Meeting of Shareholders of the Company in 2015.

The members of the GCG Committee in 2014 were as follows:

1. **Chairman: Arief T. Surowidjojo**

   Age 61, is one of the founding partners of Lubis Ganie & Surowidjojo Law Firm. He has been practicing law for the last 38 years and represented and has advised the Indonesian government, national and multi-national companies in various complex corporate legal issues and transactions and commercial litigation cases. His expertise focuses on corporate finance, project finance, corporate restructuring, assets recovery, merger and acquisition, governance and commercial litigation. He has been a Senior Lecturer in business contract drafting at the Faculty of Law University of Indonesia since 1990. He earned a Bachelor of Law Degree from the University of Indonesia in 1977, and a Master Degree in Law from the University of Washington, Seattle, USA in 1984.

2. **Member: Anton Wahjosoedibjo**

   For the profile of Anton Wahjosoedibjo, please refer to the profiles of Board Commissioners & Board of Directors (page 45).

3. **Member: Pandri Prabono-Moelyo**

   For the profile of Pandri Prabono-Moelyo, please refer to the profiles of Board Commissioners & Board of Directors (page 45).

ii) Duties and Responsibilities

The GCG Committee is responsible for the development of internal systems within the Company to ensure implementation of GCG principles, including principles of transparency, accountability, responsibility, independence, fairness and equality in the management and supervision of business units within the Company. The implementation of GCG principles in a firm, consistent and sustainable way will improve the performance of the Company, the investment value of its shareholders, the role of the Company in national economic development, and the welfare of the Company's employees and stakeholders, including communities in locations where the Company carries out its business activities.

The GCG Committee shall ensure that the Company consistently implements a culture of good business ethics and good working environment in line with the vision, mission and values, action plans, programmes, and good behaviour; that can be a model for all organs within the Company in achieving the main objectives in a measured, efficient, effective and sustainable manner. In implementing its duties and responsibilities, the GCG Committee shall ensure that the Company has a clear reference that can be implemented in its efforts to comply with any and all legal and administrative obligations that must be fulfilled by all companies in Indika Energy Group, pursuant to prevailing laws and regulations.

The GCG Committee is also responsible for the presence, existence and development of the Company which brings benefits to all stakeholders of the Company through its corporate social responsibility and environmental programmes as required by prevailing laws and regulations, as well as through programmes that are proactively carried out by the Company on its own. In addition, the GCG Committee has

an obligation to conduct regular reviews and provide input on corporate social responsibility plans, programmes, and implementation.

To carry out its abovementioned responsibilities, the GCG Committee is required to formulate a number of related guidance documents for the Board of Commissioners and the Board of Directors of the Company, and update the documents from time to time.

iii) Activities

GCG Committee has asked the Company to prepare a Compliance Report and has met with the relevant parties within the Group to ensure that Indika Energy and its subsidiaries have effectively implemented GCG, and to discuss risks within the Group that are related to governance throughout 2014. The discussions focused on the implementation of the ASEAN Corporate Governance Scorecard, whistleblowing policy, implementation of corporate governance and Company activities related to governance.

Meeting Frequency and Attendance

During 2014, the GCG Committee held three meetings on:

1. May 16;
2. July 22; and
3. October 28.

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Arief T. Surowidjojo	3	3	0	100%
Anton Wahjosoedibjo	3	3	0	100%
Pandri Prabono-Moelyo	3	3	0	100%

c. RISK AND INVESTMENT COMMITTEE

The Risk and Investment Committee is responsible for assisting the Board of Commissioners in performing their supervisory duties and functions related to the business strategy and investments made by the Company, and all aspects of risk incurred due to these investments as well as the possibility of risk mitigation action.

i) Structure, Membership and Profiles of the Risk and Investment Committee

The Risk and Investment Committee currently consists of one chairman and three members.

The term of office of the Chairman of the Risk & Investment Committee and its members is valid until the close of the Annual General Meeting of Shareholders of the Company in 2015.

The members of the Risk and Investment Committee in 2014 were as follows:

1. Chairman : Wiwoho Basuki Tjokronegoro
2. Member : Agus Lasmono
3. Member : Indracahya Basuki
4. Member : Dedi Aditya Sumanagara

The profiles of the Chairman and Members of the Risk and Investment Committee may be viewed in the Profiles of the Board of Commissioners & Board of Directors (page 45-57).

ii) Main Responsibilities

The Risk and Investment Committee's main responsibilities and duties are to assist the Board of Commissioners in its supervisory duties related to the Company's business strategy, investments and risk management of investments that will be or have been conducted by the Board of Directors.

In implementing its main responsibilities, the Risk and Investment Committee shall review the business strategy as well as any investments and the risks thereof. While the primary responsibility for implementing the business strategy rests with the Board of Directors, the responsibility of the Risk and Investment Committee is to provide recommendations on the business strategy to be taken by the Board of Directors and to review the implementation thereof, and to advise the Board of Commissioners on matters related to the strategic business plan and annual business plan and/or business policy of the Company.

In addition, the Risk and Investment Committee reviews, identifies and analyses risk and return from proposed investments, material projects and/or corporate actions, and reviews the implementation thereof. In carrying out its duties and responsibilities, the Risk and Investment

Committee shall report to the Board of Commissioners with reference to the principle of confidentiality and will only disclose information to members of the Risk and Investment Committee and the Board of Commissioners.

iii) Risk and Investment Committee Activities

The Risk and Investment Committee has reviewed both new and existing investments of the Company as well as possible risks related thereto, and has discussed on draft Risk and Investment Committee Charter.

Meeting Frequency and Attendance of the Risk and Investment Committee

In 2014, the Risk & Investment Committee held four meetings on the following dates:

1. 10 March
2. 28 April
3. 23 July; and
4. 28 October.

With attendance as shown in the following table:

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Wiwoho Basuki Tjokronegoro	4	4	0	100%
Agus Lasmono	4	3	1	75%
Indracahya Basuki	4	4	0	100%
Dedi Aditya Sumanagara	4	4	0	100%

e. HUMAN CAPITAL COMMITTEE

The Human Capital Committee was formed by the Board of Commissioners to assist with its tasks, authority and responsibilities in overseeing management actions taken by the Board of Directors in accordance with the Articles of Associations and prevailing laws and regulations. The Human Capital Committee shall support decision-making processes related to human capital management to ensure that the Company stays aligned with the set and approved vision, mission, destination statement and strategy.

i) Structure, Membership and Profiles of the Human Capital Committee

The Human Capital Committee consists of one chairman and two members.

The term of office of the Human Capital Committee and its members is valid until the close of the Annual General Meeting of Shareholders of the Company in 2015.

The members of the Human Capital Committee in 2014 were as follows:

1. Chairman : Agus Lasmono
2. Member : Wiwoho Basuki Tjokronegoro
3. Member : Indracahya Basuki

The profile of the Chairman and Members of the Human Capital Committee may be viewed in the Profiles of Board Commissioners & Board of Directors (page 45-57)

ii) Main Responsibilities of the Human Capital Committee

The Human Capital Committee has overall responsibility for approving and evaluating the appointment, performance targets, compensation and plans for Senior Executives and Company Executives, as well as the Company's plans related to performance targets, succession plans for Senior Executives and Executives, workforce management, as well as human resources governance, policies and programs of the Company that affect Senior Executives, Executives, officers and other employees of the Company. The Human Capital Committee shall also ensure that the Company complies with prevailing laws and regulations related to human capital.

In implementing its responsibilities, the Human Capital Committee has the authority to establish general Company policy related to human capital in consultation with the Senior Executives. In addition, in line with new regulations published by the Financial Services Authority at the end of 2013, the Human Capital Committee nominates and recommends replacements, reappointments or dismissals of Senior Executives and Executives to the Board of Commissioners. With regard to compensation benefits in the Company, the Human Capital Committee, in consultation with the Senior Executive, establishes the Company's general compensation philosophy, principles and practices, and oversees the development and implementation of compensation, benefits and perquisite programs.

The Human Capital Committee also has the authority to oversee the Company's long term, short term, annual or other periodic performance goals in relation to the performance target of the Senior Executive and Executives and oversees

the Company's Senior Executive succession plans and practices. One of the key roles of the Human Capital Committee is to oversee employee engagement levels in the Company, as employees are a crucial asset in our Company.

The Human Capital Committee plays an important role in overseeing the level of employee engagement within the Company, as employees are a crucial asset to the Company.

iii) Human Capital Committee Activity

In 2014 the Human Capital Committee oversaw the Company's long term, short term, annual or other periodic performance goals in relation to the performance target of the Senior Executive and Executives and oversees the Company's Senior Executive succession plans and practices. The Human Capital Committee also monitored employee engagement levels in the Company.

Meeting Frequency and Attendance of the Human Capital Committee

In 2014, members of the Human Capital Committee frequently met informally to discuss matters related to human capital.

V. BOARD OF DIRECTORS

The Board of Directors is the organ of the company that is fully authorized and responsible to manage the company and is entitled to represent the company both in court and outside of court, in the interests of the shareholders and the stakeholders of the Company. In conducting its tasks, the Board of Directors is accountable to the GMS. The authority and responsibilities of the Board of Directors is set forth in the Articles of Association which makes reference to all prevailing regulations.

As of 31 December 2014, the Board of Directors comprised seven members, one of whom is an Independent Director.

Members of the Board of Directors are appointed by the GMS for a two-year term without prejudice to the right of the GMS to dismiss them at any time. The President Director is entitled and authorised to act for and on behalf of the Board of Directors and represent the Company. In the case that the President Director is absent or unable to be present for any reason whatsoever, of which impediment no evidence to any third party shall be required, the Vice President Director jointly with one Director or two other members of the Board of Directors shall be entitled and competent to act for and on behalf of the Board of Directors and represent the Company.

a) Structure and Membership of the Board of Directors

The composition of the Board of Directors as of 31 December 2014 is as follows:

President Director	: Wishnu Wardhana
Vice President Director	: M. Arsjad Rasjid P.M.
Director	: Azis Armand
Director	: Rico Rustombi
Director	: Joseph Pangalila
Director	: Richard Bruce Ness
Independent Director	: Eddy Junaedy Danu

b. Duties and Responsibilities of the Board of Directors

In executing its responsibility to manage the Company, the Board of Directors shall ensure that in carrying out day-to-day business activities, the implementation of policies, principles, values, strategies, aims and targets are in compliance with prevailing laws and regulations as well as the Company's Articles of Association, and has obtained necessary approvals as may be required from time to time. The Board of Directors shall perform its fiduciary duties whilst supervised and advised by the Board of Commissioners and the Committees accountable to the Board of Commissioners, and shall report to the GMS on the duties entrusted to it of managing the Company.

In assisting the management and operations of the company, each member of the Board of Directors has the following responsibilities:

President Director : Wishnu Wardhana

The President Director as the Group Chief Executive Officer (Group CEO) is responsible for implementing the corporate strategy together with the Board of Commissioners and realizing it in the the day to day management and oeprations and development of the Company and its subsidiaries. In this task, the President Director is assisted by a Group Chief Operating & Financial Officer (Group COO & CFO) and five Directors each in charge of managing a different directorate, namely Energy Resources: Coal and Oil & Gas, Energy Services: Mining and Energy Infrastructure, Business Development, Energy Infrastructure: Marine Logistics, and Energy Services: Oil & Gas, assisted by the Corporate Secretary & Internal Audit.

Vice President Director: M. Arsjad Rasjid P.M.

Besides serving as the Vice President Director, he concurently serves as the Group COO & CFO. In executing his responsibilities, he is also responsible for the day to day operational activities of the Company and directly oversees the Investor Relations & Corporate Finance, the Financial Controller, Corporate Planning, Tax & Risk Management, Office of The CEO, Communications & Sustainability; Legal, ICT & Business Process Improvement, Human Capital & Internal Communication, Project Development & Services, and Indika Corporate Security.

Director : Azis Armand

As Director of Energy Resources: Coal and Oil & Gas, . Azis Armand is responsible for day to day operational activities in the field of coal and oil & gas and execution of related tasks through company subsidiary PT Indika Indonesia Resources and its subsidiaries.

Director : Rico Rustombi

As Director of Energy Services: Mining & Energy Infrastructure, Rico Rustombi is responsible for day to day operational activities in the field of mining and infrastructure, and execution of related tasks through company subsidiary PT Mitrabahtera Segara Sejati Tbk and its subsidiaries.

Director : Joseph Pangalila

As Director of Oil & Gas Services, Joseph Pangalila is responsible for day to day operational activities in the field of oil & gas. and execution of related tasks through company subsidiaries PT Tripatra Engineers and PT Tripatra Engineers & Constructors.

Director : Richard Bruce Ness

As Director of Energy Services, Richard Bruce Ness is responsible for day to day operations in the field of energy and execution of related tasks through company subsidiary PT Petrosea Tbk. and its subsidiaries.

Independent Director: Eddy Junaedy Danu

As Director of Power and Business Development, he is responsible for the business development of the Company.

e. Meeting Frequency and Attendance

Board of Directors meetings may be held at any time deemed necessary by one or more members of the Board of Directors, or upon written request from one or more members of the Board of Commissioners, or upon the written request of one or more shareholders who jointly represent one tenth or more of the total shares with voting rights. Board of Directors meetings are deemed legitimate and entitled to make legally binding decisions only if more than one half of the Board of Directors members are either present or represented in the meeting. Resolutions of the Board of Directors meetings must be based on consensus. Failing to achieve consensus, the resolution shall be passed by voting based on affirmative votes of at least more than half of the total votes cast at the meeting.

The Board of Directors may also pass valid resolutions without convening a Board of Directors meeting, provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors have granted their approval in writing as evidenced by their signed consent. The resolutions passed in such a manner shall have the same legal force as the resolutions lawfully passed at a Board of Directors meeting.

In 2014, the Board of Directors conducted meetings which, among others, aimed to discuss current market conditions, the performance of the Company and other aspects relating to the Company's operations and business, as well as to approve the corporate actions of the Company.

Meetings of the Board of Directors

In 2014, the Board of Directors of the Company held eight meetings on the following dates:

1. 15 March;
2. 25 April;
3. 19 June;
4. 21 July;
5. 29 August;
6. 27 October;
7. 24 November; dan
8. 1 December

Their record of attendance was as follows:

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Wishnu Wardhana	8	8	0	100%
M. Arsjad Rasjid P.M.	8	8	0	100%
Azis Armand	8	8	0	100%
Rico Rustombi	8	7	1	87.5%
Joseph Pangalila	8	8	0	100%
Richard Bruce Ness	8	8	0	100%
Eddy Junaedy Danu	8	8	0	100%

e. Assessment of the Board of Directors

Performance Assessment Process for the Board of Directors

As part of the implementation of good corporate governance in the Company and to maintain yearly improvements in the performance of the Company, periodic assessments are made of the members of Board of Directors of the Company. As a measure of performance, the Board of Directors submits Financial Statements to the Audit Committee in the form of:

- Interim Consolidated Financial Statements for the 1st and 3rd Quarter; and
- Mid-Year Financial Statement and Consolidated Annual Financial Statement.

Parties carring out the Performance Assessment of the Board of Commissioners

Assessment of the performance of the Board of Commissioners is carried out based on evaluation criteria that is related to the execution of the Board of Director's tasks and responsibilities.

f. Remuneration of the Board of Commissioners

Procedure for Determination of Remuneration of the Board of Commissioners

Members of the Board of Commissioners receive remuneration with reference to the remuneration principles of the Company, prevailing regulations, comparisons with similar industries and the performance of the Company, which must then be approved by a GMS.

Remuneration Structure of the Board of Directors

Details of the compensation awarded to the Board of Directors of the Group for 2013 and 2014 are as follows:

in US$

DESCRIPTION	**2014**	2013
Short term benefits	**1,817,620**	2,637,613

i. Board of Directors Training Program

Members of the Board of Directors attended the Indika Energy Leadership Summit held in October 2014 in Bandung, Indonesia.

In addition, in November 2014, Mr. Arsjad Rasjid completed the Executive Education on Leadership and Decision Making in the 21st Century program at the Jackson Institute for Global Affairs, Yale University, United States.

j. Working Relationship between the Board of Commissioners and Board of Directors

The working relationship of the Board of Commissioners and Board of Directors is one of check and balance for the Company's advancement and health, so as to give rise to professional, transparent and efficient management of the Company, as well as the structure for a better working relationship between these two organs of the company.

Collective Meetings of the Board of Commissioners and Board of Directors

In 2014, the Board of Commissioners and Board of Directors held five collective meetings on the following:

1. 10 March;
2. 28 April;
3. 23 July;
4. 28 October; and
5. 3 December.

These meetings were held with the purpose of exposure and discussion of the quarterly financial statements and the Annual Budget Work Plan.

The attendance of members of the Board of Commissioners and Board of Directors in these meetings are presented in the list of Joint Meeting of the Board of Commissioners and Board of Directors as follows:

MEETING FREQUENCY AND ATTENDANCE

NAME	NO. OF MEETINGS	ATTEND-ANCE	ABSENCE	% ATTEND-ANCE
Wiwoho Basuki Tjokronegoro	5	5	0	100%
Agus Lasmono	5	4	1	80%
Indracahya Basuki	5	5	0	100%
Pandri Prabono-Moelyo	5	4	1	80%
Anton Wahjosoedibjo	5	5	0	100%
Dedi Aditya Sumanagara	5	5	0	100%
Wishnu Wardhana	5	5	0	100%
M. Arsjad Rasjid P.M.	5	5	0	100%
Azis Armand	5	4	1	80%
Rico Rustombi	5	3	2	60%
Joseph Pangalila	5	4	1	80%
Richard Bruce Ness	5	4	1	80%
Eddy Junaedy Danu	5	5	0	100%

VI. CONTROLLING SHAREHOLDER

The controlling shareholder of the Company is PT Indika Mitra Energi, which is indirectly controlled by Wiwoho Basuki Tjokronegoro and Agus Lasmono.

VII. CORPORATE SECRETARY

The Corporate Secretary works with related divisions, including Legal, Investor Relations and Corporate Communication to communicate Company information for the public and ensure that this information is distributed accurately, clearly, efficiently, and comprehensively in accordance with prevailing laws and regulations. In performing its function, the Corporate Secretary adheres to the principles of GCG, particularly those of accountability and transparency, so as to maintain and enhance the Company's integrity and trustworthiness in the capital market with its shareholders and stakeholders.

Pursuant to the Circular Resolution of the Board of Directors Number 040/IE-BOD/VIII/2013 dated 22 July 2013, Dian Paramita has been appointed as Corporate Secretary of the Company.

a. Duties and Responsibilities of the Corporate Secretary

The Corporate Secretary functions as the contact person of the Company with regard to external parties, in particular the government, capital market authorities, media and related stakeholders. The Corporate Secretary facilitates effective and transparent communication with regulators, authorities, and capital market participants, and ensures the availability of information on material transactions and corporate actions.The Corporate Secretary is also responsible for ensuring compliance with prevailing laws and regulations, specifically in the capital market sector. In addition, the Corporate Secretary also ensures that the Company complies with mandatory reporting requirements, such as information disclosure on the Company's actions, Financial Statements, Annual Report, the shareholders registry monthly report and the monthly report of the Company's foreign currency liabilities.

b. Activities of the Corporate Secretary

In 2014, the Company submitted the required reports in a timely manner to regulators, including but not limited to the Indonesian Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX). The Corporate Secretary also completed and submitted the Company's 2013 Annual Report on 30 April and organized and convened the AGMS and Public Expose on 14 May 2014.

c. Profile

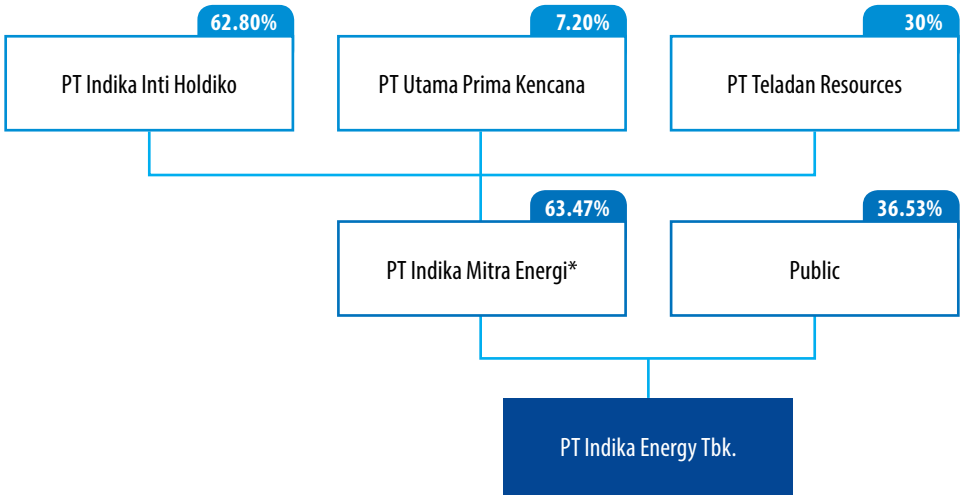
Dian Paramita, age 40, was appointed as the Corporate Secretary of PT Indika Energy Tbk. in 2013. Currently she also serves as Head of Legal of the Company. Prior to joining Indika Energy, she held positions as Head of Legal of PT Bentoel Internasional Investama Tbk (2011–2013) and Partner at Soewito Suhardiman Eddymurthy Kardono Law Firm (1997–2011). She graduated from the Faculty of Law at the University of Indonesia in 1997 and earned her Master of Law from Washington College of Law American University, USA in 2001.

d. Training

The Company Secretary attended various trainings in the capital markets field to develop her competency as the Company Secretary, and also attended the Leadership Summit held in October 2014.

VIII. INTERNAL AUDIT

The Company's Internal Audit function provides an independent and objective assurance and consultation activity designed to improve the operations of the Company, through a systematic approach of evaluating



*Controlled by Mr. Wiwoho Basuki Tjokronegoro and Family in the amount of 40.5% and Mr. Agus Lasmono in the amount of 59.5%.

and improving the effectiveness of internal controls, risk management and corporate governance processes.

In addition, Internal Audit also assess and examines the efficiency and effectiveness of the Company's activities in finance, operations, human resources, information technology and others.

a. Scope and Duties

The Internal Audit department formulates a yearly audit plan which covers all areas of activity of the Company and must be approved by the Board of Directors and Audit Committee of the Company. Internal Audit is responsible for implementing the Audit Plan during the year, including any ad-hoc engagements requested by the management. Specifically, the Internal Audit department endeavors to improve profitability by recommending improvements in management control and encouraging adherence to standardized procedures and best practices. It aims to determine whether the risk management, internal controls and the governance processes that have been designed and implemented are adequate and functioning properly.

Findings and recommendations, including any remedial steps to be taken, are communicated to the relevant senior management at the end of each internal audit engagement. The final audit reports are sent to the Audit Committee. During the year, Internal Audit met with the Audit Committee to discuss completed tasks, findings, recommendations and necessary actions for improvement, as well as the audit plan.

In carrying out its duties, the Internal Audit department has unrestricted access to all records and functions, properties and employees of the Company, as well as to the Board of Directors and Board of Commissioners in connection with its responsibility. To ensure the independence of the Internal Audit function, the Internal Audit does not participate in operational activities such as conducting or approving accounting transactions. The Internal Audit department staff reports to the Head of Internal Audit, who reports administratively to the President Director and Vice President Director and functionally to the Audit Committee.

b. Head of Internal Audit

i) Appointment & Dismissal

In accordance with Bapepam-LK Regulation No. IX.I.7 wherein the Formation and Guidelines of the Internal Audit Charter are specified, Indika Energy's Head of Internal Audit is appointed by the President Director with the approval of the Board of Commissioners.

The President Director may dismiss the Head of the Internal Audit Unit with the approval of the Board of Commissioners if he/she is not able to discharge the responsibilities as an Internal Auditor as set forth in the Internal Audit Charter, or cannot discharge his/her responsibilities well.

ii) Current Head of Internal Audit

Pursuant to the Board of Directors Decision Letter dated 30 October 2013, Rajiv Krishna has been appointed as the Head of Internal Audit of the Company, replacing the former Head of Internal Audit, namely Kasturin. His profile is as follows.

Rajiv Krishna, age 56, has been appointed as Head of Internal Audit of PT Indika Energy Tbk since

2013. Prior to this he was a Director of Pyramid Glass Company, Alexandria, Egypt, a unit of Kedaung Group, Indonesia, where he concurrently held the position of Group Head of Internal Audit for 13 years. His previous professional experience includes Financial Controller at Mayapada Group and also Group Financial Controller at Kasogi International (Ganda Wangsa Utama) in Surabaya. He is a Bachelor of Commerce (Honors) graduate from St. Xavier's College, Calcutta University and is an Associate Member of the Institute of Chartered Accountants of India since 1986.

iii) Internal Audit Activities in 2014

During 2014, Internal Audit carried out engagements in accordance with the Audit Plan approved by the Audit Committee at the beginning of the year. The scope of work of Internal Audit covered the operational activities of the Company and the examination of adequacy of internal controls in finance and operations, as well as the integrity of financial reporting.

The Internal Audit department met with the Audit Committee on four occasions during 2014. These meetings were held on:

1. 10 March
2. 28 April
3. 22 July
4. 28 October

IX. EXTERNAL AUDITOR

In accordance with Regulation No. VIII.A.2, Bapepam-LK Decision Attachment No. Kep-86 / BL / 2011 dated February 2011 related to the Independence of Accountants Providing Capital Market Services, regarding Restrictions on Audit, Assignments which includes:

a. The provision of public audit services for client financial statements may only be done by a public accounting firm for a maximum of 6 (six) consecutive years and by an accountant for a maxiimum of three (3) consecutive years.
b. A Public Accountant Office and Accountants may be reappointed to audit a client after one year of not auditing the client.

As approved by the AGMS dated 14 May 2014, the Company has appointed Public Accounting Firm Osman Bing Satrio & Eny as theindependent auditor to audit the Company's Consolidated Financial Statements for the 2014 fiscal year. Specifically, public accountant Drs. Osman Sitorus will sign the Indpendent Audit Report on behalf of Public Accounting Firm Osman Bing Satrio & Eny for the 2014 fiscal year.

The appointed Public Accountant has carried out the audit based on the Auditing Standards established by the Indonesian Institute of Certified Public Accountants and based on the scope of work that has been determined and agreed upon.

a) Public Accountant Term & Fees

The table below set forth the Public Accountant Firm and Public Accountant used for the last five years followed by total remuneration for audit services paid.

Total remuneration for the abovementioned audit service totalled approximately US$78,000 in 2014, compared with US$77,000 in 2013.

It is the third year that Osman Bing Satrio & Eny has acted as an independent auditor for the Company.

No other services were provided by Osman Bing Satrio & Eny to the Company in 2014

YEAR	PUBLIC ACCOUNTANT FIRM	PUBLIC ACCOUNTANT	AUDIT FEE
2014	Osman Bing Satrio & Eny	Drs. Osman Sitorus	US$78,000
2013	Osman Bing Satrio & Eny	Drs. Osman Sitorus	US$77,000
2012	Osman Bing Satrio & Eny	Drs. Osman Sitorus	US$109,000
2011	Osman Bing Satrio & Eny	Ali Hery	US$90,000
2010	Osman Bing Satrio & Eny	Ali Hery	US$101,500

b) Services Apart from the Yearly Financial Audit Report

For the fiscal year 2014, no other services were provided by Public Accountant Drs. Osman Sitorus from Osman Bing Satrio & Eny Public Accountant firm to the Company apart from audit services of the yearly financial statements.

EMPLOYEE AND MANAGEMENT STOCK OPTION PROGRAM

In February 2008, the shareholders approved the Employee and Management Stock Option Program (EMSOP). Issuance and distribution of options related to

the EMSOP were implemented in three stages. The Board of Directors established the participants eligible for EMSOP. Total options amounting to 104,142,000 options were allocated in three stages: 31,242,500 in each of the first and second stages and 41,657,000 in the third stage. The options are nontransferable and non-tradeable.

Each of the options distributed in each stage is valid for five years as of the date of its issuance. The options are subject to a one-year vesting period, during which the participant may not exercise the option.The exercise price for the option is determined based on Listing Rule No. 1-A, as attached to the Decree of the Board of Directors of the Indonesia Stock Exchange (IDX) No. KEP-305/BEJ/07-2004 dated 19 July 2004. There are a maximum of two exercise periods a year.

Based on the Board of Directors Decision Letter No. 234/IE-BOD/VIII/2009 dated 11 August 2009 to the Board of Directors of the Indonesia Stock Exchange, the Board of Directors of the Company have agreed on an excercise price of Rp2,138. There were 101,092,000 outstanding options as of 31 December 2014. In 2014, there were no compensation expenses related to employee and management stock options.

X. RISK MANAGEMENT

The Risk Management System of the Company

Recognizing that its operational and financial performance and growth are susceptible to various risks, the Company has instituted a risk management system to ensure sustainable growth.

Risks Faced by the Company

The Company faces a number of risks in its operational activities, foremost related to the volatility of coal prices. For more information on risks faced by the Company, please refer to the Risk Factor section.

Evaluation of Risk Management System Effectiveness

The effectiveness of the Company's risk management system is periodically evaluated by the Risk & Investment Committee, with input from the Audit Committee and Internal Audit Unit.

Efforts to Manage Risk

The Company undertakes various measures to manage risk, including the implementation of a risk matrix; managing the capital structure to achieve an optimal balance between debt and equity; ongoing liquidity risk management, and others.

XI. INTERNAL CONTROL SYSTEM

The internal control system is a process that is integral to the actions and activities carried out on an ongoing basis by management and all employees to provide reasonable assurance regarding the achievement of organizational goals through operational effectiveness and efficiency, reliable financial reporting and compliance with laws and regulations.

The Company has an effective internal control system in place consisting of a series of best practice policies and procedures, control activities comprising authorization controls, financial review, supporting documentation, reconciliations and checks, physical security, information system security and segregation of duties covering financial and operational aspects as well as procedures to ensure compliance with laws and regulations.

This system provides assurance to management that the operations are being conducted in an efficient and effective manner and that the records of the Company fairly and accurately record the results of these operations. The internal control system is designed to prevent material transactions from occurring without proper authorizations as well as to prevent and detect irregularities and discrepancies.

While all employees are aware of the concept and purpose of internal controls, the Company's Internal Audit department periodically evaluates the effectiveness of the internal control system established by management. Internal Audit ensures that the Company's policies and procedures are being followed and any material weaknesses are identified and recommendations for improvement of the controls are communicated to the relevant levels of management.

a. Framework for Internal Control Systems

The Company has established an internal control system in accordance with internationally recognized framework of the the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, the internal control system is a process that involves the Board of Commissioners, Board of Directors, as well as other personnel. This is in line with the existing system of internal control in the Company, which continues to develop the organizational control system by involving all available resources.

b. Evaluation of Effectiveness of Internal Control System

The effectiveness of the Company's internal control system is reflected in three processes, namely:

1. Entity Level Processes

The realization of an increase in the internal control at the entity level. Internal Audit Unit to improve the quality of supervision and inspection audit of the performance of each department, branch and project. The Company also will directly follow any criticism and suggestions addressed to the Company, so that all employees at every level can participate in supervising and reporting the incidents of dishonesty in each work area within the Company. To maintain its commitment to the implementation of corporate governance, the Company applies the principles of the code of conduct on an ongoing basis at every level.

2. Business Level Processes

An increase in the scope of internal control at the business process level has had an impact on the financial statements, particularly in terms of risk recognition which can now be accounted for more accurately and accountably. This is evident from the presence of internal controls in inventory, financial reporting, and sales and receivables processes.

3. Information Technology Level Processes

- improvements to network and system security;
- improvements to the quality of information technology.

c. Internal Control Systems in the Future

Currently, the Company has not yet established a COSO (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities)-standard system. However, the Company will continue to enhance internal control systems that focus on effectiveness, efficiency, reliability reporting, and compliance with regulations.

XII. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR related to the Environment

Policy

The Company is highly aware that the environment is a primary factor in supporting the business sustainability of the Company. As a result, the Company must ensure in its operations that its business activities do not negatively impact the environment. Such awareness is also part of the Company's steps to comply with Law No. 32 Year 2009 regarding the Protection and Management of the Environment.

Activities

Indika Energy has no core operational activities that significantly impact the environment. However, Indika Energy encourages all its subsidiaries to mitigate and prevent negative environmental impacts and to comply with all relevant rules and regulations. In addition, employees are encouraged to participate in environmentally friendly activities.

On February 14, 2014, Indika Energy collaborated with the Hidden Public Park Campaign to carry out improvements to the Tebet City Park, Jakarta, which included adding a playground in Jakarta. Such green spaces are important to improving the urban environment.

Certification

Indika Energy does not have specific environmental certification since its core business activities do not entail significant environmental impact.

CSR related to Labour, Workplace Health and Safety

Policy

Indika Energy strives to be an employer of choice, by implementing good labor practices and providing a safe and healthy work environment.

Activities

Good labor practices include implementation of:

- Equal opportunity recruitment
- Equal opportunity career development regardless of gender, race or religions
- Competitive remuneration and benefits
- Retention policies to reduce turnover

Initiatives to ensure workplace health & safety include:

- All eligible employees are medically ensured
- The Company strives to provide a healthy work environment for example by banning smoking indoors
- Office safety drills

CSR Related to Social & Community Development

Policy

Indika Energy is committed to social and community development, primarily through education and community healthcare as well as through economic empowerment.

Activities

In 2014, the Company revitalized the school library of elementary school SD Dinamika to encourage students' interest in reading.

Together with the Karya Salemba Empat (KSE) foundation, the Company also helped fund university scholarships for promising students to attend the University of Palangkaraya.

The Company has also established a healthcare clinic at KSPSI's headquarters and in Cikupa. In 2014, it carried out the revitalization of an Integrated Services Post (Posyandu) healthcare clinic located in RW 08 Petojo Selatan – Central Jakarta.

Lastly, a women's micro-financing institution program was held also in RW 08 Petojo Selatan that aimed to improve the capacity of underprivileged women to develop their businesses so that they could improve their families' income.

CSR Related to Consumer Responsibility

Policy

As a company that does not produce products or services, Indika Energy strives to provide accurate and timely information on the condition of its business and its subsidiaries that enable investors to make informed decisions whether to buy or sell its shares.

Activities

Indika Energy actively discloses material information on its website and communicates through various forums including public exposes, the annual report, analyst meetings, roadshows and more. Any questions or complaints may be sent to the Investor Relations or Corporate Secretary, or submitted anonymously in the case of a violation through the Company's Whistleblowing channel.

XIII. LITIGATION

Relating to the final decision of the Indonesian Supreme Court in favour of the Company with regard to the use of historical net book value in accounting for the merger of the Company, PT Tripatra Company (TPC) and PT Ganesha Intra Development Company (GID), the Company has received the original copy of the decision.

On August 2014, trading of PT Mitrabahtera Segara Sejati Tbk. (MBSS) stock was suspended by the Indonesia Stock Exchange for 2 days related to a Request for Suspension of Payment of Debts (PKPU) filed by PT Great Dyke in the Jakarta the Commercial Court with the number No. 39 / Rev-SUS / PKPU / 2014 / PN. Niaga.JKT.PST.

After discussion and negotiation with PT Great Dyke, MBSS settled the payment and the Indonesia Stock Exchange lifted suspension of the MBSS stock trading on the Exchange.

These proceedings did not materially impact the business viability of Indika Energy Group.

XV. ACCESS TO COMPANY DATA AND INFORMATION

In line with the GCG principle of transparency, Indika Energy openly discloses material information through public exposes, various communication channels and internal communications through various channels including the website, press conferences, investor meetings, corporate releases, submission of regular quarterly financial reports to the Indonesian Financial Services Authority, and submission of the annual report.

The objective is to provide all the necessary material and relevant information to the shareholders and stakeholders by facilitating easy access of accurate and timely information, in a meaningful and easily comprehensible manner. This is not limited to information as required by prevailing laws and regulatory bodies, but includes all necessary information required by the shareholders to make informed decisions. Information which is deemed by prevailing laws and regulations to be proprietary and confidential shall not be disclosed, in accordance with the designated position of the person and the privileges assigned there to.

XVI. CODE OF BUSINESS CONDUCT

In implementing Good Corporate Governance, every employee is responsible and obligated to help create a healthy and good work environment. Therefore, as

a form of collective responsibility, in December 2014 the Company updated the Code of Conduct Employee Handbook and socialized these guidelines.

All Indika Energy Group employees are required to comply with the business ethics of the company and the code of conduct, which among others runs as follows:

1. Employees

- Employees as Individuals

  - Respecting Every Individual

    Every employee has the right to develop his/her potential and Indika Energy Group is committed to value the talents of each individual while holding firm to and upholding the values of the Company.

  - Equal Opportunity

    The Company will provide equal employment opportunity for all employees, regardless of ethnicity, religion, race, customs, gender, age and or physical obstacles. The Company makes an exception to this policy only when hiring employees for positions that require specific physical abilities in performing the primary functions of the job.

- Employees in the Working Place

  - Respecting Diversity

    Indika Energy Group values the diversity of its employees. Each employee must respect differences of gender, language, culture, religion, sexual orientation and social economic status of other employees.

  - Respectful of Norms

    Providing a working environment working environment that is mutually respectful of all employees, free from any intimidation, hostility, insults or other unpleasant behavior in any form whatsoever, which may cause feelings of hurt, ostracization, belittlement or insult.

- Employees & Social Activities

  In general, Indika Energy respects and supports cultures, traditions and customs of the communities in which it has operational business activities. Each employee may actively participate in community volunteer programs with the objective of strengthening ties and familiarity with local communities.

2. Health, Safety and Environment

In every activity, Indika Energy Group always prioritizes the principles of Health, Safety and Environment (HSE). Regardless of the amount of profit that the Group can obtain, the safety and security of employees is the first priority. Healthy employees who are working in safe and comfortable conditions will maintain and drive the the achievement of the Company's aims. As such, employees as the most important resources will be given training and placed in positions in accordance with work procedures that guarantee protection of the health and safety of employees.

3. Integrity

The following are an explanation of main elements of the principles of integrity in business:

- Conflicts of Interest

  What are meant by parties which have the potential to become involved in conflicts of interests according to this regulation are:

  a. Any employee family member including spouses (husband/wife), children, father, mother, male or female relatives who are related by blood or by marriage and descent until the second degree, both horizontally as well as vertically.

  b. Any organization that is not related to the Company in which an employee or an employee's family member is an official, owner, partner, enjoys profit from any type of share in the Company / or property in which that individual has considerable interests/profits, or who serves as a supervisor of the company or in a similar capacity.

- Receiving/Giving Illegally

  Indika Energy Group companies are not allowed to directly or through intermediaries, offer, promise or give gifts, payment or any benefits in any form whatsoever to employees, officers or government officials.

- Donations

  Indika Energy Group does not provide any donations or sponsorships to political parties or private individuals with the potential to generate improper profit or influence.

  Donations that may be given pursuant to the provisions of the Company and prevailing laws and regulations subject to specific scrutiny are:

a. Contributions to government agencies for public use. This donation shall NOT include donations for government official nomination processes or for political party member election processes (Pilkada).

b. Contributions to professional associations or educational,socio religious, and sports institutions, provided that the professional associations or institutions will not influence legislation or participate in campaigning for public office, and none of the contributions will benefit any private or individual stakeholders.

- Anti Corruption Behavior

  Compliance with regulations is a characteristic that is clearly aligned with an anti-corruption attitude and behavior.

4. Information Management

Every employee is responsible for protecting the security of:

a. Confidential data and information belonging to the Company as well as within Indika Energy Group.

b. Information Technology (IT) hardware/software and the Company's information system

5. Bookkeeping, Control and Protection of Company Assets

The following are a number of policies and regulations that all employees must take notice of and comply with to protect the assets and finances of the Company.

a. Accurate Bookkeeping

b. Financial Control

c. Asset Protection

5. Reporting of Non-Compliance, Investigations, Disciplinary Sanctions

Failure to comply with the code of conduct that involves criminal actions may result in a court of law summons by authorized parties. Employees who violate regulations, laws or the rules of any company within Indika Group may face disciplinary sanctions including the severance of the work relationship.

Indika Energy has created a reporting system for violations or non-compliance. This whistleblowing policy for noncompliance is a system that can serve as a channel for whistleblowers to communicate data and information regarding indications of violations within any company in Indika Energy Group.

XVIII. WHISTLEBLOWING SYSTEM

In 2014, Indika Energy has set up a reporting system for violations or noncompliance. This non-compliance reporting policy (whistleblowing) is a system that can be used as a media for the whistleblowers to submit data and information regarding violations that occurred in any of the companies within Indika Energy Group. This system was designed to avoid controversy or dispute between the parties involved, enabling the best solution to be found to problems that arise.

The complaint mechanism is very important because the violations that are left unchecked have the potential to damage the reputation and public trust of the companies in Indika Energy Group. Complaints that are received through whistleblowing will be attended to and followed up on, including also the imposition of appropriate penalties in order to provide a deterrent effect

Employees of Indika Energy Group who observe indications of violations and decided to file a report may do so through their direct supervisor in accordance with applicable rules and procedures.

With this reporting system for non-compliance in place, all stakeholders of Indika Energy Group including employees, suppliers and the related general public can and must report violations of ethical business conduct related to any company in Indika Energy Group. All reporting on the actions of non-compliance will be followed up with a complaint meets the reporting criteria, namely:

- Explaining who, what was done, when, where, why and how.
- Supported by initial evidence (data, documents, images and recordings) that support / explains the offenses.
- It is expected that the report will be supported by data and information sources for further examination.

If these criteria are complete, the complainant (related employees, suppliers and the general public) may submit a complaint through the Indika Energy whistleblowing website, or by mail addressed to the Board of Ethics of Indika Energy.

The Company does not view whistleblowers as trouble makers, but as a witness of an incident. Any input or violation will be followed up in a professional manner and the anonymity of the whistleblower will be fully guaranteed.

All whistlelblowers will be protected against the negative effects of retaliation for reporting violations of unethical conduct of business at any company within Indika Energy Group.

In 2014, reports received by the Company through the whistleblowing system as follows

TYPE OF REPORTS	NUMBER OF REPORTS	DESCRIPTION
Reports Received	2	Report received.
Qualified Reports	1	Report qualified for further action.
Progress	1	Report in the process.

XIX. DIVERSITY OF THE BOARDS

Enshrined in the Company values and Company Code of Conduct is respect for diversity, which extends to all individuals in Indika Energy Group including the Board of Directors and Board of Commissioners. The Company Values and Code of Conduct explicitly states that Indika Energy Group values the diversity of its employees including differences of gender, language, culture, religion, sexual orientation and social economic status. As such, members of the Board of Directors and Board of Commissioners are appointed on the basis of merit with respect for diversity.




CATERPILLAR
MO642
MO642
PC
2000



Human Capital

Human capital is the primary asset of any company. Indika Energy therefore makes it a priority to recruit and develop high qualified individuals with a view towards improving the Company's performance and driving future innovation. The task of the Human Capital Division is to carry out these objectives.

EMPLOYER OF CHOICE

In line with these objectives, Indika Energy strives to be an employer of choice by providing safe, healthy and attractive working conditions so as to attract and retain high quality candidates, and support the productivity of its existing human resources. Indika Energy also practices equal opportunity hiring and career advancement, regardless of gender, race or religion, except for positions which entail certain physical requirements. All eligible employees are covered by medical insurance and are also enrolled in the state Jamsostek pension plan. In 2014, Indika Energy had 324 employees, compared with 416 employees in 2013. Total employees in the Group for 2014 stood at 8,320 employees, compared with 8,445 employees in 2013.



INITIATIVES IN 2014

The quality and productivity of Indika Energy's human capital was further spotlighted in 2014 as the Company continued to experience intense pricing pressure stemming from the still slow global economy and prolonged decline in coal prices. In response, the Human Capital Division continued to undertake a number of initiatives from 2013 and introduced new initiatives with the goal of reducing costs and creating a high performance work force, as follows:

- The organizational structure was continuously adjusted in line with business needs to become leaner and more flexible, with richer functionality;
- Operational Excellence was introduced to ensure effective execution every part of the organizational chain;
- Matching the structural and functional/non-structural requirements of different units/ with the right numbers of qualified and competent employees;
- Using Key Performance Indicators (KPI) to effectively guide and measure the performance of employees in achieving the targets set by the Company;
- Maintaining zero growth with no employees added to the human capital headcount, except as required for business needs and to replace employees who resigned or retired;
- Implementation of the Leadership Development Program and socialization of the 8+1 Leadership Competencies model that employees are expected to strive for, across the entire Group. This was followed by assessments in December 2014.

EFFORTS TO UPHOLD THE CODE OF ETHICS

In line with the Company's commitment to implement good corporate governance and nurture a corporate culture that fosters integrity, the Human Capital Division collaborated with the Corporate Secretary, Legal Division and Internal Audit to internalize the prevailing Ethical Business Conduct Guidelines.

In 2014, Indika Energy released an Employee Handbook on the Code of Business Conduct discusses the values and actions that should be implemented by all



employees, towards creating an ethical and conducive work environment. This Handbook includes policies on corporate business ethics and the code of conduct that employees of Indika Energy Group must comply with, as employees' behavior and action can either build up or ruin the company's reputation. Indika Energy Group expects that all employees will work together to implement Corporate Governance in a principled and ethical manner in accordance with the Corporate Value System adopted. Employees who violate this policy shall be subject to disciplinary sanctions as provided for by each company within Indika Energy Group.

In addition, Company regulations were updated and enhanced, with the object of promoting rules that support effective and productive work, and serving as basis for the implementation of Performance Culture.

LEADERSHIP TRAINING AND CORPORATE CULTURE

To support the Company's transformation into a high performance company, a Leadership Competencies Dictionary was created. The Leadership Framework sets the expectations and standards for behaviours, skills and competencies that support Indika Energy's mission, vision and ambitions in a way that is consistent with its values. The Leadership competencies will also be incorporated into performance management measures.

The annual Leadership Summit was held in October 22-23, 2014, attended by the senior management of all the companies within the Group. This summit serves to strengthen the internal culture and people development process by focusing on Operational Excellence practices. As good companies are always looking for ways to improve productivity and be competitive and so is Indika Energy. Through experiential learning, the participants of Leadership Summit learnt some methodologies to achieve growth, revenue and profit targets with greater speed, by building a more efficient and effective operation. At the end of the summit, participants learnt how to:

- Secure sustainable improvements in operational efficiency and effectiveness
- Boost profits by increasing outputs while reducing inputs
- Focus on value creating activities and aggressively streamline any activity that is not creating value for your company or your customers.
- Improve customer satisfaction, loyalty and retention.
- Smart cost reduction that's sustainable in the long-term
- Intelligent resource allocation and asset utilization operational excellence principles

SAP IMPLEMENTATION (THE INSPIRE PROJECT)

Human Capital Division played an important role in the successful implementation of SAP at a Group-wide level across all operating units and at holding level. The Human Capital Division, who actively collaborated with the Change Management Team to ensure that all Company employees at all levels understood and accepted the changes associated with the implementation of the new system.

The Human Capital Division also implemented change management in 2014 with a focus on functions related to Communication, Organizational Alignment, and Training and Performance Support which were intended to reinforce the core of the Company, which is its human capital.

In 2014, Indika Energy had 324 employees, compared with 416 employees in 2013. Total employees in the Group for 2014 stood at 8,320 employees, compared with 8,445 employees in 2013.

BY LEVEL

LEVEL	INDIKA ENERGY GROUP TOTAL		
	PERMANENT	CONTRACT	TOTAL
BOC - BOD	37	4	41
Executive	56	5	61
Manager	209	39	248
Supervisor	743	422	1.165
Staff	1,262	1,172	2,434
Non Staff	3.629	742	4371
Total	5,936	2,384	8,320

BY EDUCATION

EDUCATION	TOTAL GRUP INDIKA ENERGY		
	PERMANENT	CONTRACT	TOTAL
Doctorate/Ph.D	3	2	5
Master Degree	161	82	243
Bachelor Degree	1,336	862	2,198
Diploma Degree	348	205	553
Senior High School	3,084	875	3,959
Junior High School	425	63	488
Elementary School	217	30	247
Others/ Not Specified	364	263	627
Total	5,938	2,382	8,320



Corporate Social Responsibility

ENSURING SUSTAINABILITY

Indika Energy believes that the future of the energy markets and the long-term growth of the Company is inseparable from the welfare and development of its community, as well as environmental conservation. The prolonged coal market downturn over the past few years has not weakened Indika Energy's commitment to implementing the Company's principles of sustainability.

Indika Energy's sustainability programs are formulated and executed based on its corporate values with the aim of creating an Indonesian society that is well educated, healthy in body and spirit, and developing in line with Indonesian core values. This long-term commitment is essential in ensuring that the Company's existence benefits and adds value to the nation, society, and future generations in an optimal and tangible manner.

Indika Energy believes that the Company has the same interests and shares a common future as society, and that it therefore is imperative to engage communities through identification of their needs and program participation to enable optimal value creation.



EDUCATION

For Indika Energy, education is the key to achieve a better life for society. Providing access to quality education and skills training for the people living in our operational areas will create a significant empowerment effect.

With communities that are empowered and able to leverage its knowledge and understanding to overcome a variety existing social issues, it is expected that they will be able to work productively, resulting in the improved welfare of society and generations to come.

Besides focusing on educational programs for children, Indika Energy also sees the importance of other educational aspects, one of them being teachers. Therefore, a training program and provision of scholarships to improve the teachers' competence is one of the key steps towards creating a smarter nation.

In 2014, Indika Energy continued a program to improve the quality of teachers at SD Dinamika elementary school, Bantar Gebang, Bekasi, by providing training and motivation and developing the teaching plan, as well as facilitating benchmarking studies to other schools with the objective of widening their horizons and increasing their motivation to teach. To support the learning process itself, Indika Energy also improved the quality of the school library through a library management training program and the donation of reading books. More than 400 students at SD Dinamika elementary school have benefited and more than 63 students have been inspired to continue on to higher education.

In line with the Company's vision of sustainability, Indika Energy subsidiaries Petrosea, Tripatra, and MBSS have also implemented sustainable education programs. Together with the Integrated Village Service Foundation (Yayasan Pelayanan Desa Terpadu) in Samarinda, Petrosea held training and mentoring programs to improve the quality of teachers for early age education and preschools in West Kutai and Kutai Kartanegara. Over 6 months, materials covering child development psychology, teaching skills, and early education curriculum were given to 5 teachers. The success of this program can be seen by the improvements in the implemented curriculum, more creative teaching methods, and the use of various games as tools for education that are suitable for children's development.

Apart from the teaching staff, educational support facilities also play an important role in the teaching and learning process. This was the primary reason behind Tripatra's donation of 50 computers to 4 schools and 3

reading centers in several of its operational sites such as Bojonegoro, East Java and Luwuk, Central Sulawesi, as well as Jakarta and Bandung. Through these contributions, it is expected that the teaching and learning process can be carried out more innovatively, opening channels of information for the young generation.

In addition, since 2011 Indika Energy has granted scholarships to more than 300 employee children through the Educating the Nation's Children (Indika Energy Cerdaskan Anak Bangsa) program. These scholarships are a manifestation of the Company's concern and appreciation for the loyalty, dedication, and hard work of its employees. It is expected that these scholarships will motivate and help these high achieving children to continue their education at a higher level.

HEALTH

Indika Energy views health improvements as part of a series of efforts to improve the quality of human resources, an important investment in supporting the economic development of society. This is the reason that health is one of the main focuses of attention in the Company's operational areas, becoming one of our avenues to empowering communities.

Working together with one of the leading women's social foundations in Indonesia, the Center for Development of Women Human Resources (Pusat Pengembangan Sumberdaya Wanita, PPSW), Indika Energy revitalized a Posyandu health clinic in Petojo Selatan, Central Jakarta, as a frontline provider in fulfilling basic health needs and improving the community's nutritional intake. Besides repairing its health facilities, the Posyandu staff was educated with an emphasis on good health clinic management and improved service.

In collaboration with local government staff, training was given to 13 Posyandu cadres. Each month, the Posyandu served 73 children under 5 years old and 45 seniors.

Improvements in health quality were also carried out by Tripatra, which routinely provided free medical treatment once every 2 weeks in its operational area of Bojonegoro, East Java. In 2014, more than 1,500 patients comprised of seniors and children under 5 years old benefited from this treatment. Petrosea focuses on health education. Among others it carried out a program to reinforce hygienic and healthy living habits among communities in Kariangau and Margomulyo, Balikpapan, East Kalimantan. Starting from government data indications that 40% of the community suffered from certain illnesses, hygienic and healthy living habits were reinforced by carrying out checks on cholesterol level, blood sugar, and uric acid, as well as a health and sanitation campaign. Records showed that hundreds of community members participated in this activity.

COMMUNITY EMPOWERMENT

Creating autonomous communities is the next goal of Indika Energy's sustainability program. In the midst of the economic limitations and challenges faced by society, Indika Energy has participated to help communities empower themselves. Throughout 2014, Indika Energy and its subsidiaries carried out 16 community development and empowerment programs focusing on education and mentoring to help small businesses.

Working together with PPSW Jakarta, Indika Energy developed a women's cooperative in Petojo Selatan, Central Jakarta. The objective of this program is to empower and improve the capacity of women at a grass root level in developing their businesses, through the support of financial institutions so that they can increase their family's incomes. The assistance provided covered training in financial administration basics, the basics of how to run a cooperative, household economics and social analysis. At the end of 2014, the Makmur Sejahtera women's cooperative had 99 members.

Economic development for the community was also realized by MBSS through sewing lessons for 30 housewives in Rangga Ilung-Kelanis, Central Kalimantan. Through this program, the housewives' sewing abilities were able to decrease the amount of cost expended on buying school uniforms.

Cirebon Electric Power (CEP), an affiliated company of Indika Energy, launched a program of interest-free loans for small businesses in Cirebon, West Java. In collaboration with the Pengabdian Masyarakat Foundation (LPM) of Unswagati University, Cirebon, this program has been implemented in 10 villages in the sub-districts of Astanajapura and Mundu. Moreover, CEP has also assisted borrowers in developing their businesses. Currently, more than 300 people have benefited from this assistance.

Indika Energy's sustainability programs are able to empower communities to independently address challenges and create economic opportunities.

ENVIRONMENT

Indika Energy is certain that preserving a clean, safe, and healthy environment can go hand in hand with meeting the world's energy needs. Our efforts to accomplish this involve continuous evaluation to improve our processes to reduce pollution and waste, conserve natural resources, and minimize any potential negative environmental impacts of our activities and operations on the environment.

A number of programs have been carefully formulated and implemented to monitor and manage environmental impacts as well as conserve the environment, with an emphasis on the most efficient use of natural resources.

Indika Energy Group systematically reclaims land at its mining operation sites to return the soil to a state viable for post-disturbance land uses in mitigation of any environmental impact.

Such reclamation is an integral part of mine plans from the start and is carried out progressively in a number of phases before, during and after mining operations cease, with replanting undertaken as soon as the land is ready.

Working together with local non-governmental organization, CEP carries out a program to care for mangrove trees at the edge of the Waruduwur Beach, West Java, which covers the regular maintenance of the trees including giving fertilizer and monitoring the height growth of thousands of trees previously planted. Up to the present day, CEP has planted more than 35,000 mangrove trees around its operational area. Rehabilitation or normalization of blocked water channels spanning 170 meters was also carried out in Waruduwur Village, starting with preparations and removal of 300 cubic meters of earth which will be used for planting trees.





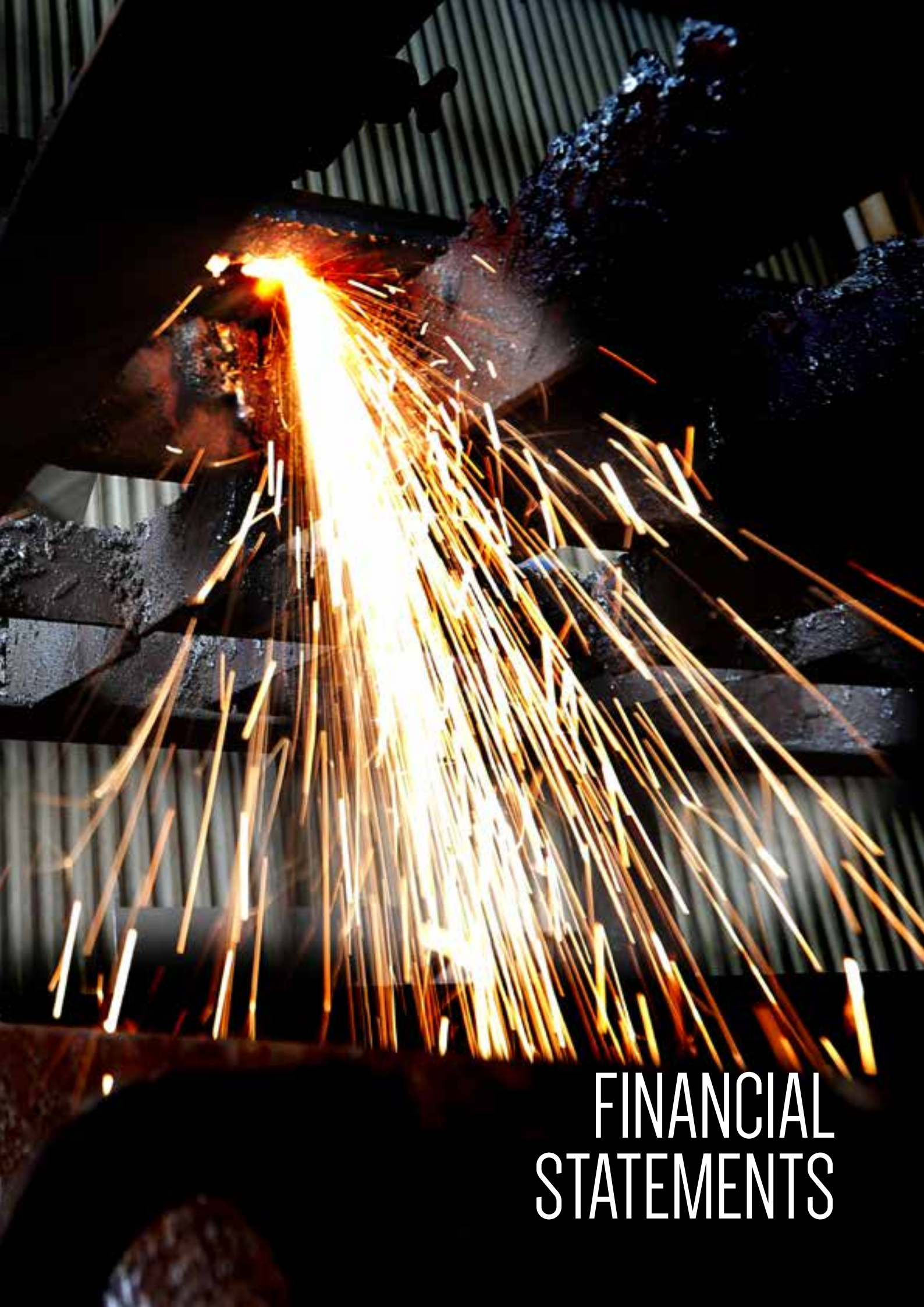
Subsequent Events

- In January 2015, PT Indika Energy Infrastructure and PT LPG Distribution Indonesia signed a purchase agreement with a third party to sell all shares owned in PT Wahida Arta Guna Lestari at a transaction price of Rp18 billion.
- In January 2015, PT Indika Inti Corpindo settled its debts to Citibank N.A. in the amount of US$10 million. In addition, in February 2015, the Company settled its Working Capital Loan (WCL) from PT Bank Mandiri (Persero) Tbk. In the amount of US$10 million.
- In February 2015, the Company drew down $10 million of its credit facility without commitments obtained from Citibank N.A. which matures on May 18, 2015. In addition, in February and March, the Company also withdrew US$65 million of the credit facility obtained from Bank Mandiri without repeated commitments, which matures on July 17, 2015. Both of these loans are intended to finance coal trading activities.



- During January-March 2015, PT Multi Tambangjaya Utama received a Tax Assessment Letter for Underpayment of Tax from the Directorate General of Taxes for liabilities related Value Added Tax totaling Rp73.4 billion.
- In March 2015, the Annual General Meeting of PT Kideco Jaya Agung declared a total of US$141.5 million in cash dividends from its 2014 earnings. The expected equity share of the Company from these cash dividends is around US$65.0 million.
- In early 2015, Bayan Group's PT Gunung Bayan Pratama, one of Petrosea's contract mining clients, opted for early termination of its contract due to prevailing market conditions.





FINANCIAL STATEMENTS

This page is intentionally left blank.

Deloitte.

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

AND INDEPENDENT AUDITORS' REPORT

Osman Bing Satrio & Eny

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
TABLE OF CONTENTS

	Page
DIRECTORS' STATEMENT LETTER	
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS - For the years ended December 31, 2014 and 2013	
Consolidated Statements of Financial Position	3
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Changes in Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
SUPPLEMENTARY INFORMATION	
I. Statements of Financial Position - Parent Only	127
II. Statements of Comprehensive Income - Parent Only	128
III. Statements of Changes in Equity - Parent Only	129
IV. Statements of Cash Flows - Parent Only	130

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014 AND 2013 AND FOR THE YEARS THEN ENDED

We, the undersigned:

1.	Name	:	Wishnu Wardhana
	Office address	:	Mitra Building, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta
	Domicile as stated in ID Card	:	Bangka IX No 32-33, Mampang Prapatan Jakarta Selatan
	Phone Number	:	+622125579888
	Position	:	President Director
2.	Name	:	M. Arsjad Rasjid P.M.
	Office address	:	Mitra Building, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta
	Domicile as stated in ID Card	:	Apartemen The Capital Residence SCBD, Kebayoran Baru, Jakarta Selatan
	Phone Number	:	+622125579888
	Position	:	Vice President Director (Operational and Finance)

State that:

1. We are responsible for the preparation and presentation of the consolidated financial statements;
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information contained in the consolidated financial statements is complete and correct;
   b. The consolidated financial statements do not contain misleading material information or facts, and do not omit material information and facts;
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully.

Jakarta, March 6, 2015

President Director	Vice President Director (Operation and Finance)
Wishnu Wardhana	M. Arsjad Rasjid P.M.

Deloitte.

Osman Bing Satrio & Eny
Registered Public Accountants
License: KMK No. 1423/KM.1/2012
The Plaza Office Tower 32nd Floor
Jl. M.H. Thamrin Kav 28 - 30
Jakarta 10350, Indonesia

Tel: +62 21 29923100
Fax: +62 21 29928200, 29928300
E-mail: iddtl@deloitte.com
www.deloitte.com

Independent Auditors' Report

No. GA115 0112 IE OS

The Stockholders, Boards of Commissioners and Directors
PT. Indika Energy Tbk and its subsidiaries

We have audited the accompanying consolidated financial statements of PT. Indika Energy Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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. Indika Energy Tbk and its subsidiaries as of December 31, 2014, and their consolidated financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

Other Matters

The consolidated financial statements do not include the effect on the investment in PT Kideco Jaya Agung (KJA), which is accounted for using the equity method, of any adjustment that might ultimately result from an adverse decision from the Government regarding KJA's offsetting of value added tax input totaling US$ 291,009,197 and fuel tax of US$ 11,419,294 as of December 31, 2014 against royalty payment due.

Our audits of the accompanying consolidated financial statements of the Company and its subsidiaries as of December 31, 2014 and for the year then ended, were performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of the Company (parent entity), which comprises the statement of financial position as of December 31, 2014, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended (collectively referred to as "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The 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. The 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 established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

OSMAN BING SATRIO & ENY



Drs. Osman Sitorus
Public Accountant License No. AP.0567

March 6, 2015

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	Notes	December 31, 2014	December 31, 2013
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	332,697,212	326,567,443
Other financial assets	6	77,068,485	79,117,030
Trade accounts receivable	7		
Related parties - net of allowance for impairment losses of US$ 1,300,000 as of December 31, 2014 and nil as of December 31, 2013	47	11,262,337	30,095,112
Third parties - net of allowance for impairment losses of US$ 1,438,586 as of December 31, 2014 and US$ 2,195,289 as of December 31, 2013		159,142,372	127,413,540
Unbilled receivables	8		
Related parties	47	227,242	-
Third parties		2,530,192	3,191,556
Estimated earnings in excess of billings on contracts	9	93,178,949	75,000,049
Current maturities of other accounts receivable			
Related parties	47	3,355,077	6,888,692
Third parties	10	5,568,346	3,766,544
Inventories - net of allowance for decline in value of US$ 1,224,180 as of December 31, 2014 and US$ 4,353,991 as of December 31, 2013	11	13,596,283	17,277,837
Prepaid taxes	12	72,144,130	49,539,732
Other current assets	13	58,525,281	40,324,256
Sub total		829,295,906	759,181,791
Assets held for sale	53	2,123,402	163,767
Total Current Assets		831,419,308	759,345,558
NONCURRENT ASSETS			
Restricted cash		1,341,408	558,568
Other accounts receivable - net of current maturities			
Related parties - net of allowance for impairment losses of US$ 2,035,681 as of December 31, 2014 and US$ 2,694,429 as of December 31, 2013	47	36,566,963	48,184,815
Third parties	10	1,639,265	2,046,507
Claim for tax refund	15	9,870,463	13,503,521
Exploration and evaluation assets	16	26,960,922	24,936,693
Mining properties - net of accumulated amortization of US$ 5,180,669 as of December 31, 2014 and US$ 3,220,267 as of December 31, 2013	17	14,456,847	13,257,221
Deferred stripping cost		2,308,390	2,308,390
Investments in associates	14	271,766,662	286,550,051
Investments in jointly-controlled entities	18	14,487,529	21,102,394
Advances and other noncurrent assets	20	9,833,114	5,689,966
Property, plant and equipment - net of accumulated depreciation of US$ 407,233,241 as of December 31, 2014 and US$ 332,002,674 as of December 31, 2013	21	660,415,384	695,684,596
Intangible assets	22	284,981,837	321,144,321
Goodwill	23	119,454,101	119,454,101
Refundable deposits		4,137,011	2,488,046
Deferred tax assets	41	713,088	68,568
Total Noncurrent Assets		1,458,932,984	1,556,977,758
TOTAL ASSETS		2,290,352,292	2,316,323,316

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

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013 (Continued)

	Notes	December 31, 2014	December 31, 2013
		US$	US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	24	86,249,677	37,735,393
Trade accounts payable	25		
Related parties	47	19,995	248,087
Third parties		104,221,448	63,447,977
Billings in excess of estimated earnings recognized	9	33,293,257	33,297,895
Other accounts payable			
Related parties	47	1,402,711	1,505,453
Third parties		12,343,683	8,610,154
Taxes payable	26	7,071,099	5,558,500
Accrued expenses	27	86,109,922	118,780,781
Advances from customers		493,458	11,145
Dividend payable		455,000	266,149
Current maturities of long-term liabilities			
Long-term loans	28	15,831,756	12,756,345
Lease liabilities	29	31,631,848	48,014,837
Bonds payable	30	17,165,617	17,165,617
Total Current Liabilities		396,289,471	347,398,333
Liabilities directly associated with assets held for sale	53	446,818	-
Total Current Liabilities		396,736,289	347,398,333
NONCURRENT LIABILITIES			
Long-term liabilities - net of current maturities			
Long-term loans	28	71,194,730	87,933,439
Lease liabilities	29	20,819,823	51,794,506
Bonds payable - net	30	767,837,029	761,974,054
Other long-term liability - third party		1,488,866	194,779
Deferred tax liabilities	41	90,721,355	93,474,531
Advances			
Related party	47	1,729,954	1,729,954
Third party		-	91,199
Employment benefits	31	27,321,396	21,860,883
Total Noncurrent Liabilities		981,113,153	1,019,053,345
Total Liabilities		1,377,849,442	1,366,451,678
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 17,000 million shares			
Subscribed and paid-up - 5,210,192,000 shares in 2014 and 2013	32	56,892,154	56,892,154
Additional paid-in capital	33	250,847,921	250,847,921
Other components of equity	1d	57,441,222	57,507,366
Retained earnings	46		
Appropriated		5,312,496	5,312,496
Unappropriated		321,845,495	349,360,285
Total equity attributable to owners of the Company		692,339,288	719,920,222
Non-controlling interest	34	220,163,562	229,951,416
Total Equity		912,502,850	949,871,638
TOTAL LIABILITIES AND EQUITY		2,290,352,292	2,316,323,316

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

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

	Notes	2014	2013
		US$	US$
REVENUES	35,47		
Contracts and service revenues		966,477,039	860,780,903
Sales of coal		143,031,272	2,613,289
Total Revenues		1,109,508,311	863,394,192
COST OF CONTRACTS AND GOODS SOLD	36,47		
Cost of contracts and services		(809,145,967)	(667,324,439)
Cost of coals sold		(139,326,730)	(2,663,166)
Total Cost of Contracts and Goods Sold		(948,472,697)	(669,987,605)
GROSS PROFIT		161,035,614	193,406,587
Equity in net profit of associates and jointly-controlled entities	14,18	73,482,756	102,511,466
Investment income	38,47	10,858,840	8,892,755
General and administrative expenses	37	(132,149,607)	(154,576,193)
Finance cost	39	(69,434,593)	(114,112,063)
Amortization and impairment of intangible assets	22	(36,598,221)	(52,344,736)
Others - net	40	(9,499,112)	(26,319,570)
LOSS BEFORE TAX		(2,304,323)	(42,541,754)
TAX EXPENSE	41	(28,194,606)	(11,256,349)
LOSS FOR THE YEAR		(30,498,929)	(53,798,103)
OTHER COMPREHENSIVE (LOSS) INCOME:			
Translation adjustments		(41,946)	(616,827)
Unrealized gain (loss) on derivative financial instrument (hedging reserve)	14	(24,198)	5,085,920
Other comprehensive (loss) income - net		(66,144)	4,469,093
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(30,565,073)	(49,329,010)
INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		(27,514,790)	(62,487,116)
Non-controlling interest	34	(2,984,139)	8,689,013
Total		(30,498,929)	(53,798,103)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		(27,580,934)	(58,018,023)
Non-controlling interests		(2,984,139)	8,689,013
Total		(30,565,073)	(49,329,010)
LOSS PER SHARE	43		
Basic		(0.0053)	(0.0120)
Diluted		(0.0053)	(0.0120)

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

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

	Note	Capital stock	Additional paid-in capital	Other Components of Equity: Unrealized loss on derivative financial instrument (hedging reserve)	Other Components of Equity: Other capital - employee stock option	Other Components of Equity: Cumulative translation adjustments	Other Components of Equity: Other equity	Retained earnings: Appropriated	Retained earnings: Unappropriated	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2013		56,892,154	250,847,921	(11,962,383)	7,816,296	-	57,184,360	4,283,901	431,875,996	796,938,245	225,581,822	1,022,520,067
Effect of settlement of MTU acquisition		-	-	-	-	-	-	-	-	-	2,200,218	2,200,218
Cash dividend	46	-	-	-	-	-	-	-	(19,000,000)	(19,000,000)	-	(19,000,000)
Appropriated earnings	46	-	-	-	-	-	-	1,028,595	(1,028,595)	-	-	-
Dividend from subsidaries		-	-	-	-	-	-	-	-	-	(6,519,637)	(6,519,637)
Total comprehensive income		-	-	5,085,920	-	(616,827)	-	-	(62,487,116)	(58,018,023)	8,689,013	(49,329,010)
Balance as of December 31, 2013		56,892,154	250,847,921	(6,876,463)	7,816,296	(616,827)	57,184,360	5,312,496	349,360,285	719,920,222	229,951,416	949,871,638
Dividend from subsidaries		-	-	-	-	-	-	-	-	-	(6,803,715)	(6,803,715)
Total comprehensive income		-	-	(24,198)	-	(41,946)	-	-	(27,514,790)	(27,580,934)	(2,984,139)	(30,565,073)
Balance as of December 31, 2014		56,892,154	250,847,921	(6,900,661)	7,816,296	(658,773)	57,184,360	5,312,496	321,845,495	692,339,288	220,163,562	912,502,850

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

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

	2014	2013
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	983,991,890	797,071,485
Cash paid to suppliers	(724,648,132)	(426,681,094)
Cash paid to directors, commissioners and employees	(176,414,535)	(221,434,416)
Cash generated from operations	82,929,223	148,955,975
Interest received	18,594,779	6,447,494
Receipt of claim for tax refund	9,820,066	4,819,020
Finance cost paid	(64,218,670)	(74,536,798)
Taxes paid	(50,404,432)	(44,044,933)
Payment for deposit of claim for tax refund	(3,802,522)	-
Net Cash (Used in) Provided by Operating Activities	(7,081,556)	41,640,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	92,973,304	113,532,968
Settlement of other account receivable from related party	5,665,857	-
Proceeds from sale of property and assets held for sale	3,623,729	2,372,746
Withdrawal of other financial assets	2,450,171	109,860,957
Proceeds from sale of an investment in a jointly-controlled entity	1,644,000	-
Acquisition of property and equipment	(66,732,287)	(49,128,910)
Payment for advances and other non current assets	(2,561,235)	(3,303,024)
Acquisition of intangible assets	(1,841,044)	(2,746,686)
Payment for exploration and evaluation assets	(1,030,584)	(14,223,812)
Placement for other financial assets	(1,005,539)	(109,178,460)
Payment for additional investment in associates	(800,000)	-
Proceeds from acquisitions of associates and subsidiaries	-	4,443,904
Proceeds from advances and other noncurrent assets	-	117,003
Payment for mining properties	-	(6,854,166)
Investment in jointly-controlled entities	-	(4,736,933)
Net Cash Provided by Investing Activities	32,386,372	40,155,587
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans, long-term loans and lease liabilities	77,246,000	90,432,755
Proceeds from other accounts payable	371,886	-
Payments of bank loans, long-term loans and lease liabilities	(89,646,496)	(413,652,000)
Payments of dividends to non-controlling interest	(6,428,996)	(6,806,103)
Payment of other accounts payable	(194,779)	(53,049)
Payments of dividends to shareholders	-	(19,000,000)
Proceeds from bonds issuance	-	500,000,000
Proceeds from sale and leaseback transaction	-	8,082,059
Payments of bonds payable and premium	-	(241,212,500)
Payments of bonds issuance costs	-	(15,499,379)
Net Cash Used in Financing Activities	(18,652,385)	(97,708,217)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,652,431	(15,911,872)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	326,567,443	350,375,666
Effect of foreign exchange rate changes	(522,662)	(7,896,351)
CASH AND CASH EQUIVALENTS AT END OF YEAR	332,697,212	326,567,443

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

1. GENERAL

a. Establishment and General Information

PT. Indika Energy Tbk (the "Company") was established based on notarial deed No. 31 dated October 19, 2000 of Hasanal Yani Ali Amin, SH, public notary in Jakarta. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-13115 HT.01.01.TH.2001 dated October 18, 2001, and was published in State Gazette No. 53, Supplement No. 6412 dated July 2, 2002. The Company's articles of association have been amended several times, most recently by (i) notarial deed No. 232 dated June 26, 2009 of Sutjipto, SH, notary in Jakarta, to conform with Bapepam-LK's Rule No. IX.J.1 pertaining to the Main Articles of Association of Entity that undertakes Public Offering of Equity Securities and Public Entity. Such change was reported to the Minister of Law and Human Rights of the Republic of Indonesia in September 2009, (ii) notarial deed No. 11 dated June 14, 2012 of Andalia Farida, SH, MH, notary in Jakarta, regarding the implementation of Employee and Management Stock Option Program (EMSOP) for Company's shares by issuing new shares amounting to 2 percent (%) from total paid-up capital and to grant authority to the Board of Commisioners to exercise the increase in the Company's paid-up capital so that the paid-up capital increase from Rp 520,714,200,000 (equivalent to US$ 56,856,461) to Rp 521,019,200,000 (equivalent to US$ 56,892,154). Such change were reported to the Minister of Law and Human Rights of the Republic of Indonesia with letter No. AHU-0062213.AH.01.09 dated July 9, 2012, (iii) notarial deed No. 14 dated June 14, 2012 of Andalia Farida, SH, MH, notary in Jakarta, pertaining to changes to articles 14 and 17 concerning the terms of service of the Directors and Board of Commissioners and changes in the Board of Commissioners. The changes were received and recorded in the Department of Law and Human Rights of the Republic of Indonesia through letter No. AHU-0100824.AH.01.09 dated November 22, 2012.

In accordance with article 3 of the Company's articles of association, the scope of its activities are mainly to engage in trading, construction, mining, transportation and services. The Company started its commercial operations in 2004. As of December 31, 2014 and 2013, the Company and its subsidiaries had total number of employees of 7,585 (including 3,747 non-permanent employees) and 8,259 (including 4,057 non-permanent employees), respectively.

The Company is domiciled in Jakarta, and its head office is located at Mitra Building, 7th Floor, Jl. Jenderal Gatot Subroto Kav. 21, Jakarta.

At December 31, 2014 and 2013, the Company's management consisted of the following:

		December 31, 2014
President Commissioner	:	Wiwoho Basuki Tjokronegoro
Vice President Commissioner	:	Agus Lasmono
Commissioner	:	Indracahya Basuki
	:	Ir. Pandri Prabono-Moelyo
Independent Commissioners	:	Anton Wahjo Soedibjo
		Dedi Aditya Sumanagara
President Director	:	Wishnu Wardhana
Vice President Director (Operation and Finance)	:	M. Arsjad Rasjid P.M.
Director of Energy Resources (Coal, Oil and Gas)	:	Azis Armand
Director of Energy Infrastructure (Power Plant) (Unaffiliated)	:	Eddy Junaedy Danu
Director of Energy Infrastructure (Sea Logistics)	:	Rico Rustombi
Director of Energy Services (Oil and Gas)	:	Joseph Pangalila
Director of Energy Services (Mining) and Business Development	:	Richard Bruce Ness

		December 31, 2013
President Commissioner	:	Wiwoho Basuki Tjokronegoro
Vice President Commissioner	:	Agus Lasmono
Commissioner	:	Indracahya Basuki
	:	Ir. Pandri Prabono-Moelyo
Independent Commissioners	:	Anton Wahjo Soedibjo
		Dedi Aditya Sumanagara
President Director	:	Wishnu Wardhana
Vice President Director (Operation and Finance)	:	M. Arsjad Rasjid P.M.
Director of Energy Resources (Coal, Oil and Gas)	:	Azis Armand
Director of Energy Services (Mining) and Energy Infrastructure (Power Plant)	:	Eddy Junaedy Danu
Director of Energy Infrastructure (Sea Logistics)	:	Rico Rustombi
Director of Energy Services (Oil and Gas)	:	Joseph Pangalila
Director of Business Development (Unafilliated)	:	Richard Bruce Ness

The chairman and members of the audit committee at December 31, 2014 and 2013 are as follows:

	December 31, 2014 and 2013
Chairman	: Anton Wahjo Soedibjo
Members	: Deddy Hariyanto
	Maringan Purba Sibarani

At December 31, 2014 and 2013, the Company's Corporate Secretary is Dian Paramita.

At December 31, 2014 and 2013, the Company's Head of Internal Audit is Rajiv Krishna.

b. Subsidiaries

The Company has ownership interest of more than 50%, directly or indirectly, in the following subsidiaries:

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
						US$	US$
PT Indika Inti Corpindo (IIC) and subsidiaries	Jakarta	Investment and general trading	1998	99.99%	99.99%	435,271,124	425,396,158
Asia Prosperity Coal B.V. (APC) *)	Netherlands	Financing	2004	99.99%	99.99%	359,666	346,685
PT Citra Indah Prima (CIP) and subsidiaries *)	Jakarta	Investment	Development stage	99.92%	99.92%	1,486,510	2,426,988
PT Sindo Resources (SR) *)	Jakarta	Mining	Development stage	89.93%	89.93%	599	692
PT Melawi Rimba Minerals (MRM) *)	Jakarta	Mining	Development stage	89.93%	89.93%	2	21
Indika Capital Pte. Ltd. (ICPL) and subsidiary *)	Singapore	Marketing and investment	2009	99.99%	99.99%	87,945,366	86,503,845
Indika Capital Resources Limited (ICRL) *)	British Virgin Islands	Financing	2009	99.99%	99.99%	60,655,434	60,499,491
PT Indy Properti Indonesia (IPY)	Jakarta	Development, services and trading	Development stage	100%	-	20,721	-
PT Indika Indonesia Resources (IIR) and subsidiaries	Jakarta	Mining and trading	Development stage	100%	100%	403,778,714	394,094,831
PT. Mitra Energi Agung (MEA) *)	East Kalimantan	Coal Mining	Development stage	60%	60%	6,518,192	6,517,976
Indika Capital Investments Pte. Ltd (ICI) *)	Singapore	Coal and mineral trading and general trading activities	Development stage	100%	100%	128,803,065	106,411,661
PT Indika Energi Trading (IET) *)	Jakarta	Trading	Development stage	60%	-	142,999	-

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
						US$	US$
PT Multi Tambangjaya Utama (MUTU) *)	Central Kalimantan	Coal Mining	2012	85%	85%	66,508,122	74,357,872
PT Indika Multi Energi (IME) and subsidiary	Jakarta	Trading, development, industrial, agriculture, printing, workshop, transportation and services	Development stage	100%	100%	910,885	1,816,274
PT Indika Multi Daya Energi (IMDE) *)	Jakarta	Trading, development, services, workshop, industrial, transportation, printing and agriculture	Development stage	100%	100%	592,159	1,440,487
PT Tripatra Engineers and Constructors (TPEC) and subsidiary	Jakarta	Provision of consultancy services, construction business and trading	1989	100%	100%	311,905,709	290,857,972
Tripatra (Singapore) Pte. Ltd (TS) *) and subsidiary	Singapore	Investment	2006	100%	100%	30,822,143	32,048,953
Tripatra Investment Limited (TRIL) *)	British Virgin Islands	Investment	2007	100%	100%	15,314,724	4,811,341
PT Tripatra Engineering (TPE)	Jakarta	Consultation services for construction, industry and infrastructure	1971	100%	100%	25,641,705	13,821,162

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
						US$	US$
PT Petrosea Tbk (Petrosea) and subsidiaries	Jakarta	Engineering, construction, mining and other services	1972	69.80%	69.80%	467,732,191	509,242,846
PTP Investments Pte. Ltd. (PTPI) *)	Singapore	Investment	Dormant	69.80%	69.80%	897,269	1,014,653
PT Petrosea Kalimantan (PTPK) *)	Balikpapan	Trading and contracting services	Dormant	69.80%	69.80%	42,231	42,614
PT POSB Infrastructure Kalimantan (PTPIK) *)	Balikpapan	Special port management	Dormant	69.80%	69.80%	181,543	152,543
PT Indika Power Investments Pte. Ltd., Singapore (IPI)	Singapore	Investment	2006	100%	100%	42,296,239	45,133,374
PT Indika Infrastruktur Investindo (III)	Jakarta	Investment	2007	100%	100%	16,732,032	15,041,541
PT Indika Energy Infrastructure (IEI) and subsidiaries	Jakarta	Trading, development and services	2010	100%	100%	480,937,448	499,515,023
PT LPG Distribusi Indonesia (LDI) and subsidiaries *)	Jakarta	Trading, industry, mining and services	2010	100%	100%	2,474,044	2,154,927
PT Wahida Arta Guna Lestari (WAGL) *)	Tasikmalaya	Operations of Station for Gas Filling and Delivery (SPPBE)	2010	100%	100%	1,016,013	1,058,929
PT Satya Mitra Gas (SMG) *)	Semarang	Operations of Station for Gas Filling (SPBE)	2010	100%	100%	792,595	870,339

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
						US$	US$
PT Jati Warna Gas Utama (JGU) *)	Jakarta	Operations of station for Gas Filling and Delivery (SPPBE)	Development stage	100%	100%	26,371	26,371
PT Indika Logistic & Support Services (ILSS) and subsidiary *)	Jakarta	Port operation	2011	100%	100%	27,160,287	21,650,635
PT Kuala Pelabuhan Indonesia (KPI) *)	Timika, Irian Jaya	Port operation	1995	100%	100%	15,946,332	11,614,904
PT Indika Multi Energi Internasional (IMEI) and subsidiary *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	100%	11,103	20,510
PT Prasarana Energi Indonesia (PEI) and subsidiary *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	-	-	-
PT Prasarana Energi Cirebon (PEC) *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	-	-	-
PT Mitrabahtera Segara Sejati Tbk (MBSS) and subsidiaries *)	Jakarta	Sea logistics and transhipment	1994	51%	51%	351,616,622	352,782,219

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
						US$	US$
PT Mitra Hartono Sejati (MHS) **)	Jakarta	Shipping	Not yet operational	25.50%	25.50%	2,099,698	2,192,258
PT Mitra Swire CTM (MSC) **)	Jakarta	Shipping	2008	35.68%	35.68%	28,390,850	28,621,987
Mitra Bahtera Segarasejati Pte. Ltd. (MBS) **)	Singapore	Shipping	Not yet operational	51%	51%	712,239	934,019
Mitra Jaya Offshore (MJO) **)	Jakarta	Shipping	Not yet operational	26.01%	26.01%	964,630	984,494
PT Mitra Alam Segara Sejati (MASS) **)	Jakarta	Shipping	2012	31%	31%	18,290,189	19,120,530
Indo Integrated Energy B.V. (IIE BV)	Netherlands	Financing	1984	100%	100%	4,523,686	4,826,644
Indo Integrated Energy II BV (IIE II BV)	Netherlands	Financing	2009	100%	100%	3,798,414	3,676,500
Indo Energy Finance BV (IEFBV) and subsidiary	Netherlands	Financing	2011	100%	100%	307,395,681	304,147,316
Indo Energy Capital BV *)	Netherlands	Financing	2011	100%	100%	304,460,919	304,171,072
Indo Energy Finance II BV (IEFBV II) and subsidiary	Netherlands	Financing	2012	100%	100%	524,013,125	520,303,585
Indo Energy Capital II BV (IECBV II) *)	Netherlands	Financing	2012	100%	100%	521,341,828	517,477,073

*) Indirect ownership
**) Indirectly acquired through MBSS

Year 2014

On January 21, 2014, ICI and PT Mitra Pratama Prima established PT Indika Energy Trading (IET) with ownership of 60% by ICI. IET will be engaged in activities covering trading, development, services, workshop, industrial, transportation, printing and agriculture.

On January 21, 2014, IMEI and IEI established PT Prasarana Energi Indonesia (PEI) which will be engaged in activities covering trading, development, services, workshop, industrial, transportation, printing and agriculture.

On February 24, 2014, PEI and IMEI established PT Prasarana Energi Cirebon (PEC) which will be engaged in activities covering trading, development, services, workshop, industrial, transportation, printing and agriculture.

On October 27, 2014, the Company and IIC established PT Indy Properti Indonesia, which will be engaged in activities covering development, services and trading.

Year 2013

On August 30, 2013, MBSS and Swire CTM Bulk Logistics Limited ("Swire") convert their receivable from MSC amounting to Rp 26,667,281,000 (equivalent to US$ 2,893,340) and Rp 11,835,977,000 (equivalent to US$ 1,280,860), respectively into 26,667,281 and 11,835,977 shares, thereby decreasing MBSS percentage of ownership in MSC into 69.97%.

The changes were recorded in notarial deed No. 217 of notary Lakshmi Anggraeni, S.H., M.Kn. that was approved by Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-45747.AH.01.02.Tahun 2013 dated August 30, 2013.

The Company's ownership in IIC, TPE, TPEC, TS, IEC BV., IEF B.V., IEC II B.V., IEF II B.V., and IIE II B.V. were used as security for the bonds payable on first priority basis (Note 30). IIC's indirect ownership in SR and MRM through CIP were pledged to PT Intan Resource Indonesia (IRI) as a result of the Assignment Agreement for Coal Marketing Right Agreement entered between IRI and CIP (Note 49).

The Company's ownership in IPI was used as collateral in relation to a related party's loan facility (Note 49).

c. Public Offering of Shares of the Company and its Subsidiaries

On June 2, 2008, the Company obtained the notice of effectivity from the Chairman of the Capital Market and Financial Institution Supervisory Agency in his letter No. S-3398/BL/2008 for its public offering of 937,284,000 shares. On June 11, 2008, these shares were listed on the Indonesia Stock Exchange.

As of December 31, 2014 and 2013, all of the Company's 5,210,192 thousand outstanding shares were listed on the Indonesia Stock Exchange.

d. Refloating Petrosea's shares owned by the Company to public

To comply with the BAPEPAM-LK's regulations regarding Public Company Take-Over, the Company has refloated to the public 25,125,000 shares representing 25% of Petrosea's issued shares. The Company also stated its letters dated February 9, 2012 that Citigroup Global Markets Limited and Macquarie Capital (Singapore) Pte. Limited, as initial purchasers, have an option to buy additional shares of Petrosea with a maximum of 3,782,000 shares. The option was exercised on February 24, 2012.

The Company recognized the difference between proceeds from relfloating Petrosea's shares and carrying amount of investment as other equity with the following details:

	US$
Proceeds from shares re-floating - net	106,662,427
Carrying amount of investment	(49,478,067)
Other equity	57,184,360

e. Coal Contract of Work ("CCoW")

MUTU is a CCoW Company in the Province of Central Kalimantan with approximately 24,970 hectares (ha). The CCoW was signed in 1997 with the Government of the Republic of Indonesia.

CCoW license covers the locations of Kananai, Swalang-Mea, Malintut Utara, Kananai Dua, Kananai Timur, Siung Malopot, Malintut Selatan, Tawo Karau, Lumuh dan Sungai Muntok which were obtained on May 4, 2009 and will mature on May 3, 2039.

In accordance with the CCoW, MUTU shall pay royalties to the Government on the exploitation of coal mineral at 13.5% of the coal produced, in cash amount at FOB (Free on Board) or at the price of the contractor's final load out at sale point.

f. Production Operation Mining Business Permit

Based on the Decree of the Regent of Kutai Timur No. 540.1/K.641/ITK/VII/2012 dated June 6, 2012, MEA was granted a Production Operation Mining Business Permit for 20 years for 5,000 hectares, located in the Kutai Timur Regency, East Kalimantan Province. However, as of the issuance date of the consolidated financial statements, MEA is still under exploration stage to determine its coal reserve.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (PSAK) AND INTERPRETATION OF PSAK (ISAK)

a. Standards effective in the current period

In the current year, the Company and its subsidiaries adopted the following new standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2014.

- ISAK 27, Transfers of Assets from Customers

  ISAK 27 addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with PSAK 23, Revenue.

  The application of ISAK 27 has no effect on the amounts reported in the current and prior year because the Company and its subsidiaries have not entered into any transactions of this nature.

- ISAK 28, Extinguishing Financial Liabilities with Equity Instruments

  ISAK 28 provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, ISAK 28 requires that equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

  The application of ISAK 28 has no effect on the amounts reported in the current and prior year because the Company and its subsidiaries have not entered into any transactions of this nature.

- ISAK 29, Stripping Cost in the Production Phase of a Surface Mine

  ISAK 29 applies to waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs"). ISAK 29 requires that the costs from this waste removal activity ("stripping") which provide improved access to ore is recognized as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with PSAK 14, Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of existing asset of which it forms part.

  ISAK 29 should be applied to production stripping costs incurred on or after the beginning of the earliest period presented. Any existing deferred stripping costs asset balances at the date of transition are written off to opening retained earnings.

b. Standard and interpretation in issue not yet effective

The following standards are effective for periods beginning on or after January 1, 2015, with early application not permitted:

- PSAK 1 (revised 2013), Presentation of Financial Statements

  The amendments to PSAK 1 introduce new terminology for the statement of comprehensive income. Under the amendments to PSAK 1, the statement of comprehensive income is renamed as a "statement of profit or loss and other comprehensive income". The amendments to PSAK 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to PSAK 1, require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met.

- PSAK 4 (revised 2013), Separate Financial Statements

  PSAK 4 (revised 2009), "Consolidated and Separate Financial Statements" has been renamed PSAK 4 (revised 2013), "Separate Financial Statements" which continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements remains unchanged.

- PSAK 15 (revised 2013), Presentation of Financial Statements

  PSAK 15 (revised 2009), "Investments in Associates" has been renamed PSAK 15 (revised 2013), "Investments in Associates and Joint Ventures". The scope of the revised standard was expanded to cover entities that are investors with joint control of, or significant influence over, an investee.

- PSAK 24 (revised 2013), Employee Benefits

  The amendments to PSAK 24 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of PSAK 24 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

- PSAK 46 (revised 2014), Income Taxes

  The amendments to PSAK 46: (1) remove references to final tax which was previously scoped in the standard; and (2) establish a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in PSAK 13, Investment Property will be recovered entirely through sale.

  Under the amendments, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset is required to reflect the tax consequences of recovering the carrying amount of the investment property through sale. The "sale" presumption is rebutted if the investment property is depreciable and the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

- PSAK 48 (revised 2014), Impairment of Assets

  PSAK 48 has been amended to incorporate the requirements of PSAK 68, Fair Value Measurement.

- PSAK 50 (revised 2014), Financial Instruments: Presentation

  The amendments to PSAK 50 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legal enforceable right of set-off" and "simultaneous realization and settlement." The amendments also clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with PSAK 46.

- PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement

  The amendments to PSAK 55 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. Further, the amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the "fair value through profit or loss" category – see discussion in ISAK 26.

  This standard is also amended to incorporate the requirements of PSAK 68, Fair Value Measurement.

- PSAK 60, (revised 2014) Financial Instruments: Disclosures

  The amendments to PSAK 60 increase the disclosure requirements for transactions involving transfers for financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. Further, entities are required to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

- PSAK 65, Consolidated Financial Statements

  PSAK 65 replaces the part of PSAK 4 (Revised 2009), Consolidated and Separate Financial Statements, that deals with consolidated financial statements, and ISAK 7, Consolidation – Special Purpose Entities.

Under PSAK 65, there is only one basis for consolidation for all entities, and that basis is control. A more robust definition of control has been developed that includes three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. PSAK 65 also adds application guidance to assist in assessing whether an investor controls an investee in complex scenarios.

PSAK 65 requires investors to reassess whether or not they have control over the investees on transition, and requires retrospective application.

- PSAK 66, Joint Arrangements

  PSAK 66 replaces PSAK 12, Interest in Joint Ventures. PSAK 66 deals with how a joint arrangement should be classified where two or more parties have joint control. Under PSAK 66, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under PSAK 12, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

  The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Joint ventures under PSAK 66 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under PSAK 12 can be accounted for using the equity method of accounting or proportionate consolidation.

  The transition provisions of PSAK 66 require entities to apply the standard at the beginning of the earliest period presented upon adoption.

- PSAK 67, Disclosures of Interests in Other Entities

  PSAK 67 is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The standard establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of PSAK 67 is that an entity should disclose information that helps users of financial statements evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements.

- PSAK 68, Fair Value Measurement

  PSAK 68 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard does not change the requirements regarding which items should be measured or disclosed at fair value.

  PSAK 68 defines fair value, establishes a framework for measuring fair value, and requires disclosure about fair value measurements. The scope of PSAK 68 is broad; it applies to both financial instrument items and non-financial instrument items for which other PSAK require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in PSAK 68 are more extensive than those required by the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under PSAK 60, Financial Instruments: Disclosures will be extended by PSAK 68 to cover all assets and liabilities within its scope.

  PSAK 68 is applied prospectively; the disclosure requirements need not be applied in comparative information provided for periods before initial application of the standard.

- ISAK 26, Reassessment of Embedded Derivatives

  The amendments to ISAK 26 clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the "fair value through profit or loss" category.

The management anticipates that these standards will be adopted in the Company and its subsidiaries' consolidated financial statements for the annual period beginning January 1, 2015. The application of these standards may have significant impact on amounts reported in the consolidated financial statements.

The application of PSAK 1 will impact the presentation of the Other Comprehensive Income items of the Company and its subsidiaries' consolidated financial statements. The application of the amendments to PSAK 24 will have impact on the amounts reported in respect of the Company and its subsidiaries' defined benefit plans. The application of PSAK 65 may result in the Company and its subsidiaries no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of PSAK 66 may result in changes in the accounting of the Company and its subsidiaries' jointly controlled entity that is currently accounted for using proportionate consolidation.

However, the management have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards. These financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Basis of Preparation

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The presentation currency used in the preparation of the consolidated financial statements is the United States Dollar (US$), while the measurement basis is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments were made to the financial statements of the subsidiaries to bring their accounting policies used in line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately and presented within equity. The interest of non-controlling shareholders maybe initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net asset. The choice of measurement is made on acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Company and its subsidiaries interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company and its subsidiaries' interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. When assets of the subsidiary are carried at revalued amount or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company and its subsidiaries had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

d. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company and its subsidiaries, liabilities incurred by the Company and its subsidiaries, to the former owners of the acquiree, and the equity interests issued by the Company and its subsidiaries in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under PSAK 22 (revised 2010), Business Combination, are recognized at fair value, except for certain assets and liabilities that are measured using the relevant standards.

Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share of the acquire's identifiable net assets.

When the consideration transferred by the Company and its subsidiaries in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates in accordance with the relevant accounting standards, as appropriate, with the corresponding gain or loss being recognized in profit or loss or in other comprehensive income.

When a business combination is achieved in stages, the Company and its subsidiaries' previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

e. Business Combination Under Common Control

Business combination of entities under common control that qualifies as a business are accounted for under pooling of interest method where assets and liabilities acquired in the business combination are recorded by the acquirer at their book values.

The difference between the transfer price and the book value is presented as Additional Paid-in Capital and is not recycled to profit and loss.

The pooling of interest method is applied as if the entities had been combined from the period in which the merging entities were placed under common control.

f. Foreign Currency Transactions and Translation

The books of accounts of the Company and its subsidiaries and associates, except for certain subsidiaries and associates detailed below, are maintained in United States Dollar (US$). Transactions during the period involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting dates, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The books of accounts of the following subsidiaries and associates are maintained in their functional currency, which is the Indonesian Rupiah (Rp):

- PT LPG Distribusi Indonesia (LDI)
- PT Satya Mitra Gas (SMG)
- PT Wahida Arta Guna Lestari (WAGL)
- PT Cirebon Power Services (CPS)
- PT Cotrans Asia (CA)

For consolidation purposes, assets and liabilities of the above subsidiaries and associates at the reporting date are translated into United States Dollar (US$) using the exchange rates at reporting date, while revenues and expenses are translated at the average rates of exchange for the year. The resulting translation adjustments are presented as part of other comprehensive income.

g. Transactions with Related Parties

A related party is a person or entity that is related to the Company and its subsidiaries (the reporting entity):

a. A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;

ii. has significant influence over the reporting entity; or

iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

All transactions with related parties are disclosed in the consolidated financial statements (Note 47).

h. Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company and its subsidiaries' financial assets are classified as follows:

- Fair Value Through Profit Or Loss (FVTPL)
- Available-for-Sale (AFS)
- Loans and Receivable

Fair Value Through Profit Or Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company and its subsidiaries are provided internally on that basis to the entity's key management personnel (as defined in PSAK 7: Related Party Disclosures), for example the entity's board of directors and chief executive officer.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 45.

Available-for-sale (AFS)

Investments classified as AFS are measured at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity as AFS Investment Revaluation, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in AFS Investment Revaluation is reclassified to profit or loss.

Investments in unlisted equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are also classified as AFS, measured at cost less impairment.

Dividends on AFS equity instruments, if any, are recognised in profit or loss when the Company's right to receive the dividends are established.

Loans and receivables

Receivable from customers and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment.
Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

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

Income is recognized on an effective interest basis for financial instruments other than those financial instruments at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in equity are reclassified to profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets

The Company and its subsidiaries derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company and its subsidiaries recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Company and its subsidiaries retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company and its subsidiaries continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

i. Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments (treasury shares) is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Financial liabilities

Financial liabilities are classified at "amortized cost".

Financial Liabilities at Amortized Cost

Financial liabilities, which include trade and other payables, bonds, bank and other borrowings, initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company and its subsidiaries derecognize financial liabilities when, and only when, the Company and its subsidiaries' obligations are discharged, cancelled or expired.

j. Netting of Financial Assets and Financial Liabilities

The Company and its subsidiaries only offset financial assets and liabilities and present the net amount in the statement of financial position where they:

- currently have a legal enforceable right to set off the recognized amount; and
- intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

k. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

l. Joint Venture

Jointly-controlled operations

TPEC, TPE and IMDE, subsidiaries, are engaged in some contracts through participation in unincorporated joint operations. In respect of their interests in jointly controlled operations, TPEC, TPE and IMDE recognise in their financial statements:

a. The assets that they control and the liabilities that they incur; and
b. The expenses that they incur and their share of the income that they earn from the sale of goods or services by the joint venture.

Jointly-controlled entity

Petrosea recognizes its interest in a jointly controlled entity using the equity method of accounting.

m. Investments in Associates

An associate is an entity over which the Company and its subsidiaries are in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operations and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with PSAK 58 (Revised 2009), Non-current Assets Held for Sale and Discontinued Operations. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted by post-acquisition changes in the Company and its subdiaries' share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of the associates in excess of the Company and its subsidiaries' interest in those associates (which includes any long-term interests that, in substance, form part of the Company and its subsidiaries' net investment in the associate) are recognized only to the extent that the Company and its subsidiaries have incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company and its subsidiaries' share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition, is recognized as goodwill. Goodwill is included within the carrying amount of the investment and assessed for impairment as part of that investment. Any excess of the Company and its subsidiaries' share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, are recognised immediately in profit or loss.

When the Company and its subsidiaries transact with an associate, profits and losses are eliminated to the extent of its interest in the relevant associate.

n. Inventories

Coal inventories are recognized at the lower of cost and net realizable value. Cost, which includes an appropriate allocation of material costs, labor costs and overhead costs related to mining activities, is determined using the weighted average method. Net realizable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

Spare parts and supplies, diesel fuel and fuel, lubricants and blasting materials are stated at cost or net realizable value, whichever is lower. Cost for spare parts and supplies as well as lubricants are determined using the weighted average method while diesel fuel and fuel are determined using the First-in-First-out (FIFO) method. The provision for obsolete and slow moving inventories is determined on the basis of estimated future usage of individual inventory items. Supplies of maintenance materials are charged to cost of contracts and goods sold and operating expenses in the period in which they are used.

o. Prepaid Expenses

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

p. Noncurrent Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

q. Property, Plant and Equipment

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

Depreciation is recognized so as to write off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings, leasehold and improvements	5 - 20
Office furniture, fixture and other equipment	4 - 5
Motor vehicles and helicopter	4 - 20
Machinery and equipment	4 - 5
Vessels:	
Speedboat	4
Landed Craft Tank (LCT)	8
Tugboat, Barge, Motor vessel and Floating crane	16
Plant, equipment, heavy equipment and vehicles	4 - 12

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

Land is stated at cost and is not depreciated.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

When assets are retired or otherwise disposed of, their carrying amount is removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost which includes borrowing costs during construction on debts incurred to finance the construction. Construction in progress is transferred to the respective property, plant and equipment account when completed and ready for use.

r. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are initially recognized as assets of the Company and its subsidiaries at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expense in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sale and Leaseback

Assets sold under a sale and leaseback transaction are accounted for as follows:

If the sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized over the lease term.

If the sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price is below fair value, any profit or loss is recognized immediately except that, if the loss is compensated by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognized immediately.

For finance leases, no such adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

s. Intangible Assets

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, comprising of system mining rights, development and computer software, and others include all direct costs related to preparation of the asset for its intended use and is amortized over 3 - 27 years using the straight-line method.

t. Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Company and its subsidiaries' interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Company and the subsidiaries' cash-generating units expected to benefit from the synergies of the combination. A cash-generating units to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

u. Intangible Assets - Land rights

The legal cost of land rights upon acquisition of the land is recognized as part of the cost of land under property, plant and equipment.

The cost of renewal or extension of legal rights on land is recognized as an intangible asset and amortized over the period of land rights as stated in the contract or economic life of the asset, whichever is shorter.

v. Impairment of Non-Financial Assets Except Goodwill

At the end of each reporting period, the Company and its subsidiaries review the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or possibility to reverse the impairment that was previously recorded. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3h; while impairment for goodwill is discussed in Note 3t.

w. Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation expenditures comprise of costs that are directly attributable to:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation expenditures related to an area of interest is written off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the costs 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 of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets is recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

x. Development Properties

Development expenditure incurred by or on behalf of the Company and its subsidiaries is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises of costs directly attributable to the construction of a mine and the related infrastructure.

Development phase begins after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is aggregated with the development expenditure and classified under non-current assets as “development properties”.

A development property is reclassified as a “mining property” at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised for development properties until they are reclassified as “mining properties”.

Development properties are tested for impairment in accordance with the policy in Note 3v.

y. Mining Properties

When further development expenditure is incurred on a mining property after the commencement of production, the expenditure is carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the Company and its subsidiaries. Otherwise this expenditure is classified as a cost of production.

Mining properties (including exploration, evaluation and development expenditures, and payments to acquire mineral rights and leases) are amortized using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortization charge proportional to the depletion of the proved and probable reserves.

Mining properties are tested for impairment in accordance with the policy described in Note 3v.

z. Stripping Activity Asset

Prior to January 1, 2014, stripping costs are recognised as production costs based on the annual planned stripping ratio. The annual planned stripping ratio is determined based on current knowledge of the disposition of coal resources and is estimated not to be materially different from the long term planned stripping ratio. If the actual stripping ratio exceeds the planned ratio, the excess stripping costs are recorded in the statements of financial position as deferred stripping costs. If the actual stripping ratio is lower than planned stripping ratio, the difference is adjusted against the amount of deferred stripping costs carried forward from prior periods or is recognised in the statements of financial position as accrued stripping costs. Changes in the planned stripping ratio are considered as changes in estimates and are accounted for on a prospective basis. The beginning balance of accrued or deferred stripping costs is amortised on a straight-line basis over the remaining mine life, or the remaining term of the mining license (*Izin Usaha Pertambangan* or IUP), whichever is shorter.

aa. Provision

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

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

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

bb. Revenue and Expense Recognition

Contract Revenue and Cost of Contract

Revenue from construction contract is recognized using the percentage-of-completion method, measured by percentage of work completed to date as estimated by engineers and approved by the project owner. At reporting dates, estimated earnings in excess of billings on construction contracts are presented as current assets, while billings in excess of estimated earnings are presented as current liability.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized to the extent of contract costs incurred that is probable to be recoverable. Contract costs are recognized as expenses in the period they are incurred.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Cost of contracts include all direct materials, labor and other indirect costs related to the performance of the contracts.

Sale of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company and its subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The stage of completion of a transaction may be determined by a variety of methods. An entity uses the method that measures reliably the services performed. Depending on the nature of the transaction, the methods may include:

a. Surveys of work performed;
b. Services performed to date as a percentage of total services to be performed; or
c. The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Revenue from services that have been rendered but not yet billed at reporting date are recognized as unbilled receivable.

Interest Revenue

Interest revenue is recognized using the effective interest method.

Expenses

Expenses are recognized when incurred.

cc. Employment Benefits

The Company and its subsidiaries provide defined post-employment benefits to their employees in accordance with Labor Law No. 13/2003. No funding has been made to the defined benefit plans.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligations is recognized on the straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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

When the curtailment or settlement occurs, any resulting gain or loss is charged to statements of comprehensive income.

dd. Employee and Management Stock Option Program

Employee and Management Stock Option Program (EMSOP), an equity-settled share based payment arrangement, is measured at the fair value of the equity instrument at grant date. The fair value determined at grant date is expensed on a straight-line basis over the vesting period, based on management estimate of equity instruments that will eventually vest. At reporting dates, management revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognized in profit and loss over the remaining vesting period, with a corresponding adjustment in Stock Option account under equity.

ee. Income Tax

Non-Final Tax

Current tax expense in the consolidated statements of comprehensive income is determined on the basis of taxable income for the period computed in accordance with the prevailing tax rules and regulations.

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

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

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

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

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

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss, or where they arise from the initial accounting for a business combination. In case of a business combination the tax effect is included in the accounting for business combination.

Final Tax

Tax expense on revenues subject to final tax is recognized proportionately based on the revenue recognized in the period. The difference between the final tax paid and current tax expense in the consolidated statements of comprehensive income is recognized as prepaid tax or tax payable. Prepaid final tax is presented separately from final tax payable.

Deferred tax is not recognized for the difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases if the related revenue is subject to final tax.

ff. Derivative Financial Instruments

TPEC uses derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details on the use of derivatives are disclosed in Note 44.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at each reporting date.

Although entered into as economic hedge of exposure against interest rate and foreign exchange rate risks, these derivatives are not designated and do not qualify as accounting hedge and therefore changes in fair values are recognized immediately in earnings.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in earnings.

A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

gg. Earnings per Share

Basic earnings per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding as adjusted for the effects of all dilutive potential ordinary shares.

hh. Segment Information

Operating segments are identified on the basis of internal reports about components of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);

b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segments and assess its performance; and

c) for which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of their performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior period.

The accounting policies used in preparing segment information are the same as those used in preparing the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

In the process of applying the accounting principles described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the consolidated financial statements, apart from those involving estimates which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have the significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment Loss on Loans and Receivables

The Company and its subsidiaries make allowance for impairment losses based on an assessment of the recoverability of loans and receivables. Allowances are applied to loans and receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment loss on loans and receivables requires the use of judgment and estimates. Where the expectations are different from the original estimate, such difference will impact the carrying amount of loans and receivable and the related provision for impairment losses in the year in which such estimate has changed. The carrying amounts of loans and receivable are disclosed in Notes 7, 8, 9, 10 and 47 to the consolidated financial statements.

Allowance for Decline in Value of Inventories

The Company and its subsidiaries make allowance for decline in value based on their estimation that there will be no future usage of such inventories or such inventories will be slow moving in the future. While it is believed that the assumptions used in the estimation of the allowance for decline in value reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the carrying amount of the inventories and provision for decline in value expense, which ultimately impact the result of the Company and its subsidiaries' operations.

Based on the assessment, the management currently provided allowance for decline in value of inventories of US$ 1,224,180 and US$ 4,353,991 as of December 31, 2014 and 2013, respectively. The carrying amounts of inventories are diclosed in Note 11 to the consolidated financial statements.

Estimated Useful Lives of Property, Plant and Equipment

The useful life of each of the item of the Company and its subsidiaries' property, plant and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and decrease in the carrying amount of property, plant and equipment.

There is no change in the estimated useful life of property, plant and equipment during the year. The aggregate carrying amounts of property, plant and equipment is disclosed in Note 21 to the consolidated financial statements.

Impairment of Non Financial Asset

Tangible and intangible assets, other than goodwill, are reviewed for impairment whenever impairment indicators are present. While for goodwill, impairment testing is required to be performed at least annually irrespective of whether or not there are indicators of impairment. Determining the value in use of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets (cash generating unit) and a suitable discount rate in order to calculate the present value.

While it is believed that the assumptions used in the estimation of the value in use of assets reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

The carrying amount of non financial assets, on which impairment analysis are applied, were described in Notes 14, 16, 17, 18, 20, 21 and 22 to the consolidated financial statements.

Employment Benefits Obligation

The determination of post-employment benefits obligation is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rate and rate of salary increase. Actual results that differ from the Company and its subsidiaries' assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Company and its subsidiaries' assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company and its subsidiaries' employment benefit obligations.

Employment benefit obligations amounted to US$ 27,321,396 and US$ 21,860,883 as of December 31, 2014 and 2013, respectively (Note 31).

Measuring Construction Contracts in Progress Measured at Percentage-of-Completion

The determination of percentage of completion of construction contracts in progress is dependent on the judgment and estimations of the engineers. While it is believed that the Company and its subsidiaries' assumptions are reasonable and appropriate, significant differences in actual experience or significant change in assumptions may materially affect the Company and its subsidiaries' revenue recognition.

The items in the consolidated financial statements related to construction contracts are disclosed in Notes 9 and 49.

Fair value of acquired identifiable assets and liabilities from business acquisition

The fair values of acquired identifiable assets and liabilities in a business acquisition are determined by using valuation techniques. The Company and its subsidiaries used their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the acquisition date.

To the extent that the determination of fair value of acquired identifiable assets and liabilities are made based on different assumptions and market conditions, the carrying amount of goodwill, intangible assets and other acquired identifiable assets and liabilities from such business acquisitions may be affected.

Valuation of financial instruments

As described in Note 45, the Company and its subsidiaries use valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
	US$	US$
Cash on hand		
Rupiah	321,924	235,106
U.S. Dollar	52,624	138,740
Singapore Dollar	76	1,194
Cash in banks - Third Parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	6,219,751	5,336,948
The Hongkong and Shanghai Banking Corporation Limited	6,215,996	1,448,956
Citibank, N.A.	4,433,479	4,059,152
PT Bank Negara Indonesia (Persero) Tbk	823,840	2,364,213
PT Bank ANZ Indonesia	674,353	278,495
Standard Chatered Bank	586,298	5,613,434
PT Bank Artha Graha International Tbk	330,631	1,610,755
PT Bank International Indonesia	245,731	66,487
PT Bank Rakyat Indonesia (Persero) Tbk	171,996	106,365
PT Bank CIMB Niaga Tbk	118,414	170,875
PT Bank Central Asia Tbk	81,526	191,706
PT Bank KEB Indonesia	30,086	30,421
PT Bank Permata Tbk	19,941	7,202
PT Bank Victoria International Tbk	17,290	30,114
PT Bank UOB Indonesia	12,443	-
JP Morgan Chase Bank, N.A.,	3,103	3,221
Bank Papua	858	321
PT Bank Pembangunan Daerah Jawa Barat dan Banten, Bandung Branch	255	18,088
PT Bank Danamon Tbk	124	152
Bank Tabungan Negara Semarang Branch	-	746
U.S. Dollar		
Citibank, N.A.	65,217,525	39,732,945
PT Bank Mandiri (Persero) Tbk	25,067,362	78,629,901
The Hongkong and Shanghai Banking Corporation Limited	11,998,686	2,080,438
JP Morgan Chase Bank, N.A.,	10,488,547	16,345,501
UBS AG	6,331,166	6,262,580
Bank Oversea - Chinese Banking Corporation Limited	3,271,787	1,400,138
DBS Bank Ltd.	3,163,177	2,864,011
Standard Chartered Bank, Jakarta Branch	3,106,321	10,145,165
PT Bank ANZ Indonesia	2,637,122	1,287,411
PT Bank Artha Graha International Tbk	2,267,712	2,450,475
PT Bank CIMB Niaga Tbk	1,675,914	385,558
ING Bank, N.V.	1,652,193	2,320,997
PT Bank Permata Tbk	1,353,460	3,028,735
PT Bank International Indonesia Tbk	1,098,472	1,015,062
PT Bank KEB Indonesia	1,071,231	1,071,231
PT Bank Negara Indonesia (Persero) Tbk	1,000,376	9,256,685
PT Bank Danamon Indonesia Tbk	734,835	663,260
PT Indonesia Eximbank	355,718	39,364
PT Bank UOB Indonesia	122,925	-
PT Bank Permata Syariah	106,614	208,973
PT Bank Central Asia Tbk	23,009	23,250
ANZ Singapore Ltd.	-	2,900
Forward	163,104,891	200,927,271

	December 31, 2014	December 31, 2013
	US$	US$
Forward	163,104,891	200,927,271
Singapore Dollar		
DBS Bank Ltd.	901,841	1,414,502
Bank Oversea - Chinese Banking Corporation Limited	153,022	246,470
PT Bank International Indonesia Tbk	9,077	1,248
Australian Dollar		
The Hongkong and Shanghai Banking Corporation Limited	28,441	31,736
Euro		
PT Bank Mandiri (Persero) Tbk	1,382,237	-
Citibank, N.A	62,774	11,296
ING Bank, N.V.	24,174	14,507
Korea Exchange Bank	15,752	4,969
The Hongkong and Shanghai Banking Corporation Limited	7,585	8,605
PT Bank International Indonesia Tbk	5,608	6,451
Call deposit - U.S. Dollar		
UBS AG	42,989,379	35,685,492
Time deposits - Third Parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	18,501,950	7,261,007
PT BPR Bina Dana Cakrawala	1,023,189	1,493,350
PT Bank CIMB Niaga Tbk	803,858	-
PT Bank Negara Indonesia (Persero) Tbk	803,860	210,455
PT Bank Artha Graha International Tbk	80,386	1,668,253
PT Bank ANZ Indonesia	28,749	12,251
Citibank, N.A	-	6,563,295
PT Bank International Indonesia Tbk	-	703,826
The Hongkong and Shanghai Banking Corporation Limited	-	9,185,841
ICB Bumiputera	-	164,082
PT Bank Permata Tbk	-	246,124
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	28,507,121	-
PT Bank Permata Tbk	17,000,000	22,880,000
PT Bank Artha Graha International Tbk	11,518,220	1,150,000
PT Bank Rakyat Indonesia (Persero) Tbk	9,884,548	-
UBS AG	9,837,557	16,676,412
PT Bank ANZ Indonesia	8,000,000	8,000,000
PT Bank CIMB Niaga Tbk	7,522,993	-
PT Bank International Indonesia Tbk	5,500,000	10,500,000
PT Bank UOB Indonesia	5,000,000	-
The Hongkong and Shanghai Banking Corporation Limited	-	1,500,000
Total	332,697,212	326,567,443
Interest rates per annum on time deposits		
Rupiah	2.00%-11.00%	3.70% - 10.75%
U.S. Dollar	0.10% - 2.80%	0.10% - 3.00%
Interest rate on call deposit	0.12%	0.13%

6. OTHER FINANCIAL ASSETS

	December 31, 2014	December 31, 2013
	US$	US$
Guarantee deposit for bank loans		
Time deposits - third parties		
U.S. Dollar		
DBS Bank Ltd.	18,190,946	20,612,357
PT Bank Mandiri (Persero) Tbk	2,150,000	2,150,000
PT Bank Permata Tbk	-	80,000
Restricted cash in banks - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	369,292	-
PT Bank Negara Indonesia (Persero) Tbk	163,864	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten	-	68
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	32,327	-
Deposit for bank guarantee		
Time deposits - third parties		
U.S. Dollar		
PT Bank CIMB Niaga Tbk	6,431	3,287
PT Bank ANZ Indonesia	1,374,829	1,374,829
Held-for-trading investments at fair value		
Investments in portfolio - third party		
UBS AG	54,780,796	54,896,489
Total	77,068,485	79,117,030
Interest rates per annum		
Time deposits		
U.S. Dollar	0.07% - 2.40%	0.07% - 2.40%

Guarantee deposit for bank loans

Time deposits in DBS Bank Ltd. (DBS) were used as collateral for the short-term loans facilities granted by DBS to IIC (Note 49). These time deposits have terms of three months.

Time deposits in PT Bank Mandiri (Persero) Tbk amounting to US$ 2,150,000 has a term of one month and was used as collateral for credit facilities obtained by TPEC from the same bank (Notes 24 and 49).

Held-for-trading investments

UBS AG

Investments in portfolio (bonds and alternative investments) at UBS AG represent the investment owned by ICRL (subsidiary):

Subsidiary	December 31, 2014	December 31, 2013
	US$	US$
ICRL	54,780,796	54,896,489

As of December 31, 2014, unrealized loss on investment in portfolio amounted to US$ 115,692 and as of December 31, 2013, unrealized gain on investment in portfolio amounted to US$ 674,200.

The fair value measurement of investment in portfolio is presented in Note 45.

7. TRADE ACCOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013
	US$	US$
a. By debtor:		
Related parties (Note 47)		
PT Kideco Jaya Agung	9,806,002	10,034,581
PT Santan Batubara	1,786,667	18,940,148
PT Cotrans Asia	775,321	913,000
PT Indo Turbine	194,347	-
Others (each below US$ 100,000)	-	207,383
Total	12,562,337	30,095,112
Allowance for impairment losses	(1,300,000)	-
Net	11,262,337	30,095,112

	December 31, 2014 US$	December 31, 2013 US$
Third parties		
PT Adimitra Baratama Nusantara	22,901,960	17,734,545
ExxonMobil Cepu Ltd.	15,497,276	17,550,469
BUT Eni Muara Bakau B.V.	14,477,053	1,523,863
PT Indonesia Pratama	14,397,049	2,580,591
PT Gunung Bayan Pratama Coal	13,236,028	25,321,060
Datang International Ltd.	8,063,895	-
PT Indomining	7,859,753	9,015,732
Trammo Pte.Ltd	7,088,701	-
PT Borneo Indobara	5,999,671	2,672,047
PT Freeport Indonesia	5,972,256	3,127,363
PT Berau Coal	5,874,428	3,954,942
PT Kaltim Prima Coal	5,066,086	6,038,962
PT Adaro Indonesia	4,486,261	5,683,849
Asia Green Energy	3,972,015	-
Jhonlin Group	2,482,699	71,347
Rex Coal Pte Ltd.	1,882,086	-
Sebuku Group	1,779,213	2,299,061
PT Holcim Indonesia Tbk	1,642,545	1,310,071
PT M.I. Indonesia	1,396,562	2,348,776
BUT Chevron Indonesia Company	1,370,566	780,655
Total E&P Indonesie	1,127,448	863,209
PT Trinisyah Ersa Pratama	1,040,189	14,408
PT Halliburton Indonesia	1,000,087	857,077
BUT Conoco Phillips Indonesia	409,622	1,031,540
PT Indocement Tunggal Prakarsa Tbk	389,341	1,571,953
BUT Niko Resources Limited	198,568	1,003,941
PT Singlurus Pratama	160,700	1,362,115
BUT Pearloil Sebuku Limited	82,619	1,105,984
PT Perta-Samtan Gas	48,962	7,239,024
PT Chevron Geothermal	-	2,403,683
Others (each below US$ 1 million)	10,677,319	10,142,562
Total	160,580,958	129,608,829
Allowance for impairment losses	(1,438,586)	(2,195,289)
Net	159,142,372	127,413,540
Total	170,404,709	157,508,652

	December 31, 2014	December 31, 2013
	US$	US$
b. By age category:		
Current	122,819,612	116,225,232
Overdue		
1 - 30 days	28,394,377	31,224,720
31 - 90 days	10,494,004	8,188,393
91 - 180 days	3,708,890	2,399,829
> 181 days	7,726,412	1,665,767
Total	173,143,295	159,703,941
Allowance for impairment losses	(2,738,586)	(2,195,289)
Net	170,404,709	157,508,652
c. Overdue but not impaired		
Overdue		
1 - 30 days	28,394,377	31,224,720
31 - 90 days	10,494,004	8,188,393
91 - 180 days	3,708,890	1,870,307
> 181 days	4,987,826	-
Total	47,585,097	41,283,420
d. By currency:		
U.S. Dollar	165,847,921	155,785,176
Rupiah	7,196,848	3,681,850
Singapore Dollar	98,526	236,915
Total	173,143,295	159,703,941
Allowance for impairment losses	(2,738,586)	(2,195,289)
Net	170,404,709	157,508,652
Movement in the allowance for impairment losses		
Beginning balance	2,195,289	2,192,469
Impairment losses reversed	-	(73,047)
Impairment losses recognized on receivables	1,699,811	75,867
Amounts written off during the year as uncollectible	(1,156,514)	-
Ending balance	2,738,586	2,195,289

Trade accounts receivables disclosed above include amounts of retention receivables from third parties which were recorded by TPEC, TPE and Petrosea as follows:

	December 31, 2014	December 31, 2013
	US$	US$
TPEC		
PT Perta - Samtan Gas	48,962	7,239,024
BUT Chevron Geothermal Salak Ltd and BUT Chevron Geothermal Indonesia	-	459,057
TPE		
PT Foster Wheeler C & P	-	31,323
Petrosea		
PT Indonesia Pratama	842,000	205,000
Total	890,962	7,934,404

Management believes that all such retention receivables can be realized.

Trade accounts receivable of TPEC, Petrosea and MBSS, consolidated subsidiaries, with a total carrying amount of US$ 85,683,898 and US$ 67,328,611 as of December 31, 2014 and 2013, respectively, were used as collateral for bank loans, long-term loans and credit facilities (Notes 24, 28 and 49).

The average credit period on revenues from sales of goods and services are 60 days. No interest is charged on trade accounts receivable.

Allowance for impairment losses on trade receivables are recognized based on estimated recoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Allowance for impairment loss at reporting date consists of individually impaired receivables which management assessed to be no longer collectible. The Company and its subsidiaries do not hold collateral or credit enhancement over those receivables.

Management believes that the allowance for impairment losses on trade accounts receivable from related and third parties is adequate.

8. UNBILLED RECEIVABLES

	December 31, 2014	December 31, 2013
	US$	US$
Related parties (Note 47)		
PT Indo Turbine	125,562	-
PT Kideco Jaya Agung	101,680	-
Total	227,242	-
Third parties		
BUT ConocoPhillips Indonesia Inc.	1,697,932	620,896
PT Pertamina Hulu Energy ONWJ	790,174	640,100
PT Chevron Pacific Indonesia	25,640	1,113,292
Others (each below US$ 500 thousand)	16,446	817,268
Total	2,530,192	3,191,556

9. ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON CONTRACTS AND BILLINGS IN EXCESS OF ESTIMATED EARNINGS RECOGNIZED

TPEC has various agreements entered into with third parties for the provision of various construction related services, as disclosed in detail in Note 49h.

Following are the details of construction costs and billed invoices related to those contracts:

	December 31, 2014	December 31, 2013
	US$	US$
Accumulated construction costs	874,220,081	1,069,677,785
Accumulated recognized profit	80,644,918	83,953,870
Accumulated recognized revenue	954,864,999	1,153,631,655
Less:		
Progress billings	(894,979,307)	(1,111,929,501)
Net	59,885,692	41,702,154
The above consists of:		
Estimated earnings in excess of billings on contracts	93,178,949	75,000,049
Billings in excess of revenues recognized	(33,293,257)	(33,297,895)
Net	59,885,692	41,702,154

10. OTHER ACCOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013
	US$	US$
Third parties		
Employee loan	3,895,769	2,026,622
PT Dire Pratama	729,248	-
PT Airfast Indonesia	-	1,274,544
Others (each below US$ 500 thousand)	2,582,594	2,511,885
Total	7,207,611	5,813,051
Less current maturities	5,568,346	3,766,544
Noncurrent maturities	1,639,265	2,046,507

Other accounts receivable denominated in currencies other than the respective functional currency of the Company and its subsidiaries are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Rupiah	3,814,306	2,574,006

No allowance for impairment losses was provided for other accounts receivable as management believes that all such receivables are fully collectible.

Other accounts receivable current portion are unsecured, interest-free and collectible on demand.

11. INVENTORIES - NET

	December 31, 2014	December 31, 2013
	US$	US$
Spare parts and supplies	8,614,745	10,243,953
Diesel fuel and fuel	3,318,131	2,652,810
Coal inventories	2,628,477	8,196,606
Lubricants and blasting materials	259,110	538,459
Total	14,820,463	21,631,828
Allowance for decline in value	(1,224,180)	(4,353,991)
Net	13,596,283	17,277,837
Changes in the allowance for decline in value are as follows:		
Balance at beginning of year	4,353,991	3,433,967
Additions	111,074	920,024
Write-off	(3,240,885)	-
Balance at end of year	1,224,180	4,353,991

As of December 31, 2014 and 2013, inventories amounting to US$ 5,012,163 and US$ 4,744,813, respectively, were insured through a consortium led by PT Asuransi Wahana Tata against all risks for US$ 5,665,502 and US$ 9,149,823, respectively. Spareparts and supplies of MBSS as of December 31, 2014 and 2013, amounting to US$ 5,590,400 and US$ 4,155,374, respectively, were included in the vessel's insurance (Note 21).

Management believes that the insurance coverage is adequate to cover possible losses to inventories.

As of December 31, 2014 and 2013, the decline in the value of inventories was recognized as deduction to the cost of inventories and charged to the current year's profit and loss.

As of December 31, 2014 and 2013, inventories recognized in expenses and was recorded as cost of contracts and goods sold amounted to US$ 127,576,451 and US$ 83,710,246, respectively.

12. PREPAID TAXES

	December 31, 2014	December 31, 2013
	US$	US$
Excess payment of corporate income tax (Note 41) -		
Company		
2014	131,087	-
2013	18,892	15,254
2012	74,338	79,632
Subsidiaries		
2014	11,313,324	-
2013	7,487,228	7,916,074
2012	-	7,863,983
Income tax article 23	74,769	74,237
Value-added tax - net	53,044,492	33,590,552
Total	72,144,130	49,539,732

Petrosea recorded a tax overpayment for 2012 Corporate Income Tax amounting to US$ 7,863,983. On March 10, 2014, Petrosea received Underpayment Tax Assessment Letter for Corporate Income Tax year 2012, amounted to US$ 1,223,360 (including tax penalty amounting to US$ 282,488). Payment for such underpayment tax assessment letter was made on April 2, 2014 and charged to adjustment recognized in the current year in relation to the current tax of prior year (Note 41).

13. OTHER CURRENT ASSETS

	December 31, 2014	December 31, 2013
	US$	US$
Prepaid expense		
Insurance	3,069,395	2,915,707
Rent	2,783,486	1,744,474
Others	2,364,284	758,417
Advances		
Purchase of coal	30,523,460	10,433,471
Projects	16,152,838	20,403,113
Vessel maintenance	1,150,078	1,689,135
Others	2,481,740	2,379,939
Total	58,525,281	40,324,256

Advance purchase of coal represents advance payments made by ICI and IIC.

Advance for projects represents advance payments to subcontractors for projects by TPEC and PTRO.

14. INVESTMENTS IN ASSOCIATES

	Carrying amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Kideco Jaya Agung	215,084,749	238,883,677
PT Cirebon Electric Power	28,720,146	23,444,356
PT Sea Bridge Shipping	18,915,087	16,978,327
PT Cotrans Asia	8,016,281	6,291,046
PT Intan Resources Indonesia	834,746	834,746
PT Cirebon Power Services	195,653	117,899
Total	271,766,662	286,550,051

Changes in investments in associates are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Carrying amount at beginning of year	286,550,051	288,079,887
Investment additions	800,000	-
Equity in profit of associates net of amortization	77,403,963	106,530,694
Dividends	(92,963,154)	(113,125,906)
Liquidation of an associate	-	(20,544)
Share in other comprehensive (loss) income of associates	(24,198)	5,085,920
Carrying amount at end of year	271,766,662	286,550,051

Other comprehensive income (loss) of associate represents unrealized loss on derivative financial instruments of CEP (hedging reserve).

The summary of financial information in respect of the Company's associates is set out below:

	December 31, 2014	December 31, 2013
	US$	US$
Total assets	1,499,571,402	1,745,322,354
Total liabilities	1,065,097,892	1,212,231,717
Net assets	434,473,510	533,090,637
Total revenue for the year	2,431,746,579	2,506,388,999
Net income for the year	197,546,965	292,796,255

PT Kideco Jaya Agung

IIC owns 115,159 shares, representing 46% ownership interest in PT Kideco Jaya Agung (KJA), a company engaged in exploration, development, mining and marketing of coal, under a coal cooperation agreement covering an area located in East Kalimantan, Indonesia. KJA is domiciled in Jakarta and started its commercial operations in 1993. Equity in net profit of KJA includes the amortization of intangible assets resulting from the acquisition of IIC's interest in KJA. The amortization amounted to US$ 6,944,988 each for the years ended December 31, 2014 and 2013.

IIC's investment in KJA was used as collateral on a first priority basis for bonds payable (Note 30).

PT Cirebon Electric Power

In 2007, the Company through its subsidiaries, IPI and III, acquired 19.99% ownership interest in CEP. CEP sells electricity generated by its coal-fired power to PT PLN (Persero) and started its commercial operation on July 27, 2012. CEP plant located at Cirebon - West Java.

The Company's indirect ownership in CEP was used as collateral to a related party's loan facility (Note 49).

Based on unanimous written resolutions of shareholders of CEP, the shareholders of CEP approved the increase in the authorized capital and issued and paid-up capital of CEP from US$ 120,092,000 to US$ 124,092,000, wherein such increase will be allocated to the existing shareholders in proportion to their shareholding. In line with the resolution, in April 2014 IPI and III paid the capital injection at the amount of US$ 600,000 and US$ 200,000, respectively.

Based on the pledge agreements (Note 49) among CEP's shareholders, CEP and the Security Agent under the Financing Agreements of CEP, each of shareholders is required to pledge all of the newly issued shares in favor of the Security Agent.

PT Sea Bridge Shipping

In October 2008, TPEC established PT Sea Bridge Shipping (SBS), a company engaged in domestic goods shipment. TPEC has 46% ownership interest. SBS is domiciled in Jakarta and started its commercial operations in 2008.

PT Cotrans Asia

In June 2007, TPEC acquired 1,800 shares or 45% ownership in PT Cotrans Asia, a company engaged in coal transportation and transshipment service. PT Cotrans Asia is domiciled in East Kalimantan and started its commercial operations in 2004.

PT Intan Resource Indonesia

IIC owns 866 shares, representing 43.3% of ownership interest in PT Intan Resource Indonesia (IRI), a company engaged in coal trading and mining consultancy. IRI is domiciled in Jakarta and still under development stage.

PT Cirebon Power Services

In February 2010, the Company through its subsidiaries, IPI and III acquired 19.99% of ownership interest in PT Cirebon Power Services (CPS). CPS is engaged in the operation and maintenance of electrical equipment and facilities and started its commercial operations on July 27, 2012. CPS is domiciled in Cirebon - West Java.

The Company's indirect ownership in CPS was used as collateral to a related party's loan facility (Note 49).

15. CLAIM FOR TAX REFUND

	December 31, 2014	December 31, 2013
	US$	US$
Company 2011 fiscal year	2,111,373	2,334,204
Company 2008 fiscal year	3,725,799	-
IIC 2011 fiscal year	665,265	678,964
IIC 2010 fiscal year	792,195	1,555,350
IIC 2006 fiscal year	497,904	2,105,352
Petrosea 2011 fiscal year	-	4,153,712
Petrosea 2005, 2006 and 2007 fiscal years	1,300,661	1,300,661
KPI 2007, 2008 and 2009 fiscal years	777,266	1,375,278
Total	9,870,463	13,503,521

Tax Assessment Letters

Company

Below are the tax assessment letters that are still in the process of appeal:

Tax type	Tax period	Overpayment or Underpayment	Total claimed	Total approved by DGT	Total claimed December 31, 2014	Total claimed December 31, 2013	Current status
			Rp	Rp	US$	US$	
Value Added Tax (VAT)	January-November 2011	Underpayment	26,266 million	Nil	2,111,373	2,334,204	Filed appeal
Corporate Income Tax	2008	Underpayment	46,348 million	Nil	3,725,799	-	Filed appeal
Sub total					5,837,172	2,334,204	

Tax Assessment Letters on the Company's VAT pertaining to the period from January - November 2011 are inclusive of interest and penalty.

In January 2013, Directorate General of Taxation (DGT) issued Tax Assessment Letters on the Company's Value-added Tax (VAT) pertaining to the month of December 2011. Based on such assessment letters, the Company's tax overpayment amounted to Rp 12,943 million, compared to Rp 13,898 million recorded and being claimed by the Company. The difference between amount claimed and approved by DGT is still in appeal.

Management believes that this tax matter will be resolved in favor of the Company and accordingly, no provision was made as of reporting date.

Under the assessment letters dated December 31, 2013 on the Company's tax obligation for fiscal year 2007 and 2008, DGT made revisions on the Company's taxable income (fiscal loss) as follows:

	Per DGT	Per Company
	Rp	Rp
Fiscal Loss - 2007	14,460,820,295	78,088,647,620
Taxable income - year 2008 net off with accumulated fiscal losses for the year 2004 - 2007 amounting to Rp 71,093,371,476	104,447,847,428	14,147,668,014

Below are tax assessment letters that had been resolved:

Tax type	Tax period	Overpayment or Underpayment	Total claimed	Total approved by Tax Court or DGT	Current status	Remarks
			Rp	Rp		
VAT on offshore services	2011	Underpayment	2,186 million	2,101 million	Resolved	Total approved by DGT was recorded as expense in 2014
Corporate Income Tax	2007	Underpayment	Nil	Nil	Resolved	-

Below are tax assessment letters that are not yet claimed:

Tax type	Tax period	Overpayment or Underpayment	Total claimed	Current status
			Rp	
Income Tax article 26	December 2009	Underpayment	9,830 million	Not yet claimed
Corporate Income Tax	2009	Underpayment	1,672 million	Not yet claimed

The Company settled underpayment in January 2015 and filed an objection.

The Company filed an objection letter against such assessment letters and believes that this tax matter will be resolved in favor of the Company.

Under tax assessment letters dated December 29, 2014 on the Company's tax obligation for fiscal year 2009, DGT made revisions on the Company's taxable income (fiscal loss) as follows:

	Per DGT	Per Company
	Rp	Rp
Taxable income (fiscal loss) - 2009	4,034,702,516	(403,190,600,032)

IIC

Below are tax assessment letters/tax collection letters that are in the process of appeal:

Tax type	Fiscal year	Overpayment or Underpayment	Total claimed	Total approved by Tax Court or DGT	Total claimed December 31, 2014	Total claimed December 31, 2013	Current status
			Rp	Rp	US$	US$	
Corporate Income Tax	2006	Underpayment	25,638 million	6,169 million	497,904	2,105,352	IIC filed Letter of Judicial Review
Income Tax art. 26	June 2011	Underpayment	8,276 million	8,276 million	665,265	678,964	
Income Tax art. 26	December 2010	Underpayment	9,855 million	9,855 million	792,195	808,508	Filed appeal
Income Tax art. 26	June 2010	Underpayment	9,103 million	Nil	-	746,842	Received by IIC
Total					1,955,364	4,339,666	

In June 2011, DGT issued a revised tax assessment letter on corporate income tax fiscal year 2006, reducing the underpayment from Rp 57,850 million into Rp 25,638 million. A refund of Rp 32,212 million was received by IIC in July 2011. At the same time, IIC is also claiming interest income on the revised tax amount of Rp 3,865 million.

In June 2012, Tax Court has resolved the interest income claim in favor of IIC, however until the issuance date of the consolidated financial statement, IIC has not yet received such interest payment.

While on the remaining amount of Rp 25,638 million, DGT has rejected the objection. As a response, IIC filed an appeal. The Tax Court granted IIC's appeal, but the calculation in Tax Decision Letter stated that IIC's income tax underpayment amounted to Rp 6,169 million. Based on the above matter, IIC filed a Reconsideration Request, while claim for tax refund amounted to Rp 19,469 million was refunded by DGT to IIC in May 2014. IIC also claimed for interest on the remaining claim for tax refund.

In December 2011, DGT issued TCL on IIC's tax obligation for income tax article 26 for the December 2010 and June 2011 fiscal periods amounting to Rp 9,855 million and Rp 8,276 million, respectively. On the same date, IIC paid such tax obligations and recorded the amount as part of claim for tax refund. IIC then filed a request letter for reduction or cancellation of TCL from DGT, which was then objected by DGT. IIC filed an appeal against the TCL to Tax Court.

The appeals process are still ongoing however management believes that this tax matter will be resolved in favor of IIC and accordingly, no provision was made as of reporting date.

On August 25, 2014, Tax Court has granted IIC's request letter for reduction or cancellation of Tax Collection Letters on its income tax article 26 for June 2010 fiscal period to become nil. At December 8, 2014, the amount previously assessed and paid by IIC of Rp 9,103 million was already refunded.

PT Petrosea Tbk

Below are tax assessment letters that are in the process of appeal in 2013, then resolved in 2014:

Tax type	Fiscal year	Overpayment or Underpayment	Total claimed	Total approved by DGT	Total claimed December 31, 2014	Total claimed December 31, 2013	Current status
			Rp	Rp	US$	US$	
Value Added Tax (VAT)	October-December 2011	Overpayment	39,494 million	38,574 million	-	4,153,712	Resolved

In 2013, Petrosea has filed a claim for the overpayment of Value Added Tax for the months of September, October, November and December year 2011 amounting to Rp 87,338 million.

Petrosea has received the refund for overpayment of Value Added Tax September 2011 on June 20, 2013 amounted to Rp 47,838 million.

Petrosea has received the refund for overpayment of Value Added Tax October – December 2011 on March 10, 2014. The refund of this overpayment amounted to Rp 38,574 million, after deducting with tax penalty.

The difference between the amount claimed and the amount in the Tax Assessment Letter was recorded as expense in the 2014 and 2013 consolidated statements of comprehensive income.

Tax Assessment Letters for Joint Operations

Joint operations	Tax type	Fiscal year	Tax underpayment	Petrosea's portion Tax underpayment	Equivalent to
			Rp	Rp	US$
PC JO	Income Tax art. 26	2005	12,505,239,916	6,252,619,958	540,323
PC JO	Income Tax art. 26	2006	14,226,200,433	7,113,100,217	614,682
PC JO	Income Tax art. 26	2007	3,371,062,321	1,685,531,161	145,656
Total				15,051,251,335	1,300,661

In 2013, Petrosea-Clough Joint Operation (PC JO) had paid the underpayment of income tax article 26 for the years 2005 - 2007 and filed the objection letter on the Tax Assessment Letters on the income tax article 26 above.

On January 15, 2015, PC JO received Decision Letter on objection on underpayment of income tax article 26 for the years 2005 – 2007. Stating the rejection of the PC JO's objection and increased the tax underpayment amounting to Rp 3,831,014,098.

On February 2, 2015, Petrosea received Underpayment Tax Assesment Letter for Value Added Tax year 2010, amounting to Rp 1,448,644,006. Payment for such underpayment tax assessment letter was made on February 24, 2015.

PT Kuala Pelabuhan Indonesia (KPI)

Below are underpayment tax assessment letters that are in process of appeal:

Tax type	Fiscal year	Total claimed		Total approved by DGT		Total claimed December 31, 2014	Total claimed December 31, 2013	Current status
		US$	Rp	US$	Rp	US$	US$	
Corporate Income Tax	2009	113,104	-	-	-	113,104	113,104	In process of filed appeal
	2008	86,345	-	-	-	86,345	86,345	
Corporate Income Tax	2007	499,303	-	33,064	-	-	499,303	Resolved
Income Tax art.26	2007	-	867,364,072	-	452,537,786	-	90,823	Resolved
Corporate Income Tax	2008	436,488	-	-	-	436,488	436,488	Filed appeal
Income Tax art.23	2009	-	141,519,308	-	-	15,581	15,581	Filed appeal
Income Tax art.26	2008	-	71,616,440	-	71,616,440	-	7,885	Resolved
Income Tax art.25	2007	30,135	-	-	-	30,135	30,135	Filed appeal
Income Tax art. 21	2008	-	787,860,654	-	-	83,239	83,239	Filed appeals
Value Added Tax	2009	-	116,807,523	-	-	12,374	12,374	Filed appeal
Total						777,266	1,375,277	

As of the issuance date of the financial statement, KPI has not yet received any response from tax court and no decision has been made regarding the appeal.

On October 6, 2014, DGT has granted KPI's partially appeal on corporate income tax for 2007 fiscal year to become underpayment amounted to US$ 33,064. On November 20, 2014, the difference between the amount previously paid by KPI and the amount that approved by DGT amounted to US$ 466,239 was already refunded and amounted to US$ 33,064 was charged to profit loss in 2014.

On September 15, 2014, DGT has granted KPI's partially appeal on income tax article 26 for 2007 fiscal year to become underpayment amounted to Rp 452,537,786. On October 27, 2014, the difference between the amount previously paid by KPI and the amount that approved by DGT amounted to Rp 414,826,286 was already refunded and amounted to Rp 452,537,786 was charged to profit loss in 2014.

On July 13, 2014, DGT has fully rejected KPI's appeal on income tax article 26 for 2008 fiscal year and amounted to Rp 71,616,440 was charged to profit loss in 2014.

16. EXPLORATION AND EVALUATION ASSETS

	December 31, 2014		
	Beginning balance	Addition	Ending balance
	US$	US$	US$
Baliem	16,144,171	733,475	16,877,646
MEA	4,240,412	77,456	4,317,868
Kananai and Malintut	4,552,110	1,213,298	5,765,408
Total	24,936,693	2,024,229	26,960,922

	December 31, 2013			
	Beginning balance	Addition	Write-off	Ending balance
	US$	US$	US$	US$
Baliem	10,492,059	5,652,112	-	16,144,171
MEA	2,912,311	1,328,101	-	4,240,412
Kananai and Malintut	1,917,271	2,634,839	-	4,552,110
Southwest Bird's Head	-	4,608,760	(4,608,760)	-
Total	15,321,641	14,223,812	(4,608,760)	24,936,693

As at December 31, 2013, management of PT Indika Multi Daya Energi (IMDE), has internally reviewed the current existing progress of exploration done in relation to its participation interest in Block Southwest Bird's Head Production Sharing Contract (PSC). The review indicated that the carrying amount of the respective exploration and evaluation asset is unlikely to be recovered from the successful development. At this stage, management of IMDE decided to decrease the economic value of the respective assets, while simultaneously waiting for the final results on the series of ongoing analysis and studies performed by the operator to determine the continuity of the block (Note 40).

17. MINING PROPERTIES

This account represents costs transferred from exploration and evaluation assets related to an area of interest, technical feasibility and commercial viability of which are demonstrable, and subsequent costs to develop the mine to the production phase.

	January 1, 2014	Additions	December 31, 2014
	US$	US$	US$
Cost	16,477,488	3,160,028	19,637,516
Accumulated amortization	(3,220,267)	(1,960,402)	(5,180,669)
Net carrying amount	13,257,221		14,456,847

	January 1, 2013	Additions	December 31, 2013
	US$	US$	US$
Cost	9,623,322	6,854,166	16,477,488
Accumulated amortization	(2,160,929)	(1,059,338)	(3,220,267)
Net carrying amount	7,462,393		13,257,221

18. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Domicile	Percentage of Ownership	December 31, 2014	December 31, 2013
		%	US$	US$
PT Santan Batubara (SB)	Kalimantan	50		
Beginning balance			18,484,793	22,777,148
Equity in net loss			(3,997,264)	(4,292,355)
Ending balance			14,487,529	18,484,793
PT Tirta Kencana Cahaya Mandiri (TKCM)	Tangerang	47		
Beginning balance			2,617,601	2,751,536
Equity in net income			76,057	273,127
Dividends received			-	(407,062)
Book value			2,693,658	2,617,601
Sale of investment			(2,693,658)	-
Ending balance			-	2,617,601
Total			14,487,529	21,102,394

In 1998, Petrosea purchased a 50% interest in SB, a company domiciled in Jakarta with project location in Kalimantan, and is engaged in exploring, mining, treating and selling coal, at a cost of US$ 100 thousand. In 2009, SB started its commercial operations.

Since 2004, Petrosea held a 47% interest in TKCM, a company engaged in the water treatment business.

On March 24, 2014, Petrosea has signed the deed of sale and purchase agreement to transfer all of its shares in TKCM to PT Tanah Alam Makmur, with value of Rp 21,870 million (equivalent to US$ 2,693 thousand). The proceeds from the sale, which consists of advances received in 2012 amounting to US$ 25 thousand and 2013 amounting to Rp 2.5 billions and cash payment in 2014 amounting to Rp 19.1 billion (equivalent to US$ 1,644 thousand), shall be used to finance Petrosea's working capital requirements. Loss recognized from divestment of TKCM shares amounted to Rp 1,184 million (equivalent to US$ 102 thousand).

The summary of financial information in respect of the jointly-controlled entities is set out below:

	December 31, 2014	December 31, 2013
	US$	US$
Total assets	28,695,001	69,441,959
Total liabilities	9,790,025	38,678,792
Net assets	18,904,976	30,763,167
Total revenue for the year	32,320,713	144,610,309
Net loss for the year	(7,832,462)	(8,003,588)

19. JOINT OPERATIONS

Joint Venturers	Method of sharing result	Participating interest	Duration
		Percentage	
Total E&P Indonesie West Papua	Profit sharing	10%	On-going
PT Saipem Indonesia and PT Chiyoda International Indonesia	Profit sharing	38%	On-going
Chiyoda Corporation, PT Chiyoda International Indonesia, PT Saipem Indonesia and PT Suluh Ardhi Engineering	Profit sharing	30%	On-going

Total E&P Indonesie West Papua

On February 20, 2013, PT Indika Multi Daya Energi (IMDE), a subsidiary, signed Farmout Agreement with TOTAL E&P Indonesie West Papua (TOTAL), a subsidiary of TOTAL SA, to acquire a 10% participating interest in the Southwest Bird's Head Production Sharing Contract (PSC), while TOTAL as operator will hold the remaining 90% interest.

The exploration block of South West Bird's Head PSC is located in the on-offshore Salawati Basin of the Province of West Papua, covering an area 7,176 square-km.

Given that the conditions precedent in the Farmout Agreement had been fulfilled and the approval from the Government of the Republic of Indonesia had been obtained as represented by the ministry who had the authority in the oil and gas sector, TOTAL transferred the 10% participating interest of Southwest Bird's Head PSC to IMDE by signing the Deed of Assignment on May 27, 2013.

PT Saipem Indonesia and PT Chiyoda International Indonesia

In 2013, TPEC entered an unincorporated joint venture agreement with PT Saipem Indonesia and PT Chiyoda International Indonesia known as the STC Joint Operation (STC JO) in which joint control is exercised. TPEC's share is 38%.

STC JO formed a consortium with Hyundai Heavy Industries Co Ltd (HHI), on the purpose of submitting a bid to do provision and installation of New Built Barge Floating Production Unit (Hull, Topside and Mooring System) for Jangkrik and Jangkrik North East (known as ENI Jangkrik Project) that will be held by ENI Muara Bakau B.V. (ENI).

In December 2013, ENI has issued a letter awarding the consortium of STC JO and HHI for the ENI Jangkrik project, and a letter to start the early works of the project. The contract was signed on February 28, 2014, at the amount of US$ 1,114 million.

In executing the project, the STC JO has an agreement that each member will contribute personnel and other resources, and certain portion of the project will be entrusted to certain members ("Own Portion"). The Own Portion of TPEC is to procure Gas Turbine Generators package, and to procure Fabricated Equipment, in ths case being Vessels, Columns, and Shell & Tube Heat Exchangers

Chiyoda Corporation, PT Chiyoda International Indonesia, PT Saipem Indonesia and PT Suluh Ardhi Engineering

On October 27, 2014, TPEC and TPE entered an unincorporated joint venture agreement with Chiyoda Corporation, PT Chiyoda International Indonesia, PT Saipem Indonesia and PT Suluh Ardhi Engineering known as the CSTS Joint Operation ("CSTS JO") in which joint control is exercised.

TPEC and TPE's portion in CSTS JO altogether is 30%.

On October 29, 2014, BP Berau Ltd and CSTS JO signed the contract for FEED of Tangguh LNG Expansion Project, effective on December 5, 2014, to deliver Front End Engineering Design, plans and estimates for EPC contract, and submitting the tender for EPC contract of Tangguh LNG Expansion Project. The contract is scheduled for 12 months plus 6 weeks to submit the commercial EPC tender.

The project kicked-off by December 5, 2014 but the members of CSTS JO agreed that the bookkeeping at CSTS JO level will commence in January 2015, incorporating the activities from December 5, 2014 in terms of assets, liabilities, revenues and costs of CSTS JO. TPEC and TPE will take its respective portion of the financials of CSTS JO.

Each participant in the above joint operations shall share the rights, benefits, liabilities, risk, expenses, net profit or net loss in proportion to their respective participating interest, subject to any subsequent changes in the share of profit made pursuant to the joint operation agreements.

The following amounts are included in consolidated financial statements using proportionate consolidation:

	Carrying amount	
	December 31, 2014	December 31, 2013
	US$	US$
Total asset	39,945,879	6,469,799
Total liabilities	35,510,612	1,760,061
Income	48,086,441	1,005,903
Expenses	34,234,278	1,108,122

20. ADVANCES AND OTHER NONCURRENT ASSETS

	Carrying amount	
	December 31, 2014	December 31, 2013
	US$	US$
Investment in shares of stock		
Third party		
PT Sarana Riau Ventura	1,211	1,211
Advances for investments		
Third parties		
PT Karya Sukses Unggulan	5,000,000	-
PT Intan Cempaka Perkasa	3,665,362	3,664,534
Others	1,166,541	2,024,221
Total	9,833,114	5,689,966

PT Karya Sukses Unggulan

In August 2014, IIC entered into Exploration and Development of Coal Concession Area Agreements with PT Karya Sukses Unggulan (KSU), in which KSU agreed to act on behalf of and for the benefit of IIC to explore, find and/or develop coal concession areas, including infrastructure related to coal concession in Indonesia, either as Mining Right (IUP) or Coal Contract of Work (CCoW). Based on the agreement, IIC agreed to provide funding for the exploration, development and/or construction of coal concession activities at the amount of US$ 5,000,000.

The agreement is valid for one year, effective from the signing date of the above agreement. IIC has the right to terminate the agreement at any time and for any reasons by giving a 7 days advance notice to KSU before the effective termination. If until the termination date of the agreement, KSU still cannot fulfill its obligation under the agreement or the agreement was early terminated by IIC, then KSU should refund the advance to IIC, net of all expenses paid-out by KSU related to its obligation under the agreement, within certain period as specified in the agreements.

PT Intan Cempaka Perkasa

IIC entered into Exploration and Development of Coal Concession Area Agreements with PT Intan Cempaka Perkasa (ICP) dated August 5 and 11, 2008, in which ICP agreed to act on behalf of and for the benefit of IIC to explore, find and/or develop coal concession areas in Indonesia, either as IUP or CCoW. Based on the agreements, IIC agreed to provide funding for the exploration or development of coal concession activities up to the maximum amount of Rp 91,209 million and Rp 137,650 million, respectively, in which Rp 228,761 million (equivalent to US$ 24,981,225) was paid in advance by IIC.

The agreements are valid for one year, effective from the signing date of each of the above agreements. IIC has the right to terminate the agreement at any time and for any reasons by giving a 7 days advance notice to ICP before the effective termination. If until the termination date of each agreement, ICP still cannot fulfill its obligation under these agreements or the agreements were early terminated by IIC, then ICP should refund the advance to IIC, net of all expenses paid-out by ICP related to its obligation under the agreements, within certain period as specified in the agreements. In accordance with the agreements, ICP agreed to give its 75 shares currently owned by PT Citra Bayu Permata as well as the other assets owned by ICP, including its mining concession rights, as collaterals to ICP.

Following the expiration of the agreements with ICP, the agreements have been amended several times, among others, through agreement dated August 5, 2010, where IIC and ICP agreed to amend certain articles in the previous agreements, among others, as follows:

- To extend the agreement until August 5, 2014; and
- To refund to IIC the advance of Rp 29,058 million in February 2013 and advance of Rp 44,703 million in August 2014.

The agreement was last amended on July 30, 2014, wherein ICP proposed to extend the agreement for another one year up to August 5, 2015. Settlement of the outstanding advance, net of all the expenses paid-out by ICP related to its obligation under the agreements, will be done at the end of the agreements.

During the period of the agreement up to December 31, 2014, IIC received several times refunds of advances totaling Rp 184 billion.

21. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2014	Additions	Deductions	Translation adjustments	Reclassifications	Transfer to assets held for sale (Note 53)	December 31, 2014
	US$	US$	US$	US$	US$	US$	US$
At cost:							
Direct acquisitions							
Land	39,397,831	48,730	(48,872)	(109,552)	-	(534,802)	38,753,335
Buildings, leasehold and improvements	98,718,809	-	(575,815)	3,582	3,253,287	(683,169)	100,716,694
Office furniture, fixture and other equipment	29,598,834	408,277	(201,201)	3,097	1,165,953	(11,730)	30,963,229
Vessels	352,464,859	3,100,392	(591,407)	-	1,061,718	-	356,035,562
Motor vehicles and helicopter	15,324,812	888,901	(661,933)	(4,058)	-	(330,152)	15,217,570
Machinery and equipment	7,225,956	2,631	(874,178)	(29,315)	-	(892,889)	5,432,206
Plant, equipment, heavy equipment and vehicles	163,276,924	-	(12,029,440)	-	19,931,272	(168,983)	171,009,773
Construction in-progress	16,764,713	48,849,397	-	-	(25,412,230)	-	40,201,880
Leased assets							
Plant, equipment, heavy equipment and vehicles	302,987,695	-	(12,250,290)	-	18,367,124	-	309,104,529
Construction in-progress	1,926,837	16,654,135	-	-	(18,367,124)	-	213,848
Total	1,027,687,270	69,952,463	(27,233,136)	(136,246)	-	(2,621,726)	1,067,648,625
Accumulated depreciation:							
Direct acquisitions							
Buildings, leasehold and improvements	35,180,423	7,856,212	(187,140)	(4,531)	729,916	(159,517)	43,415,363
Office furniture, fixture and other equipment	19,357,589	4,674,916	(77,610)	(3,797)	(720,076)	(11,730)	23,219,292
Vessels	84,417,683	23,845,235	(469,448)	-	-	-	107,793,470
Motor vehicles and helicopter	7,733,416	1,942,630	(1,392,791)	(6,907)	-	(225,615)	8,050,733
Machinery and equipment	1,502,882	857,152	-	(10,923)	-	(374,065)	1,975,046
Plant, equipment, heavy equipment and vehicles	64,550,938	22,621,149	(11,223,556)	-	(9,840)	(135,617)	75,803,074
Leased assets							
Plant, equipment, heavy equipment and vehicles	119,259,743	39,966,810	(12,250,290)	-	-	-	146,976,263
Total	332,002,674	101,764,104	(25,600,835)	(26,158)	-	(906,544)	407,233,241
Net Book Value	695,684,596					(1,715,182)	660,415,384

	January 1, 2013	Additions	Deductions	Translation adjustments	Reclassifications	Transfer from investment property	Transfer to intangible assets	Transfer to assets held for sale	December 31, 2013
	US$	US$	US$	US$	US$	US$	US$	US$	US$
At cost:									
Direct acquisitions									
Land	18,022,986	1,074,626	-	(167,968)	20,468,187	-	-	-	39,397,831
Buildings, leasehold and improvements	114,601,083	1,816,234	-	(176,391)	(19,132,242)	1,610,125	-	-	98,718,809
Office furniture, fixture and other equipment	29,075,174	1,069,482	1,544,970	(1,372)	1,957,571	-	(957,051)	-	29,598,834
Vessels	344,764,679	4,649,072	-	-	3,776,108	-	-	(725,000)	352,464,859
Motor vehicles and helicopter	15,453,038	1,136,527	1,177,768	(86,985)	-	-	-	-	15,324,812
Machinery and equipment	6,426,140	830,745	-	(239,858)	208,929	-	-	-	7,225,956
Plant, equipment, heavy equipment and vehicles	174,894,959	2,169,175	24,378,553	-	10,783,967	-	-	(192,624)	163,276,924
Construction in-progress	12,745,750	25,641,361	251,770	-	(20,506,628)	-	(864,000)	-	16,764,713
Leased assets									
Plant, equipment, heavy equipment and vehicles	299,849,327	8,369,987	18,438,808	-	13,207,189	-	-	-	302,987,695
Construction in-progress	736,000	11,953,918	-	-	(10,763,081)	-	-	-	1,926,837
Total	1,016,569,136	58,711,127	45,791,869	(672,574)	-	1,610,125	(1,821,051)	(917,624)	1,027,687,270
Accumulated depreciation:									
Direct acquisitions									
Buildings, leasehold and improvements	26,039,805	8,464,954	-	(27,752)	-	703,416	-	-	35,180,423
Office furniture, fixture and other equipment	16,167,649	5,269,550	1,300,782	(3,423)	(61,749)	-	(713,656)	-	19,357,589
Vessels	61,169,298	23,418,307	-	-	-	-	-	(169,922)	84,417,683
Motor vehicles and helicopter	5,667,297	3,159,655	1,050,467	(43,069)	-	-	-	-	7,733,416
Machinery and equipment	1,252,081	319,438	-	-	(68,637)	-	-	-	1,502,882
Plant, equipment, heavy equipment and vehicles	58,379,107	19,354,707	13,096,769	(68,184)	130,386	-	-	(148,309)	64,550,938
Leased assets									
Plant, equipment, heavy equipment and vehicles	95,233,358	37,556,277	13,529,892	-	-	-	-	-	119,259,743
Total	263,908,595	97,542,888	28,977,910	(142,428)	-	703,416	(713,656)	(318,231)	332,002,674
Net Book Value	752,660,541								695,684,596

Depreciation expense was allocated to the following:

	December 31, 2014	December 31, 2013
	US$	US$
Cost of contracts and goods sold (Note 36)	90,591,953	85,367,417
General and administrative expenses (Note 37)	11,172,151	12,175,471
Total	101,764,104	97,542,888

Details of the gain (loss) on sale of property, plant and equipment are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Net carrying amounts:		
Property, plant and equipment	1,632,301	8,731,900
Sale and leaseback assets	-	8,082,059
Less:		
Proceeds from disposal of:		
Property, plant and equipment	2,499,963	2,372,746
Sale and leaseback assets	-	8,082,059
Gain (loss) on disposal of property, plant and equipment and noncurrent assets held for sale (Note 40)	867,662	(6,359,154)

Details of constructions in-progress as of December 31, 2014, are as follows:

	31 December 31, 2014		
	Percentage of Completion	Accumulated Costs	Estimated Year of Completion
		US$	
Buildings, leasehold and improvements	18 - 95%	26,590,403	2015
Office furniture and fixtures	70 - 80%	736,794	2015
Vessels	80 - 90%	6,119,539	2015
Machine and equipment		615,544	2015
Plant, equipment, heavy equipment and vehicles	58 - 70%	6,353,448	2015
Total		40,415,728	

Management does not foresee any events that may prevent the completion of the constructions in-progress.

MBSS intended to sell its property, plant and equipment with carrying amount of US$ 632,759 and US$ 599,393 as of December 31, 2014 and 2013, respectively. These assets are reclassified to asset held for sale and with impaired loss of US$ 550,872 and US$ 435,626 booked in the 2014 and 2013 consolidated statements of comprehensive income, respectively.

The Company owns several pieces of land located in Bintaro, South Tangerang measuring 11,117 square meters with Building Use Rights (HGB) for a period of 25 years until 2035.

Petrosea owns several pieces of land located in West Nusa Tenggara, Kabupaten Paser East Kalimantan and Timika measuring 151,677 square meters with HGB for a period of 20 and 30 years, respectively, until 2028, 2029 and 2030.

TPEC owns several pieces of land located in Jakarta with HGB for 20 years until 2029.

TPE owns several pieces of land located in Banyuraden Village, Subdistrict of Gamping, Disctrict of Sleman, Yogyakarta with HGB until 2044.

Management believes that there will be no difficulty in the extension of the land rights since all the land were acquired legally and supported by sufficient evidence of ownership.

Property, plant and equipment used as collateral

Petrosea

As of December 31, 2014, certain heavy equipment of Petrosea with a carrying amount of US$ 6,365 thousand and several pieces of land at Timika and Sumbawa with carrying amount of US$ 387 thousand are used as collateral for bank facilities obtained from PT. Bank ANZ Indonesia (Note 24). Based on the Credit Facility Agreement with PT. Bank ANZ Indonesia, the piece of land were valued at an aggregate amount of Rp 20 billion as of the date of the agreement.

In 2013, Petrosea entered into sale and leaseback agreements for its heavy equipment with a financing company for a period of 4–5 years.

After an evaluation of the terms and substance of the sale and leaseback arrangement during the period, Petrosea's management has determined that all the risks and rewards incidental to ownership of the heavy equipment still rest with the seller-lessee and classified the transactions as finance lease.

Leased assets are used as collateral for the lease liabilities (Note 29).

MBSS

On December 31, 2014, MBSS's vessels with carrying amount of US$ 124,934,237 are pledged as collateral for bank loans and long-term bank loans (Notes 24 and 28).

Included in property, plant and equipment of MBSS is vessel FC Princesse Rachel and FC Vittoria wherein PT Kideco Jaya Agung, a related party, has an option to purchase such asset at the 60th month or at the end of the contract period (Note 49).

TPEC

TS a subsidiary of TPEC, owns the office unit under strata title, which has legal term of 99 years until February 2088. This property is used to secure banking facilities granted by DBS Bank Ltd., Singapore Branch (Note 28).

The HGB No. 1545 and 1576 are used as collateral for credit facilities obtained by TPEC from PT Bank Mandiri (Persero) Tbk (Notes 24 and 49).

Property, plant and equipment, except land, are insured with various insurance companies against fire, theft and other possible risk to various insurance companies, as follows:

Insurance company	Currency	Sum insured December 31, 2014
PT Asuransi AXA Indonesia	Rp	27,525,000,700
PT Zurich Insurance Indonesia	Rp	26,948,302,000
Asuransi Astra Buana	Rp	5,170,000,000
PT Asuransi Cakrawala Proteksi	Rp	3,857,200,000
PT Asuransi Raksa Pratikara	Rp	1,547,700,000
PT Asuransi Jaya Proteksi	US$	183,040,500
PT Asuransi Cakrawala Proteksi	US$	171,882,657
PT Asuransi Indrapura	US$	120,747,356
PT Asuransi MSIG Indonesia	US$	96,706,435
PT China Typhing Indonesia	US$	54,471,000
PT Asuransi Mitra Maparya	US$	51,341,000
PT Asuransi Wahana Tata	US$	26,610,931
PT Asuransi Jasindo	US$	12,652,733
PT Asuransi Himalaya Pelindung	US$	10,178,918
Asuransi Rama Satria Wibawa	US$	6,753,416
PT Asuransi ACA	US$	4,052,050
PT Tri Dharma Proteksi	US$	600,856
PT Sompo Japan Insurance Indonesia	US$	539,590

Management believes that the insurance coverages are adequate to cover possible losses on the assets insured.

Fair value of property, plant and equipment of the Company and its subsidiaries as of December 31, 2014 and 2013 amounted to US$ 717,084,921 and US$ 728,745,337, respectively.

As of December 31, 2014 and 2013, property, plant and equipment includes assets with acquisition cost of US$ 14,052,932 and US$ 17,581,391, that are already depreciated in full but are still in use.

22. INTANGIBLE ASSETS

	December 31, 2014	December 31, 2013
	US$	US$
PT Multi Tambangjaya Utama	177,314,072	184,492,190
PT Mitrabahtera Segara Sejati Tbk	60,835,275	79,553,821
PT Mitra Energi Agung	39,507,731	48,803,667
PT Petrosea Tbk	-	1,405,622
System development and computer software	7,324,759	6,889,021
Net book value at end of year	284,981,837	321,144,321

Changes in intangible assets are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Beginning balance	321,144,321	371,820,837
Addition	3,530,326	2,746,686
Transfer from property, plant and equipment (Note 21)	-	1,107,395
Impairment on intangible asset	-	(14,106,461)
Current year amortization		
Acquisition of subsidiaries	(36,598,221)	(38,238,275)
System development and computer software	(3,094,589)	(2,185,861)
Ending balance	284,981,837	321,144,321

PT Multi Tambangjaya Utama

The intangible assets resulted from the acquisition of MUTU, a company engaged in business of mining activities with CCoW area located in the North and South Barito - Central Kalimantan.

Fair value of the intangible assets was based on a valuation report prepared by an independent appraiser. The valuation is based on income approach with Excess Earning method.

The intangible assets include costs amounting to US$ 9.2 million with regard to purchase of Distribution Rights and Obligations to support MUTU's sales of coal.

The intangible asset is amortized over the estimated useful life of 27 years.

PT Mitrabahtera Segara Sejati Tbk

The intangible assets resulted from the acquisition of MBSS and its subsidiaries, which mainly pertains to the long-term contracts of MBSS (Note 49).

Fair value of the intangible assets was based on a valuation report prepared by an independent appraiser. The valuation is based on income approach with Excess Earning method.

The intangible asset is amortized over the estimated useful life of 7 years.

In addition to the long-term contracts of MBSS, intangible assets included the computer software of MBSS.

PT Mitra Energi Agung

The intangible assets resulted from the acquisition of MEA, a company engaged in business of mining activities under Mining Coal Exploration Permit located in the East Kutai – East Kalimantan.

Fair value of the intangible assets was based on a valuation report prepared by an independent appraiser. The valuation is based on income approach with Excess Earning method.

The intangible assets is amortized over the estimated useful life of 7 years.

PT Petrosea Tbk

The intangible asset resulted from the acquisition of PT Petrosea Tbk (Petrosea) and its subsidiaries, which pertains to the long-term contracts of Petrosea (Note 49).

Fair value of the intangible asset was based on a valuation report prepared by an independent appraiser. The valuation is based on income approach with Excess Earning method.

The intangible assets is amortized over its estimated useful life of 5 years.

System Development and Computer Software

The intangible asset mainly relates to the development of the Company's and its subsidiaries integrated computer system.

The intangible asset is amortized over its estimated useful life of 3-5 years.

23. GOODWILL

This account represents the excess of acquisition cost over the Company's interest in the fair value of the net assets of subsidiaries net of accumulated impairment.

	December 31, 2014 and 2013
	US$
PT Multi Tambangjaya Utama	56,745,431
PT Petrosea Tbk and its subsidiaries	28,978,661
PT Mitrabahtera Segara Sejati Tbk and its subsidiaries	33,730,009
Net carrying amount	119,454,101

In 2013, management provided an impairment on its whole carrying amount of goodwill from WAGL and SMG amounting to US$ 415,997 and US$ 73,343, respectively, on the consideration of the future economic benefits of such businesses.

Management believes that impairment of goodwill as of December 31, 2014 and 2013 is adequate.

24. BANK LOANS

	December 31, 2014	December 31, 2013
	US$	US$
U.S. Dollar		
Citibank, N.A., Indonesia	30,246,290	-
PT Bank Mandiri (Persero) Tbk	30,000,000	9,000,000
PT Bank ANZ Indonesia	12,500,000	12,500,000
Syndicated loan (Standard Chartered Bank)	12,346,478	12,346,478
PT Bank International Indonesia Tbk	1,000,000	1,000,000
Standard Chartered Bank	-	2,831,904
Total principal loan	86,092,768	37,678,382
Accrued interest	156,909	57,011
Total	86,249,677	37,735,393

As of December 31, 2014 and 2013, details of such facilities are as follows:

Creditor	Entity	Type of facility	Maximum facility	Agreement date	Maturity date	Interest rate per annum	December 31, 2014	December 31, 2013
			US$				US$	US$
Citibank, N.A., Indonesia	The Company and IIC	Short term loan	25,000,000	November 15, 2013	June 1, 2015	LIBOR + 2.5%	10,000,000	-
					October 13, 2015	LIBOR + 2.5%	10,000,000	-
	Petrosea	Working capital credit	20,000,000	October 29,	April 28, 2015	LIBOR + 2.5%	5,164,644	-
					June 10, 2015	LIBOR + 2.5%	5,081,646	-
Sub total							30,246,290	-
PT Bank Mandiri (Persero) Tbk	The Company	Working capital credit	75,000,000	July 18, 2012	June 1, 2015	LIBOR + 4.24%	20,000,000	-
	TPEC	Working capital credit	35,000,000	November 5, 2010	November 5, 2015	6%	10,000,000	9,000,000
Sub total							30,000,000	9,000,000
PT Bank ANZ Indonesia	Petrosea	Working capital credit	22,500,000	May 13, 2011	September 30, 2015	LIBOR + 2.5%	12,500,000	12,500,000
Syndicated loan coordinated by Standard Chartered Bank	MBSS	Revolving Credit	12,346,478	May 23, 2013	May 23, 2015	LIBOR + 3%	12,346,478	12,346,478
PT Bank International Indonesia Tbk	MSC	Working capital credit	1,000,000	February 24, 2011	February 24, 2015	5.55%	1,000,000	1,000,000
Standard Chartered Bank	TPEC	Bond and guarantee	30,000,000	February 28,	February 28, 2015	3%	-	2,831,904
Total principal loan							86,092,768	37,678,382
Accrued interest							156,909	57,011
Total							86,249,677	37,735,393

Citibank, N.A., Indonesia

The agreement relating to the loan facilities between the Company, IIC and Citibank N.A., Indonesia contain certain covenants, among other things:

- Any change in the composition of shareholders of the Company and IIC which results the Parent Company ceasing to own, directly or indirectly, at least 51% (fifty one per cent) of the subsidiaries shares of the Company and IIC is subject to the prior written consent of the bank;

- the Company and IIC shall promptly notify the bank of any change in the shareholders of the Parent Company and IIC; and

- the Company and IIC does and shall maintain insurance on all its property and assets with coverage normal.

In January 2015, IIC made an early payment of its bank loan to Citibank.

PT Bank Mandiri (Persero) Tbk

The Company

The agreement relating to the loan facilities between the Company and PT Bank Mandiri (Persero) Tbk contain certain covenants, among other things, the Company shall not do the following actions without prior written approval from the bank to:

- act as a guarantor of debt unless permitted under terms and conditions applied;

- change the Company's shareholder until the controller changing where PT. Indika Mitra Energi is no longer as a majority shareholder; and

- guarantee the Company's assets unless permitted under terms and conditions applied.

On February 17, 2015, the Company made a partial payment of such loan Working Capital Credit from PT Bank Mandiri (Persero) Tbk amounting to US$ 10,000,000.

TPEC

The facility together with other credit facilities from PT Bank Mandiri (Persero) Tbk are secured by certain trade accounts receivable/project claim (Note 7) amounting to Rp 197.22 billion equivalent to US$ 15,853,698 and US$ 50,000,000, time deposit placed at the same bank amounting to US$ 2,150,000 (Note 6), and certain land and building certificate (SHGB) (Note 21) owned by TPEC.

TPEC is restricted to, among other things: without written approval from bank transfer assets used as collateral, obtain new credit facilities from other financial institution except in the normal course of business, act as guarantor to other parties, and transfer its rights and obligations in this loan agreement to another party without written consent from the bank. TPEC is also required to maintain financial ratios as stipulated in the agreement.

PT. Bank ANZ Indonesia

Based on amendment between Petrosea and PT. Bank ANZ Indonesia, any overdue principal and interest shall carry interest at 2.5% per annum above the stipulated interest rate. The agreements also require the Company to maintain certain financial ratios computed based on the the Company's financial statements.

These loans are collateralized by certain trade accounts receivable and property, plant and equipment of Petrosea and Letter of Awareness from the Company (Notes 7 and 21).

The agreement relating to the above loan facilities contain certain covenants, among other things, Petrosea shall not do the following actions without prior written approval from the bank:
- any change in the shareholders of the parent company; and
- any merger or consolidation with any other company.

In addition, Petrosea shall notify ANZ of the following:
- any change in the ownership of the shareholders of the parent company; and
- dividend payment.

Syndicated Loan coordinated by Standard Chartered Bank

On May 23, 2013, MBSS obtained a club deal loan facility from PT Bank ANZ Indonesia (ANZ) and Standard Chartered Bank (SCB) amounting to US$ 59,085,238 which consist of Term Loan Facility amounting to US$ 46,738,760 and Revolving Credit Facility amounting to US$ 12,346,478.

This Revolving Credit facility is obtained to refinance loan from PT Bank Internasional Indonesia Tbk, PT Bank DBS Indonesia and PT Bank Permata Tbk.

The facility has the same collateral and covenants as those of the long term syndicated loan facility (Note 28).

PT Bank International Indonesia Tbk (BII)

This credit facility is secured by:
- One unit of floating crane named Princesse Chloe;
- Fiduciary warranty over MSC's receivables to PT Berau Coal or other third parties, which charter the vessel.

MSC should comply with certain financial ratios as follows:
- EBITDA / debt is not less than one time;
- Leverage Ratio is not more than 2.5 times; and
- Maintain minimum balance amounted to US$ 150,000 in the account.

Standard Chartered Bank

Standard Chartered Bank required TPEC to provide a cash margin deposit of 10% of facility of import letter of credit that was used.

TPEC shall maintain its current ratio at a minimum of 1.0 time and debt to equity ratio at a maximum of 1.0 time.

As of December 31, 2014 and 2013, management believes that the Company and its subsidiaries have complied with all significant covenants required by the banks.

25. TRADE ACCOUNTS PAYABLE

	December 31, 2014	December 31, 2013
	US$	US$
By creditor:		
Related parties (Note 47)	19,995	248,087
Third parties	104,221,448	63,447,977
Total	104,241,443	63,696,064
By age:		
Current	85,596,948	47,443,497
Overdue		
1 - 30 days	7,678,058	11,012,324
31 - 90 days	2,620,547	1,661,354
91 - 180 days	1,872,266	2,029,128
181 - 360 days	3,759,737	299,060
> 360 days	2,713,887	1,250,701
Total	104,241,443	63,696,064
By currency:		
United States Dollar	75,684,140	52,948,035
Rupiah	27,154,553	9,708,484
Euro	890,560	328,426
Singapore Dollar	478,571	641,873
Australian Dollar	18,490	51,621
Japanese Yen	3,334	4,870
Others	11,795	12,755
Total	104,241,443	63,696,064

Accounts payable to sub-contractors and purchase of goods and services transactions from third parties has credit terms of 14 to 50 days. No interest is charged to the trade payables.

26. TAXES PAYABLE

	December 31, 2014	December 31, 2013
	US$	US$
Current tax (Note 41)		
Subsidiaries		
Non final		
2014	944,392	-
2013	1,019,228	597,856
2012	53,817	-
2011	33,290	-
Income tax:		
Article 15	121,490	98,079
Article 21	3,181,865	3,215,754
Article 23	374,189	372,683
Article 25	100,582	92,655
Article 26	54,679	36,563
Article 4(2)	513,118	372,612
Value added tax	674,449	772,298
Total	7,071,099	5,558,500

27. ACCRUED EXPENSES

	December 31, 2014	December 31, 2013
	US$	US$
Construction and sub-contractors expenses	30,086,080	27,574,416
Purchase of materials and spare parts	28,623,983	70,011,094
Salaries, employees' incentives and bonus	13,436,251	11,720,017
Tax penalty	5,544,759	-
Professional fees	1,371,210	2,275,702
Vehicle tax	1,265,607	1,212,587
Others (each below US$ 1 million)	5,782,032	5,986,965
Total	86,109,922	118,780,781

28. LONG-TERM LOANS

	December 31, 2014	December 31, 2013
	US$	US$
Bank loans		
Rupiah		
PT Bank Victoria International Tbk	209,389	282,798
PT Bank Tabungan Negara (Persero) Tbk	-	453,340
PT Bank Pembangunan Daerah Jawa Barat dan Banten	-	69,222
U.S. Dollar		
Syndicated loan (Standard Chartered Bank)	42,369,026	44,921,847
PT Bank Permata Tbk	21,071,754	25,308,497
PT Indonesia Eximbank	4,932,920	6,432,134
PT Bank International Indonesia Tbk	4,031,476	7,487,027
Singapore Dollar		
Bank DBS Ltd., Singapore Branch	14,411,921	15,734,919
Total	87,026,486	100,689,784
Less current maturities	(15,831,756)	(12,756,345)
Long-term loans - net	71,194,730	87,933,439
Schedule of principal repayment		
In the first year	15,831,756	12,756,345
In the second year	18,320,340	15,590,523
In the third year	34,816,556	18,309,916
In the fourth year	12,745,060	22,635,291
In the fifth year	5,312,774	13,549,111
In the sixth year	-	6,056,213
More than sixth year	-	11,792,385
Total	87,026,486	100,689,784

As of December 31, 2014 and 2013, details of such facilities of long-term loans are as follows:

Creditor	Entity	Type of facility	Maximum facility		Agreement date	Maturity date	Interest rate per annum	December 31, 2014	December 31, 2013
			Rp 000	US$				US$	US$
PT Bank Permata Tbk	MBSS	Term Loan	-	18,000,000	June 14, 2012	May 23, 2018	5.75%	13,650,875	15,725,755
	MASS	Term Loan		12,000,000	May 22, 2012	May 22, 2018	6.00%	7,420,879	9,582,742
Sub total								21,071,754	25,308,497
Syndicated loan coordinated by Standard Chartered Bank	MBSS	Term Loan	-	46,738,760	May 23, 2013	May 23, 2018	LIBOR + 3.25%	42,369,026	44,921,847
PT Indonesia Eximbank	MBSS	Financing credit	-	8,000,000	April 2, 2012	April 2, 2018	6.1%	4,932,920	6,432,134
PT Bank International Indonesia Tbk	MSC	Term Loan	-	19,200,000	February 24, 2011	February 24, 2016	5.5%	4,031,476	7,487,027
Bank DBS Ltd. Singapore Branch	TS	Long term loan	-	16,662,800	July 1, 2011	July 1, 2031	Floating rate	14,411,921	15,734,919
PT Bank Victoria International Tbk	The Company	Financing credit	-	-	February, 2012	August, 2016	9.03%-9.94%	209,389	282,798
PT Bank Tabungan Negara (Persero)	SMG	Credit Investment	8,300,000	667,203	August 31, 2010	October 30, 2019	13.5%	-	453,340
PT Bank Pembangunan Daerah Jawa Barat dan Banten	WAGL	General credit investment	4,500,000	361,736	October 5, 2010	September 11, 2014	13.5%	-	69,222
Total								87,026,486	100,689,784

PT Bank Permata Tbk

Such facility to MBSS were secured by:

- 1 unit floating crane with a pledged value of 120%;
- Receivables at a minimum amount of US$ 750,000.

MBSS is required to comply with several restrictions to maintain financial ratios:
- Leverage ratio maximum 3 times;
- Debt service coverage ratio minimum 1.25 times.

MBSS must obtain written approval from the bank if it will obtain borrowings which amounted to US$ 10,000,000 and above.

Such facility to MASS is secured by 1 unit floating crane named FC Blitz.

MASS is required to comply with several restrictions to maintain financial ratios as follows:
- Debt to equity ratio maximum 4 times;
- Debt service coverage ratio minimum 1.25 times.

Syndicated Loan coordinated by Standard Chartered Bank

On May 23, 2013, MBSS obtained a club deal loan facility from PT Bank ANZ Indonesia (ANZ) and Standard Chartered Bank Indonesia (SCB) amounting to US$ 59,085,238 which consist of Term Loan Facility amounting to US$ 46,738,760 and Revolving Credit Facility amounting to US$ 12,346,478.

This Term Loan facility is obtained to refinance loans in PT Bank Permata Tbk amounted to US$ 13,461,775; and all loans in PT Bank Internasional Indonesia Tbk, The Hongkong and Shanghai Banking Corporation Limited and PT Bank Danamon Indonesia Tbk.

This facility has been fully drawn in May 28 - June 24, 2013.

This loan is secured by:

- Fiduciary over MBSS' receivables, with fiduciary collateral value of US$ 12,000,000.
- 20 unit of barges by the name of Finacia 100, Finacia 101, Finacia 102, Finacia 103, Finacia 105, Finacia 35, Finacia 36, Finacia 38, Finacia 50, Finacia 58, Finacia 63, Finacia 69, Finacia 71, Finacia 97, Finacia 98, Finacia 99, Finacia 82, Labuan 2705, Finacia 81, Finacia 70.
- 28 unit of tug boats by the name of Entebe Emerald 23, Entebe Emerald 25, Entebe Emerald 33, Entebe Emerald 50, Entebe Emerald 52, Entebe Megastar 72, Entebe Power 10, Entebe Power 8, Entebe Star 30, Entebe Star 57, Entebe Star 61, Entebe Star 62, Entebe Star 76, Mega Power 12, Mega Power 23, Selwyn 3, Entebe Emerald 69, Entebe Star 71, Megastar 75, Segara Sejati 1, Segara Sejati 3, Entebe Star 78, Entebe Emerald 51, Entebe Star 69, Entebe Megastar 63, Entebe Megastar 67, Entebe Megastar 73, Entebe Megastar 79, Entebe Megastar 65, Entebe Megastar 66.
- Floating Crane FC Nicholas

MBSS is required to comply with several restrictions, among others, MBSS is required to maintain financial ratios as follows:

- Ratio of Consolidated Net Debt to EBITDA shall not exceed 3 : 1
- Debt Service Coverage Ratio shall not be less than 1.4 : 1
- Gearing Ratio shall not exceed 2 : 1
- Security Coverage Ratio not less than 1.25 : 1

The facility also require MBSS to have Debt Service Reserve Accounts (DSRA) at PT Bank ANZ Indonesia and Standard Chartered Bank, Jakarta Branch.

The principal repayment schedule are as follows:

Year	Principal repayment
1	3.32%
2	6.68%
3	20.00%
4	30.00%
5	40.00%
	100.00%

The facility has the same collaterals and covenants as those of the syndicated loan facility (Note 24).

PT Indonesia Eximbank (Eximbank)

This loan is secured by 3 sets of tugboat and barges which is financed by the bank.

MBSS shall not perform the following action without prior writtern approval from Eximbank:

- Change the status and reduce the paid up capital of the MBSS;
- Acquire new debt other than in the normal course of business that will result in DER ratio exceed 3 times;
- Undertake any merger or acquisition that could affect financing obligations payment;
- Use the proceeds other than originally planned;

- Sell or transfer assets that have been pledged to bank; and
- Undertake transaction with other parties that does not follow normal term.

PT Bank International Indonesia Tbk (BII)

The loans collaterials and negative covenants between PT Bank International Indonesia Tbk (BII) and MSC are same as its bank loans (Note 24).

MSC is required to maintain several financial ratios as follows:

- EBITDA/financial payment not less than 1; and
- Leverage ratio not more than 2.5 times.

Bank DBS Ltd. Singapore Branch

The loan between DBS and TS bears the following interest rate per annum:

- 1st year at 2.58% fixed;
- 2nd year at 2.78% fixed;
- 3rd year at 2.98% fixed;
- Subsequent years at the bank's prevailing rate.

This loan is secured by TS' property (Note 21) and a deed of subordination to be executed by directors/ shareholders/TS in respect of subordination of all existing and future loan.

PT Bank Victoria International Tbk

Loans from PT Bank Victoria International Tbk represent long-term loan of the Company and its subsidiaries for financing of new vehicles for a period ranging from 2-3 years.

The agreement of the long-term loan contain certain covenants, which the Company and its subsidiaries are required to fulfill, including provision regarding events of default.

PT Bank Tabungan Negara (Persero) Tbk

The loan between SMG and BTN has a term of 120 months, with a grace period for payment of principal of 6 months starting from October 27, 2009 with final maturity date on October 30, 2019. The above credit facility is an amendment of the credit facility provided by BTN on October 27, 2009 to the previous shareholders of SMG (prior to the acquisition of SMG by the Company).

As of December 31, 2014, the outstanding balance of this loan amounting US$ 453,340 was transferred to liabilities directly associated with assets held for sale.

In February 2015, SMG has fully paid this loan to BTN.

PT Bank Pembangunan Daerah Jawa Barat dan Banten

The loan between WAGL and PT Bank Pembangunan Daerah Jawa Barat dan Banten (BJB) has a term of 64 months, starting from May 11, 2009, payable on every 3 months for the principal of the loan. The above credit facility is an amendment of the credit facility provided by BJB on May 11, 2009 to the previous shareholders of WAGL, prior to the acquisition of WAGL by the Company.

In August 2014, WAGL has fully paid this loan to BJB.

As of December 31, 2014 and 2013, management believes that the Company and its subsidiaries have complied with all significant covenants required by the banks.

29. LEASE LIABILITIES

The future minimum lease payments based on the lease agreements as of December 31, 2014 and 2013 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	US$	US$	US$	US$
a. By Due Date:				
Not later than one year	32,944,315	50,720,969	31,547,117	47,851,969
Later than one year and not later than five years	22,606,254	55,291,204	22,016,993	53,290,076
Sub-total	55,550,569	106,012,173	53,564,110	101,142,045
Less: future finance charges	(1,986,459)	(4,870,128)	-	-
Less: unamortized lease fees	(1,197,266)	(1,499,035)	(1,197,266)	(1,499,035)
Add: accrued interest	-	-	84,827	166,333
Present value of minimum lease payments	52,366,844	99,643,010	52,451,671	99,809,343
Current maturity			(31,631,848)	(48,014,837)
Long-term lease liabilities - Net			20,819,823	51,794,506
b. By Lessor:				
PT Mitra Pinasthika Mustika Finance (MPMF)			32,085,729	70,423,986
PT Mitsubishi UFJ Lease and Finance Indonesia			11,955,209	16,775,262
PT Orix Indonesia Finance			6,904,167	9,610,671
PT Caterpillar Finance Indonesia			2,348,291	4,310,678
PT Toyota Astra Financial Services			270,714	-
PT Bumiputera BOT Finance			-	19,102
BII Finance			-	2,346
Sub-total			53,564,110	101,142,045
Less: unamortized lease fees			(1,197,266)	(1,499,035)
Add: accrued interest			84,827	166,333
Total			52,451,671	99,809,343

Lease liabilities mainly consist of purchases of machineries by Petrosea. These liabilities are secured by the related leased assets. The leases have terms of 4 to 5 years.

In 2013, additional sale and leaseback transactions were carried out by Petrosea which were classified as finance lease. In 2014, there were no additional leaseback transactions carried out by Petrosea.

Lease liabilities denominated in currency other than the respective functional currency of the Company and its subsidiaries are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Rupiah	270,714	21,448

PT Mitra Pinasthika Mustika Finance (MPMF)

On June 10, 2011, Petrosea and MPMF entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 45 million. The interest rate on this facility is 3% plus LIBOR. This facility is available for six months.

On January 24, 2012, Petrosea and MPMF agreed to amend the above Finance Lease Facility Agreement, whereby Petrosea was granted an additional finance lease facility amounting to US$ 75 million. The interest rate on this facility is 3.125% plus LIBOR. The facility is available for 24 months until January 24, 2014.

On August 8, 2012, Petrosea and MPMF agreed to amend this Finance Lease Facility Agreement by adding Oversea-Chinese Banking Corporation Limited and PT. Bank OCBC NISP, Tbk as the additional creditors, which originally only PT Bank ANZ Indonesia and also The Trust Company (Asia) Limited as the facility agent.

PT Mitsubishi UFJ Lease & Finance Indonesia

On April 18, 2012, Petrosea and PT Mitsubishi UFJ Lease & Finance Indonesia entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 25 million. The interest rate on this facility is 3.40% plus SIBOR. Starting January 2014, the interest rate is change to 3.40% plus LIBOR. The facility is available for 6 months.

PT Orix Indonesia Finance

On June 28, 2012, Petrosea and PT Orix Indonesia Finance entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 15 million. The interest rate on this facility is 3.50% plus SIBOR. Starting January 2014, the interest rate is change to 3.50% plus LIBOR. The facility is available for 12 months.

PT Caterpillar Finance Indonesia

On March 3, 2005, Petrosea and PT Caterpillar Finance Indonesia entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 50 million. This facility is available until August 20, 2013 The interest rate on this facility is 3.50% plus interest rate of 3 (three) months LIBOR and 3.75% plus interest rate of 3 (three) months LIBOR.

Significant general terms and conditions of the finance leases are as follows:

i. Petrosea is prohibited to sell, lend, sublease, or otherwise dispose of or, cease to exercise direct control over, the leased assets;
ii. Petrosea is prohibited to provide securities/collateral, including security deposit, or guarantee to other lessors over the leased assets; and
iii. For lease liability from MPMF, Petrosea is required to maintain certain financial ratios computed based on the consolidated financial statements.

PT Toyota Astra Finance Services

On October 1, 2014, Petrosea and PT Toyota Astra Finance Services entered into a consumer finance facility agreement wherein Petrosea was granted a finance lease facility for vehicles amounting to Rp 1,809,500,000. The facility is available until October 10, 2017. The interest rate on this facility is 5.5% per annum.

On November 4, 2014, Petrosea and PT Toyota Astra Finance Services entered into a consumer finance facility agreement wherein Petrosea was granted a finance lease facility amounting to Rp 1,809,500,000. The facility is available until November 4, 2017. The interest rate on this facility is 5.5% per annum.

30. BONDS PAYABLE

	December 31, 2014	December 31, 2013
	US$	US$
Senior Notes III, nominal of US$ 300 million in 2011	300,000,000	300,000,000
Senior Notes IV, nominal of US$ 500 million in 2013	500,000,000	500,000,000
Unamortized bond issuance costs	(32,162,971)	(38,025,946)
Accrued interest - current	17,165,617	17,165,617
Total net	785,002,646	779,139,671
Presented in consolidated statements of financial position as:		
Current liabilities	17,165,617	17,165,617
Noncurrent liabilites	767,837,029	761,974,054
Total	785,002,646	779,139,671

Senior Notes III, US$ 300 Million

On May 5, 2011, IEF B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes ("Notes III") amounting to US$ 115 million due in May 2018. The Notes III were issued together with the US$ 185 million related to Exchange Offer Senior Notes I issued in 2007. The Notes III bear interest at 7% per annum, payable semi-annually on May 5 and November 5 of each year, commencing on November 5, 2011. The Notes III are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes III, Citicorp International Limited acted as trustee, while the Company and IIC, TPE, TPEC and TS as guarantors.

The Notes III are secured on a first priority basis by a lien on the following collateral:

- Pledges of the Company's investments in shares of stock of Tripatra Group, TPEC, IEF BV, IEC BV and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14). These collaterals are shared *pari passu* amongst Notes IV;
- A security interest in the Indika Proceeds Accounts, in the name of ICRL, held at Citibank, N.A., New York amounting US$ 50,000,000 since the issuance of Notes III. On February 2012, the Company had drawdown the collateral funds and use the proceeds for acquisitions of energy-related assets of one of the Company's subsidiaries, IIR, which was specified in the indenture agreement; and
- A security interest in IEF B.V.'s right under the Intercompany Loans. As of reporting dates, all the Intercompany Loans are fully eliminated for consolidation purposes.

IEF B.V. will be entitled at its option to redeem all or any portion of the Notes III. At any time prior to May 5, 2014, IEF B.V. will be entitled at its option to redeem up to 35% of the Notes III with the net proceeds of one or more equity offerings at a redemption price of 107%. At any time prior to May 5, 2015, IEF B.V. will be entitled at its option to redeem the Notes III, in whole but not in part, at a redemption price equal to 100% plus the applicable premium as further determined in the Notes III indenture. At any time on or after May 5, 2015, IEF B.V. may redeem in whole or in part of the Notes III at a redemption price specifically described in the Notes III indenture. The Notes III are subject to redemption in whole at their principal amount at the option of the IEF B.V. at any time in the event of certain changes affecting taxation between Indonesia and Netherlands.

In relation to the Notes III, the Company and certain subsidiaries are restricted to, among others, perform the following:

- Incur additional indebtedness and issue preferred stock;
- Declare dividends on capital stock or purchase or redeem capital stock;
- Make investments or other specified "Restricted Payments";
- Issue or sell capital stock of restricted subsidiaries;
- Guarantee indebtedness;
- Sell assets;
- Create any lien;
- Enter into sale and leaseback transactions;
- Enter into agreements that restrict the restricted subsidiaries' ability to pay dividends and transfer assets or make inter-issuer loans;
- Enter into transactions with equity holders or affiliates;
- Effect a consolidation or merger; or
- Engage in different business activities.

These covenants, including the above restrictions, are subject to a number of important qualifications and exceptions as described in the Notes III indenture.

Proceeds from guaranteed Notes III issued were used for (i) redemption, repurchase or other repayment of US$ 65 million Notes I issued in 2007 (ii) payment of amount to exchange and consent holders of Senior Notes I as premium and consent fee; (iii) funding capital expenditures needed, including plan of expansion from Petrosea, subsidiary, to support production activities; (iv) investment in coal exploration activities and (v) working capital and other general corporate purposes.

The Notes III have been assigned a rating of "B1" with negative outlook by Moody's and "B+" with negative outlook by Fitch.

Senior Notes IV, US$ 500 Million

On January 24, 2013, IEF II B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes ("Notes IV") amounting to US$ 500 million due in January 2023, bearing interest at 6.375% per annum, payable semi-annually on January 24 and July 24 of each year, commencing on July 24, 2013. The Notes IV are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes IV, Citicorp International Limited acted as Trustee, while the Company and IIC, TPE, TPEC and TS as Guarantors.

The Notes IV are secured on a first priority basis by a lien on the following collaterals:

- Pledges of the Company's investments in shares of stock of TPE, TPEC, IEF II BV, IEC II BV and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14) and TPEC's investment in shares of stock of TS. These collaterals are shared *pari passu* amongst Notes III and IV.
- A security interest in IEC II B.V.'s right under the Intercompany Loans. As of reporting dates, all the intercompany loans are fully eliminated for consolidation purposes.

IEF II B.V. will be entitled at its option to redeem all or any portion of the Notes IV. At any time prior to January 24, 2017, IEF II B.V. will be entitled at its option to redeem up to 35% of the Notes IV with the net proceeds of one or more equity offerings at a redemption price of 106.375%. At any time prior to January 24, 2018, IEF II B.V. will be entitled at its option to redeem the Notes IV, in whole but not in part, at a redemption price equal to 100% plus the applicable premium as further determined in the Notes IV indenture. At any time on or after January 24, 2018, IEF II B.V. may redeem in whole or in part of the Notes IV at a redemption price specifically described in the Notes IV indenture. The Notes IV are subject to redemption in whole at their principal amount at the option of the IEF II B.V. at any time in the event of certain changes affecting taxation between Indonesia and Netherlands.

In relation to the Notes IV, the Company and certain subsidiaries are restricted to, among others, perform the following:

- Incur additional indebtedness and issue preferred stock;
- Declare dividends on capital stock or purchase or redeem capital stock;
- Make investments or other specified “Restricted Payments”;
- Issue or sell capital stock of restricted subsidiaries;
- Guarantee indebtedness;
- Sell assets;
- Create any lien;
- Enter into sale and leaseback transactions;
- Enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends and transfer assets or make inter-issuer loans;
- Enter into transactions with equity holders or affiliates;
- Effect a consolidation or merger; or
- Engage in different business activities.

These covenants, including the above restrictions, are subject to a number of important qualifications and exceptions as described in the Notes IV Indenture.

Proceeds from guaranteed Notes IV issued were used for (i) repayment of bank loans from Citibank, N.A., UBS AG Singapore branch, Standard Chartered Bank, Jakarta branch and Bank Mandiri (Persero) Tbk., totaling to US$ 235 million; (ii) redemptions of Notes II in aggregate principal amount of US$ 230 million together with accrued and unpaid interest thereon and the relevant redemption price, pursuant to the optional redemption feature stated in Indenture of Notes II; and (iii) repayment of other existing indebtedness, working capital and other general corporate purposes.

The Notes IV have been assigned a rating of “B1” with negative outlook from Moody’s and “B+” with negative outlook by Fitch.

As of December 31, 2014 and 2013, management is of the opinion that the Company and its subsidiaries have complied with all significant covenants required by the bond holders of the above Notes.

The interest expense incurred for Notes for the years ended December 31, 2014 and 2013 amounted to US$ 52,875,000 and US$ 69,837,500, respectively (Note 39).

31. EMPLOYMENT BENEFITS

	December 31, 2014	December 31, 2013
	US$	US$
Post-employment benefits	23,851,652	19,196,496
Long service leave	3,469,744	2,664,387
Total	27,321,396	21,860,883

The Company and its subsidiaries provide post-employment benefits for qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 3,826 in 2014 and 4,202 in 2013.

Amounts recognized as expense in the consolidated statements of comprehensive income in respect of these post-employment benefits are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Current service cost	7,013,100	5,364,052
Interest cost	1,370,715	970,008
Past service cost (vested)	4,562	101,912
Immediate adjustment of defined benefit	(228,675)	(173,843)
Amortization actuarial losses (gain)	(3,289)	278,088
Effect of curtailment/settlement	(1,823,691)	(1,314,172)
Benefits paid in period excess payment	1,086,222	6,253
Total	7,418,944	5,232,298

Movement in the present value of employee benefits obligation are as follow:

	December 31, 2014	December 31, 2013
	US$	US$
Opening balance of present value of unfunded obligations	19,015,168	24,063,920
Current service cost	7,013,100	5,364,052
Interest cost	1,370,715	970,008
Curtailments effect	(1,339,602)	(1,300,526)
Expected benefits paid	(1,913,939)	(1,300,085)
Actuarial gain	(222,244)	(4,647,369)
Past service cost	22,812	1,031,111
Gain in foreign exchange	(685,767)	(5,165,943)
Closing balance of present value of unfunded obligations	23,260,243	19,015,168

The amounts recognized in the consolidated of statements of financial position arising from the Company and its subsidiaries' obligations with respect to these post-employment benefits are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Present value of unfunded obligations	23,260,243	19,015,168
Past service cost (non-vested)	(1,291)	(5,842)
Unrecognized actuarial gain	592,700	187,170
Total	23,851,652	19,196,496

The cost of providing post-employment benefits is calculated by independent actuaries. The actuarial valuation was carried out using the projected unit credit method and using the following key assumptions:

	December 31, 2014	December 31, 2013
Discount rate	8% - 8.75%	8.4% - 9%
Salary increment rate	8% - 10%	10%
Mortality rate	100% TMI2/CSO' 80	100% TMI2/CSO' 80
Disability rate	5% TMI2/10% CSO' 80	5% TMI2/10% CSO' 80
Resignation rate	3% - 12% per annum until age 25 -30 years then decreasing linearly to 0% at 54-55 years	3% - 12% per annum until age 25 -30 years then decreasing linearly to 0% at 54-55 years
Normal retirement age	55	55

Historical experience adjustment for the current and the previous four years are as follows:

	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
	US$	US$	US$	US$	US$
Present value of unfunded obligations	23,260,243	19,015,168	24,063,920	17,882,003	10,471,644
Value of experience adjustment	713,333	642,127	404,274	1,296,445	194,773
Percentage of experience adjustment to present value of unfunded obligations	3.07%	3.38%	1.68%	7.25%	1.86%

32. CAPITAL STOCK

Name of Stockholders	December 31, 2014 and 2013 Number of Shares Rp 100 par value per share)	Percentage of Ownership	Total Paid-up Capital US$
PT Indika Mitra Energi	3,307,097,790	63.47%	36,111,513
Ir. Pandri Prabono Moelyo	231,100,200	4.44%	2,523,475
Eddy Junaedy Danu	81,880,500	1.57%	894,086
Agus Lasmono	10,156,000	0.20%	110,897
Wiwoho Basuki Tjokronegoro	5,264,500	0.10%	57,485
Indracahya Basuki	1,403,500	0.03%	15,325
Wishnu Wardhana	1,208,500	0.02%	13,196
M. Arsjad Rasjid P.M.	1,208,000	0.02%	13,191
Azis Armand	1,208,000	0.02%	13,191
Richard Bruce Ness	810,000	0.01%	8,845
Joseph Pangalila	165,000	0.00%	1,802
PT Indika Mitra Holdiko	10	0.00%	0.11
Public shares (each below 5%)	1,568,690,000	30.12%	17,129,148
Total	5,210,192,000	100.00%	56,892,154

33. ADDITIONAL PAID-IN CAPITAL

	Paid-in capital in excess of par	Share issuance cost	Employee stock option	Difference in Value of Restructuring Transaction between Entitites Under Common Control	Total
	US$	US$	US$	US$	US$
Issuance of 833,142,000 Company's shares through Initial Public Offering in 2008	254,633,211	(15,745,526)	-	-	238,887,685
Additional paid-in capital in 2011 through exercise of employee and management stock option	-	-	1,097,573	-	1,097,573
Difference in Value of Restructuring Transaction between Entities Under Common Control (SINTRES)	-	-	-	10,862,663	10,862,663
Balance as of December 31, 2014 and 2013	254,633,211	(15,745,526)	1,097,573	10,862,663	250,847,921

In 2004, the Company acquired 99.959% shares of stock of PT Indika Inti Corpindo (IIC). The acquisition was a transaction with an entity under common control as IIC has the same majority stockholder as the Company with ownership interest of 99.959%. The difference between the acquisition cost and the net assets acquired amounting to US$ 10,862,663 was presented as “Difference in Value of Restructuring Transaction between Entities Under Common Control” under equity.

Starting January 1, 2013, the Company and its subsidiaries adopted PSAK 38 (revised 2012), Business Combination of Entities Under Common Control, which has resulted to reclassification of SINTRES into Additional Paid-In Capital.

34. NONCONTROLLING INTEREST AND CUMULATIVE TRANSLATION ADJUSTMENTS

a. Noncontrolling interest in net assets of subsidiaries

	December 31, 2014	December 31, 2013
	US$	US$
PT Mitrabahtera Segara Sejati Tbk	150,050,664	150,710,534
PT Petrosea Tbk	62,660,156	64,089,826
PT Mitra Energi Agung	10,976,944	14,555,653
PT Indika Energy Trading	56,501	-
PT Indika Inti Corpindo	18,472	18,230
PT Multi Tambangjaya Utama	(3,599,175)	577,173
Total	220,163,562	229,951,416

b. Noncontrolling interest in income (loss) of subsidiaries

	December 31, 2014	December 31, 2013
	US$	US$
PT Mitrabahtera Segara Sejati Tbk	4,122,992	10,434,796
PT Petrosea Tbk	502,232	5,668,672
PT Indika Inti Corpindo	407	4,751
PT Indika Energy Trading	(44,406)	-
PT Mitra Energi Agung	(3,389,016)	(3,018,555)
PT Multi Tambangjaya Utama	(4,176,348)	(4,400,651)
Total	(2,984,139)	8,689,013

c. Cummulative translation adjustments

Exchange differences relating to the translation of the net assets of the subsidiaries using different functional currency other than the Company and its subsidiaries' presentation currency (i.e. U.S. Dollar) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of those subsidiaries.

35. REVENUES

	2014	2013
	US$	US$
Contracts and service revenues		
ExxonMobil Cepu Ltd.	189,843,680	192,282,667
JOB Pertamina Medco Tomori Sulawesi	147,724,436	73,362,556
PT Kideco Jaya Agung	108,941,860	94,652,226
PT Adimitra Baratama Nusantara	97,704,963	85,220,920
PT Freeport Indonesia	65,780,195	61,338,120
Eni Muara Bakau B.V.	61,646,478	1,005,902
PT Gunung Bayan Pratama Coal	53,420,906	80,707,591
PT Indomining	50,816,000	-
PT Adaro Indonesia	22,873,991	30,111,414
PT Indonesia Pratama	18,520,399	4,944,406
PT Borneo Indobara	17,532,533	15,655,405
PT Kaltim Prima Coal	15,570,780	24,225,900
PT Berau Coal	14,334,556	16,555,399
PT Cotrans Asia	11,339,394	10,104,907
PT Pertamina Hulu Energi ONWJ	9,933,658	3,527,543
MI SWACO Indonesia	7,283,347	6,529,304
PT Metalindo Bumi Raya	6,436,092	3,740,392
PT Jhonlin Group	5,048,004	132,810
PT Holcim Indonesia Tbk	4,684,824	6,767,050
PT Santan Batubara	3,903,156	70,365,191
PT Indocement Tunggal Prakarsa Tbk	2,280,320	5,035,837
PT Singlurus Pratama	1,429,227	6,798,476
PT Karbon Mahakam	1,110,366	5,060,735
PT Indonesia Bulk Terminal	87,575	6,823,617
Others (each below US$ 5 million)	48,230,299	55,832,535
Total revenues from contracts and services	966,477,039	860,780,903
Sales of coal		
Asia Green Energy	42,163,778	-
Datang International Ltd.	30,455,845	-
Rex Coal Pte. Ltd.	28,311,469	-
Trammo Pte. Ltd.	23,896,603	848,722
Trafigura Pte. Ltd.	10,437,926	-
IMR Metallurgical Resources AG	4,603,506	-
Others (each below US$ 3 million)	3,162,145	1,764,567
Total sales	143,031,272	2,613,289
Total revenues	1,109,508,311	863,394,192

In 2014 and 2013, revenue from services to related parties amounted to US$ 124,486,651 and US$ 175,122,324, respectively or 11.22% and 20.28% of the above total revenues of the respective years (Note 47).

Details of customers with transactions constituting more than 10% of total consolidated revenues in 2014 and 2013, all which are under the energy services segment, are as follows:

	2014	2013
	US$	US$
ExxonMobil Cepu Ltd.	189,843,680	192,282,667
JOB Pertamina Medco Tomori Sulawesi	147,724,436	73,362,556
PT Kideco Jaya Agung	108,941,860	94,652,226
Total	446,509,976	360,297,449

36. COST OF CONTRACTS AND GOODS SOLD

	2014	2013
	US$	US$
Cost of contracts and services		
Materials	171,783,198	159,883,326
Salaries, wages and employee benefits	160,634,311	143,363,561
Construction	136,008,373	47,733,604
Operational heavy equipment tools cost	103,597,405	95,197,431
Depreciation (Note 21)	90,591,953	85,367,417
Sub-contractors, installations, communications supplies expense and other direct costs	39,579,978	18,313,009
Fuel	29,042,337	27,203,979
Rental, repairs and utilities	30,220,626	40,598,023
Transportation	16,920,533	14,537,216
Catering services	5,128,469	3,490,462
Handling	4,381,252	4,027,646
Insurance	2,634,947	2,891,420
Professional fees	2,628,895	5,040,843
Certificates and shipping documents	2,154,053	2,599,362
Port charges and anchorage	1,642,196	1,226,840
Bank charges	1,299,117	1,033,067
Utilities	909,425	530,569
Heavy equipment supplies	682,692	1,175,033
Others (each below US$ 500,000)	9,306,207	13,111,631
Total cost of contracts and services	809,145,967	667,324,439
Cost of coals sold	139,326,730	2,663,166
Total cost of contracts and goods sold	948,472,697	669,987,605

Purchase of coal from PT Jhonlin Group, a third party, accounts for 12% of the total cost of contracts and goods sold in 2014.

37. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	US$	US$
Salaries, wages and employee benefits	66,857,295	85,266,587
Rental vehicle, building and equipment	18,942,495	23,743,772
Depreciation (Note 21)	11,172,151	12,175,471
Professional fees	7,769,361	7,612,064
Amortization	4,755,752	2,974,183
Travel and transportation	3,064,153	4,464,588
Losses attributable to temporary suspension of production	2,816,733	2,911,009
Office supplies	2,446,300	3,923,579
Repair and maintenance	1,348,806	2,383,467
Security expense	1,105,753	1,212,381
Insurance	1,038,129	1,918,818
Others (each below US$ 1 million)	10,832,679	5,990,274
Total	132,149,607	154,576,193

38. INVESTMENT INCOME

	2014	2013
	US$	US$
Interest income on loans to related parties (Note 47)	4,342,767	3,648,698
Time deposits	3,526,929	2,967,205
Current accounts and others	3,104,836	1,836,284
Total interest income	10,974,532	8,452,187
Unrealized (loss) gain on investment in portfolio	(115,692)	674,200
Realized loss on investment in portfolio	-	(233,632)
Total	10,858,840	8,892,755

39. FINANCE COST

	2014	2013
	US$	US$
Interest expense on bonds payable (Note 30)	52,875,000	69,837,500
Interest on bank loans and long-term loans	6,897,641	9,748,435
Amortization of bond issuance cost	5,862,975	13,632,835
Interest on lease lliabilities	2,789,642	4,685,675
Amortization of transaction cost bank loan	619,339	3,943,660
Premium on early redemption of Notes II	-	11,212,500
Others	389,996	1,051,458
Total	69,434,593	114,112,063

40. OTHERS - NET

	2014	2013
	US$	US$
Loss on foreign exchange - net	4,040,491	9,797,528
Tax penalties	3,527,916	26,229
Expense related to the settlement of PT Great Dyke case	3,062,485	-
Impairment losses on trade account receivable (Note 7)	1,699,811	75,867
Impairment on goodwill (Note 23)	-	489,340
(Gain) loss on sale of property and equipment (Note 21)	(867,662)	6,359,154
Loss on derivative transaction	-	1,263,310
Exploration expense	-	5,593,314
Others (each below US$ 1 million)	(1,963,929)	2,714,828
Total	9,499,112	26,319,570

Expenses Related to The Settlement of PT Great Dyke Case

On July 24, 2014, MBSS received a subponea from PT Great Dyke, related to payment request. The amount is related to the fee on KPC Coal Handling Project in which the billing rights have been assigned to PT Great Dyke based on Coal Handling Agreement - Payment Undertaking dated September 22, 2006.

On August 4, 2014, PT Great Dyke, filed and registered a Postponement of Debt Settlement Obligation (PKPU) of MBSS to the Commercial Court with letter No. 39/Pdt-SUS/PKPU/2014/ PN.Niaga.JKT.PST.

On August 15, 2014, MBSS and PT Great Dyke signed a Settlement Agreement related to the payment of subpoena which amounted to US$ 3,062,485. Subsequent to the settlement, PT Great Dyke submit the revocation of Postponement of Debt Settlement Obligation to the Central Jakarta Commercial Court and has received the revocation letter No. 39/PDT-SUS-PKPU/2014/ PN.NIAGA.JKT.PST dated August 18, 2014.

Exploration Expense of IMDE

Exploration expense in 2013 pertains to the total effect of the decrease in economic value of the exploration and evaluation assets of IMDE disclosed in Note 16, and the expected future cash out flow on the commitment that IMDE has in respect to the block. Such commitment is recorded as part of accrued expenses in the consolidated statement of financial position as of December 31, 2013.

41. INCOME TAX

Income tax of the Company and its subsidiaries consists of the following:

	2014	2013
	US$	US$
Final tax	15,845,653	10,658,961
Non final tax		
Current tax	6,411,896	4,976,997
Deferred tax	(3,180,296)	(4,379,609)
Adjustment recognized in the current year in relation to the current tax of prior years corporate income tax	9,117,353	-
Total	28,194,606	11,256,349

Current Tax

A reconciliation between loss before tax per consolidated statements of comprehensive income and fiscal loss is as follows:

	2014	2013
	US$	US$
Loss before tax per consolidated statements of comprehensive income	(2,304,323)	(42,541,754)
Loss before tax of the subsidiaries	(70,183,293)	(71,062,302)
Loss before tax - Company	(72,487,616)	(113,604,056)
Temporary differences:		
Post-employment benefits	1,806,717	2,106,004
Difference between commercial and fiscal depreciation	918,338	(113,884)
Total	2,725,055	1,992,120
Nondeductible expenses (nontaxable income):		
Interest expense	46,940,807	61,700,985
Salary and benefit	2,208,645	3,660,691
Entertainment and representation	293,832	537,815
Interest income subjected to final tax	(280,815)	(799,586)
Others	1,291,984	949,918
Total	50,454,453	66,049,823
Fiscal loss before fiscal losses carryforward	(19,308,108)	(45,562,113)
Fiscal losses		
2009	(10,941,694)	(10,941,694)
2010	(22,712,964)	(22,712,964)
2011	(77,816,199)	(77,816,199)
2012	(79,555,620)	(79,555,620)
2013	(45,562,113)	-
Accumulated fiscal losses	(255,896,698)	(236,588,590)

Under the taxation laws in Indonesia, the Company submits tax returns on a self-assessment basis. Effective for fiscal year 2008, the Company may assess its fiscal losses up to accumulated 5 years after the date when the tax becomes due.

Excess payment of corporate income tax is computed as follows:

	2014	2013
	US$	US$
Current tax expense		
Company	-	-
Subsidiaries	6,411,896	4,976,997
Total	6,411,896	4,976,997
Less prepaid taxes		
Company	131,087	15,254
Subsidiaries		
Article 22	320,149	613,201
Article 23	15,799,184	10,519,900
Article 25	661,495	1,162,114
Total prepaid taxes	16,911,915	12,310,469
Excess payment of corporate income tax	(10,500,019)	(7,333,472)
Excess payment of corporate income tax (Note 12)		
Company	(131,087)	(15,254)
Subsidiaries	(11,313,324)	(7,916,074)
Current tax payable (Note 26)		
Subsidiaries	944,392	597,856
Total	(10,500,019)	(7,333,472)

Fiscal loss of the Company for 2013 is in accordance with the annual corporate tax returns filed with the Tax Service Office.

Deferred Tax

The details of the subsidiaries' deferred tax assets (liabilities) are as follows:

Deferred Tax Assets

This account represents deferred tax assets of a subsidiary on post-employment benefits amounting to US$ 713,088 and US$ 68,568, as of December 31, 2014 and 2013, respectively.

Deferred Tax Liabilities

This account represents deferred tax liabilities of subsidiaries after deducting the deferred tax asset of the same business entity as follows:

	2014	2013
	US$	US$
Subsidiaries		
Post-employment benefits	2,743,000	2,497,000
Accrued expenses	680,000	627,000
Trade accounts receivable	367,000	289,000
Inventories	164,000	974,000
Intangible assets	(68,798,142)	(77,535,577)
Property, plant and equipment	(24,503,797)	(18,442,124)
Investment in associates	(1,258,750)	(1,258,750)
Interest receivable from CEP	(114,666)	(625,080)
Deferred tax liabilities - net	(90,721,355)	(93,474,531)

Based on government regulation No. 51/2008, regarding income tax for income from construction services, income directly attributable to construction services is subject to final income tax.

Management did not recognize any deferred tax assets on the Company's unused accumulated fiscal losses due to the significant uncertainties of the availability of taxable income in the future against which tax losses can be utilized.

A reconciliation between the tax expense and the amount computed by applying the tax rates to profit before tax per consolidated statements of comprehensive income is as follows:

	2014	2013
	US$	US$
Loss before tax - Company	(72,487,616)	(113,604,056)
Tax at applicable tax rate	(18,121,904)	(28,401,014)
Tax effect of nondeductible expenses (nontaxable income):		
Interest expense	11,735,202	15,425,246
Salary and benefit expense	552,161	915,173
Entertainment and representation	73,458	134,454
Interest income subjected to final tax	(70,204)	(199,896)
Others	322,996	237,479
Total	12,613,613	16,512,456
Tax effect of the unrecognized temporary differences and fiscal loss	5,508,291	11,888,558
Tax expense - Company	-	-
Tax expense - subsidiaries	28,194,606	11,256,349
Total tax expense	28,194,606	11,256,349

PT Petrosea Tbk

On November 27, 2014, Petrosea made correction and paid underpayment for Corporate Income Tax year 2010, amounting to US$ 111,344. For this correction, Petrosea was charged with interest penalty, amounting to US$ 95,757. The interest penalty payment was paid by Petrosea on December 4, 2014 and charged to adjustment recognized in the current year in relation to the current tax of prior year.

On November 27, 2014, Petrosea made correction and paid underpayment for Corporate Income Tax year 2011, amounting to US$ 201,154. For this correction, Petrosea was charged with interest penalty, amounting to US$ 124,715. The interest penalty payment was paid by Petrosea on December 4, 2014 and charged to adjustment recognized in the current year in relation to the current tax of prior year.

In 2013, Petrosea received several underpayment tax assessment letters for income tax article 21, VAT for Domestic and Overseas services and their related tax penalties for a total amount of Rp 189,080,804. These were all paid by Petrosea in 2013. No objection has been filed and charged to others (Note 40).

On March 11, 2014, Petrosea received several underpayment tax assessment letters for income tax article 21, income tax article 23, final income tax article 23/26, income tax article 4(2), final income tax article 15 and VAT for Domestic for year 2012 and their related tax penalties, each amounting to Rp 1,072,274,536, Rp 1,265,764,993, Rp 2,213,292,648, Rp 87,066,263, Rp 1,825,738, Rp 11,691,202,153, respectively. These underpayment taxes for a total amount of Rp 16,331,426,331 were all paid by Petrosea on April 7, 2014. No objection has been filed and charged to others (Note 40).

42. EMPLOYEE AND MANAGEMENT STOCK OPTION PROGRAM

In February 2008, the stockholders approved the Employee and Management Stock Option Program (EMSOP). Issuance and distribution of options related to the EMSOP program will be implemented in 3 stages. Eligible participants in the EMSOP will be announced by board of directors at the latest 14 days prior to the issuance of options during each stage. The total option amounted to 104,142,000 or 2% of the post-IPO issued and paid-up shares allocated to three stages: first and second stages with 31,242,500 each and third stage with 41,657,000 options.

The options are nontransferable and non-tradeable. Each of the option distributed in each stage is valid for 5 years as of the date of its issuance. The options are subject to a one year vesting period, during which the participant is not able to exercise the option.

The exercise price for the option will be determined based on the Listing Rule No. 1-A, as attached to the Decree of the Board of Directors of Indonesia Stock Exchange (IDX) No. KEP-305/BEJ/07-2004 dated July 19, 2004, which regulates that the exercise price is at least 90% of the average price of the shares during a 25-days period prior to the Company's announcement to IDX at the start of an exercise window. There will be at most, two exercise period per year.

Based on Director's decision letter No. 234/IE-BOD/VIII/2009 dated August 11, 2009 to the Director of Indonesia Stock Exchange, the directors of the Company have agreed on the exercise price of Rp 2,138. The fair value of the option is estimated on the grant date using the Black – Scholes Option Pricing model. Key assumptions used in calculating the fair value of the options are as follows:

	December 31, 2014 and 2013
Risk - free interest rate	9.67%
Option period	5 tahun/*years*
Expected stock price volatility	69.80%
Expected dividend	5.30%

Outstanding option as of December 31, 2014 and 2013 was 101,092,000.

There are no compensation expenses for employee and management stock option during 2014 and 2013.

As of December 31, 2014 and 2013, other components of equity for employee stock option amounted to US$ 7,816,296.

43. LOSS PER SHARE

Net Loss

Below is the data used for the computation of basic and diluted earnings per share:

	2014 US$	2013 US$
Loss for the year	(27,514,790)	(62,487,116)

Number of Shares

The weighted average number of shares outstanding for the computation of earnings per share are as follows:

	2014	2013
	US$	US$
Weighted average number of shares - for the calculation of diluted earnings per share	5,210,192,000	5,210,192,000
Loss per share (Full amount)		
Basic	(0.0053)	(0.0120)
Diluted	(0.0053)	(0.0120)

In 2014 and 2013, the Company did not compute diluted earnings per share since the potential shares from employee and management stock option is antidilutive.

44. DERIVATIVE FINANCIAL INSTRUMENTS

TPEC utilizes foreign exchange contracts to manage exposure to foreign currency fluctuations.

On January 31, 2013, TPEC and Morgan Stanley entered into a Structured Options Transaction contract to cover Indonesian Rupiah currency exchange rate fluctuation risks againts U.S. Dollar on a predetermined exchange rate.

The contract which has notional amount of US$ 2 million expired on December 23, 2013. Loss on derivative financial instrument amounted to US$ 1,263,310 in 2013, which is recorded as part of others - net (Note 40).

45. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

The Company and its subsidiaries manage their capital to ensure that they will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company and its subsidiaries consists of debt, which includes the borrowings disclosed in Notes 24, 28, 29 and 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, additional paid-in capital, retained earnings and other components of equity as disclosed in Notes 32 and 33, respectively.

The gearing ratio as of December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Debt		
Bank loans	86,249,677	37,735,393
Long-term loans	87,026,486	100,689,784
Lease liabilities	52,451,671	99,809,343
Bonds payable - net	785,002,646	779,139,671
Total debt	1,010,730,480	1,017,374,191
Cash and cash equivalents	332,697,212	326,567,443
Net debt	678,033,268	690,806,748
Capital	692,339,288	719,920,222
Net debt to equity ratio	98%	96%

b. Categories and classification of financial instruments

	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Liabilities at amortized cost	Total
	US$	US$	US$	US$	US$
December 31, 2014					
Current Financial Assets					
Cash and cash equivalents	332,697,212	-	-	-	332,697,212
Other financial assets	22,287,689	54,780,796	-	-	77,068,485
Trade accounts receivable					
Related parties	11,262,337	-	-	-	11,262,337
Third parties	159,142,372	-	-	-	159,142,372
Unbilled receivables	2,757,434	-	-	-	2,757,434
Estimated earnings in excess of billings on contracts	93,178,949	-	-	-	93,178,949
Other accounts receivable - current maturities					
Related parties	3,355,077	-	-	-	3,355,077
Third parties	5,568,346	-	-	-	5,568,346
Noncurrent Financial Assets					
Restricted cash	1,341,408	-	-	-	1,341,408
Other accounts receivable					
Related parties	36,566,963	-	-	-	36,566,963
Third parties	1,639,265	-	-	-	1,639,265
Advance and other noncurrent assets					
investment in shares of stock	-	-	1,211	-	1,211
Refundable deposits	4,137,011	-	-	-	4,137,011
Current Financial Liabilities					
Bank loans	-	-	-	86,249,677	86,249,677
Trade accounts payable					
Related parties	-	-	-	19,995	19,995
Third parties				104,221,448	104,221,448
Billings in excess of estimated earnings recognized	-	-	-	33,293,257	33,293,257
Other accounts payable -					
Related parties	-	-	-	1,402,711	1,402,711
Third parties	-	-	-	12,343,683	12,343,683
Accrued expenses	-	-	-	86,109,922	86,109,922
Dividend payable	-	-	-	455,000	455,000
Current maturities of long-term debts					
Long-term loans	-	-	-	15,831,756	15,831,756
Lease liabilities	-	-	-	31,631,848	31,631,848
Bonds payable - net	-	-	-	17,165,617	17,165,617
Noncurrent Financial Liabilities					
Long-term debts					
Long-term loans	-	-	-	71,194,730	71,194,730
Lease liabilities	-	-	-	20,819,823	20,819,823
Bonds payable - net	-	-	-	767,837,029	767,837,029
Other long-term liabilities -					
Third parties	-	-	-	1,488,866	1,488,866
Total	673,934,063	54,780,796	1,211	1,250,065,362	

	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Liabilities at amortized cost	Total
	US$	US$	US$	US$	US$
December 31, 2013					
Current Financial Assets					
Cash and cash equivalents	326,567,443	-	-	-	326,567,443
Other financial assets	24,220,541	54,896,489	-	-	79,117,030
Trade accounts receivable					
Related parties	30,095,112	-	-	-	30,095,112
Third parties	127,413,540	-	-	-	127,413,540
Unbilled receivables	3,191,556				3,191,556
Estimated earnings in excess of billings on contracts	75,000,049	-	-	-	75,000,049
Other accounts receivable - current maturities					
Related parties	6,888,692	-	-	-	6,888,692
Third parties	3,766,544	-	-	-	3,766,544
Non-current Financial Assets					
Restricted cash	558,568	-	-	-	558,568
Other accounts receivable - net of current maturities					
Related parties	48,184,815	-	-	-	48,184,815
Third parties	2,046,507	-	-	-	2,046,507
Advances and other noncurrent assets					
Investment in shares of stock	-	-	1,211	-	1,211
Refundable deposits	2,488,046	-	-	-	2,488,046
Current Financial Liabilities					
Bank loans	-	-	-	37,735,393	37,735,393
Trade accounts payable					
Related parties	-	-	-	248,087	248,087
Third parties	-	-	-	63,447,977	63,447,977
Billings in excess of estimated earnings recognized	-	-	-	33,297,895	33,297,895
Other accounts payable -					
Related parties	-	-	-	1,505,453	1,505,453
Third parties	-	-	-	8,610,154	8,610,154
Accrued expenses	-	-	-	118,780,781	118,780,781
Dividend payable	-	-	-	266,149	266,149
Current maturities of long-term debts					
Long-term loans	-	-	-	12,756,345	12,756,345
Lease liabilities	-	-	-	48,014,837	48,014,837
Bonds payable - net	-	-	-	17,165,617	17,165,617
Non-current Financial Liabilities					
Long-term debts					
Long-term loans	-	-	-	87,933,439	87,933,439
Lease liabilities	-	-	-	51,794,506	51,794,506
Bonds payable - net	-	-	-	761,974,054	761,974,054
Other long-term liabilities -					
Third parties	-	-	-	194,779	194,779
Total	650,421,413	54,896,489	1,211	1,243,725,466	

c. Financial risk management objectives and policies

The Company and its subsidiaries' overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of their business, while managing their exposure to foreign exchange risk, interest rate risk, credit and liquidity risks. The Company and its subsidiaries operate within defined guidelines that are approved by Directors.

i. Foreign currency risk management

The Company and its subsidiaries' functional currency is U.S. Dollar. Their foreign exchange exposure arises mainly from transaction denominated in currencies other than the U.S. Dollar which are mainly administration and operating expenses. However, this risk exposure is offset with cash and cash equivalents, time deposits, restricted cash in banks, receivables and revenues denominated in currencies other than the U.S. Dollar (Note 50). Therefore, the impact of foreign currency fluctuation is considered manageable.

Details monetary assets and liabilities denominated in foreign currencies are disclosed in Note 50.

Foreign currency sensitivity analysis

The Company and its subsidiaries' sensitivity against the relevant foreign currencies is 6% in 2014 and 7% in 2013. Had the US$ weakened/strengthened by 6% in 2014 and 7% in 2013 with all other variables held constant, net income after tax for the periods then ended would have been US$ 3,638,579 and US$ 5,557,532 higher/lower, respectively. 6% and 7% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in currency other than U.S. Dollar.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

ii. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which are subject to a risk that a movement in interest rates will adversely affect the income after tax. The risk on interest income is limited as the Company and its subsidiaries only intend to keep sufficient cash balances to meet operational needs. On interest expenses, the optimum balance between fixed and floating interest debt is considered upfront. The Company and its subsidiaries have a policy of obtaining financing that would provide an appropriate mix of floating and fix interest rate. Approvals from Directors and Commissioners must be obtained before committing the Company and its subsidiaries to any of the instruments to manage the interest rate risk exposure.

The sensitivity analysis have been determined based on the exposure to interest rates for non derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company and its subsidiaries' profit for the years ended December 31, 2014 and 2013 would increase/decrease by US$ 899,869 and US$ 1,248,375, respectively. This is mainly attributable to the Company and its subsidiaries' exposure to interest rates on its variable rate borrowings.

The Company and its subsidiaries exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk table.

iii. Price risks management

The Company and its subsidiaries are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company and its subsidiaries do not actively trade these investments.

The Company and its subsidiaries face commodity price risk because coal is a commodity product traded in world coal markets. Prices for coal are generally based on international coal indices as benchmarks, which tend to be highly cyclical and subject to significant fluctuations. As a commodity product, global coal prices are principally dependent on the supply and demand dynamics of coal in the world export market. The Company and its subsidiaries have not entered into coal pricing agreements to hedge its exposure to fluctuations in the coal price but may do so in the future. However, in order to minimize the risk, coal prices are negotiated and agreed every year with customer.

iv. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company and its subsidiaries.

The Company and its subsidiaries' credit risk is primarily attributed to its bank balances and deposits and other short-term investments placed in banks and other financial institutions, loan receivables from related parties, estimated earnings in excess of billing on contracts and trade and other accounts receivable. Credit risk on cash and funds held in banks and financial institutions is limited because the Company and its subsidiaries place such funds with credit worthy financial institutions, while loan receivables are entered with related companies, where management believes in the credit worthiness of such parties. Trade accounts receivable are entered with respected and credit worthy third parties and related companies.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses represents the Company and its subsidiaries' exposure to credit risk.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with Directors, which has built an appropriate liquidity risk management framework for the management of the Company and its subsidiaries short, medium and long-term funding and liquidity management requirements. The Company and its subsidiaries manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company and its subsidiaries maintain sufficient funds to finance ongoing working capital requirements, whereas the funds are placed in cash and deposit and cash dividend is also received every year.

The following tables detail the Company and its subsidiaries' remaining contractual maturity for non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and its subsidiaries can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company and its subsidiaries may be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$	US$	
December 31, 2014							
Non-interest bearing		179,839,931	2,620,547	55,385,541	-	-	237,846,019
Variable interest rate instruments	3.125 - 13.5	-	-	139,082,491	115,389,941	-	254,472,432
Fixed interest rate instruments	6.38 - 7.00	-	-	17,165,617	-	1,004,417,555	1,021,583,172
Total		179,839,931	2,620,547	211,633,649	115,389,941	1,004,417,555	1,513,901,623
December 31, 2013							
Non-interest bearing		168,936,813	12,865,080	35,620,656	8,733,947	-	226,156,496
Variable interest rate instruments	2.71 - 13.5	-	-	102,240,074	166,738,890	-	268,978,964
Fixed interest rate instruments	5.82 - 9.85	-	-	17,165,617	-	996,617,050	1,013,782,667
Total		168,936,813	12,865,080	155,026,347	175,472,837	996,617,050	1,508,918,127

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

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$	US$	
December 31, 2014							
Non-interest bearing		123,194,236	28,394,377	123,434,035	5,777,487	-	280,800,135
Variable interest rate instruments	0.07 - 8.00	187,608,467	54,780,796	3,447,125	8,361,008	85,712,182	339,909,578
Fixed interest rate instruments	0.01 - 11.00	124,446,947	-	-	-	-	124,446,947
Total		435,249,650	83,175,173	126,881,160	14,138,495	85,712,182	745,156,660
December 31, 2013							
Non-interest bearing		116,797,387	50,068,349	79,864,797	52,719,367	-	299,449,900
Variable interest rate instruments	0.04 - 4.00	202,460,592	54,933,087	496,800	10,466,725	85,712,182	354,069,386
Fixed interest rate instruments	1.58 - 9.00	124,387,798	-	-	-	-	124,387,798
Total		443,645,777	105,001,436	80,361,597	63,186,092	85,712,182	777,907,084

d. Fair value of financial instruments

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values because they have either short-term maturities or carry market interest rate:

	December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	US$	US$	US$	US$
Assets				
Other accounts receivable	47,129,651	49,862,747	60,886,558	56,576,643
Liabilities				
Long-term loans	87,026,486	86,930,319	100,689,784	100,680,426
Bonds payable - net	767,837,029	547,809,029	761,974,054	685,963,054
Total Liabilities	854,863,515	634,739,348	862,663,838	786,643,480

The fair value for the above financial instruments, except for bonds payable, was determined by discounting estimated cash flows using discount rates for financial instruments with similar term and maturity.

Fair value of bonds payable is based on available quoted price from stock exchange.

Fair value measurements recognized in the consolidated statement of financial position

Financial instrument measured at fair value subsequent to initial recognition pertains to investment in portfolio (bonds and alternative investments), which is classified as at fair value through profit loss (Note 6). The investment in bonds falls into level 2, while alternative investments fall into level 3 of the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability,either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of the alternative investments was based on the valuation provided by the fund administrator.

The fair value measurement of investment in portfolio (bonds and alternative investment) were derived from quoted prices in active market for identical assets and liabilities.

46. APPROPRIATED RETAINED EARNINGS AND CASH DIVIDENDS

Based on annual shareholders' meeting dated May 15, 2013, the stockholders approved, among other things:

- The appropriation of earnings of Rp 10 billion or equivalent to US$ 1,028,595 for general reserve to conform with the Company's articles of association and Law No. 40 year 2007 regarding Limited Liability Company; and
- The distribution of final dividends of US$ 19,000,000 or US$ 0.003647 per share.

47. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationships

a. PT Indika Mitra Energi is the ultimate parent Company.

b. Related parties which have the same major stockholder as the Company:
   - PT Power Jawa Barat
   - PT Marmitria Land
   - PT Indo Turbine (IT)

c. Related parties which are associates of the Company's subsidiaries:
   - PT Kideco Jaya Agung
   - PT Cotrans Asia
   - PT Sea Bridge Shipping
   - PT Intan Resource Indonesia
   - PT Cirebon Electric Power
   - PT Cirebon Power Services

d. PT Santan Batubara (SB) and PT Tirta Kencana Cahaya Mandiri (TKCM) are entities wherein Petrosea has joint control. In March 2014, Petrosea divested all its ownership of shares in TKCM (Note 18).

e. Key management personnel includes Commissioners and Directors of the Company.

The Company and its subsidiaries' policy as regards to terms and conditions of transactions with related parties are made as at conditions as those done with third parties.

Transactions with Related Parties

In the normal course of business, the Company and its subsidiaries entered into certain transactions with related parties including, among others, the following:

a. Total remuneration of commissioners and directors of the Company for the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Commissioners		
Short-term benefit	976,768	1,367,881
Directors		
Short-term benefit	1,817,620	2,637,613
Total	2,794,388	4,005,494

b. Petrosea provided overburden removal and coal production services to PT Kideco Jaya Agung and PT Santan Batubara.

TPE provided construction service to PT Indo Turbine.

MBSS also provided transportation services and other services to PT Kideco Jaya Agung and PT Cotrans Asia. At reporting date, the outstanding receivables from such transaction were recorded as trade accounts receivable from related parties (Note 7).

Trade Accounts Receivable

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Kideco Jaya Agung	9,806,002	10,034,581
PT Santan Batubara	1,786,667	18,940,148
PT Cotrans Asia	775,321	913,000
PT Indo Turbine	194,347	-
Others (each below US$ 100,000)	-	207,383
Total	12,562,337	30,095,112
Allowance for impairment loss	(1,300,000)	-
Net	11,262,337	30,095,112

	Percentage to total assets	
	December 31, 2014	December 31, 2013
PT Santan Batubara	0.43%	0.43%
PT Kideco Jaya Agung	0.08%	0.82%
PT Cotrans Asia	0.03%	0.04%
PT Indo Turbine	0.01%	-
Others (each below US$ 100,000)	-	0.01%
Total	0.55%	1.30%
Allowance for impairment loss	(0.06%)	(0.00%)
Net	0.49%	1.30%

Unbilled Receivables

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Indo Turbine	125,562	-
PT Kideco Jaya Agung	101,680	-
Total	227,242	-

	Percentage to total assets	
	December 31, 2014	December 31, 2013
PT Indo Turbine	0.01%	-
PT Kideco Jaya Agung	0.00%	-
Total	0.01%	-

Contracts and Service Revenues

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Kideco Jaya Agung	108,941,860	94,652,226
PT Cotrans Asia	11,339,394	10,104,907
PT Santan Batubara	3,903,156	70,365,191
PT Indo Turbine	302,241	-
Total	124,486,651	175,122,324

	Percentage to total revenues	
	December 31, 2014	December 31, 2013
PT Kideco Jaya Agung	9.82%	10.96%
PT Cotrans Asia	1.02%	1.17%
PT Santan Batubara	0.35%	8.15%
PT Indo Turbine	0.03%	-
Total	11.22%	20.28%

c. Details of the transactions purchases and trade payable and balances with related parties are as follows:

Trade Accounts Payable

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Indo Turbine	19,995	-
Others	-	248,087
Total	19,995	248,087

	Percentage to total liabilities	
	December 31, 2014	December 31, 2013
PT Indo Turbine	0.00%	-
Others	-	0.02%
Total	0.00%	0.02%

Other Accounts Payable

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Santan Batubara	1,316,054	1,316,054
PT Sea Bridge Shipping	86,657	189,399
Total	1,402,711	1,505,453

	Percentage to total liabilities	
	December 31, 2014	December 31, 2013
PT Santan Batubara	0.09%	0.10%
PT Sea Bridge Shipping	0.01%	0.01%
Total	0.10%	0.11%

Cost of Contracts and Services

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Indo Turbine	3,737,817	1,825,028

	Percentage to total cost of contracts and services	
	December 31, 2014	December 31, 2013
PT Indo Turbine	0.39%	0.27%

d. The Company and its subsidiaries entered into other transactions. Details of related parties transactions and balances are as follows:

Other Accounts Receivable from Related Parties

The Company and its subsidiaries provided loans to related parties and also made advance payment of expenses for related parties, as follows:

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Cirebon Electric Power	26,785,057	36,555,487
PT Sea Bridge Shipping	9,602,500	15,122,500
Employee loans	3,341,906	2,886,784
PT Power Jawa Barat	2,035,681	2,694,429
PT Santan Batubara	-	153,387
Others (each below US$ 100,000)	192,577	355,349
Total	41,957,721	57,767,936
Less current maturities	(3,355,077)	(6,888,692)
Non-current maturities	38,602,644	50,879,244
Less allowance for impairment losses	(2,035,681)	(2,694,429)
Other accounts receivable from related parties - net	36,566,963	48,184,815

	Percentage to total assets	
	December 31, 2014	December 31, 2013
PT Cirebon Electric Power	1.17%	1.58%
PT Sea Bridge Shipping	0.42%	0.65%
Employee loans	0.15%	0.12%
PT Power Jawa Barat	0.12%	0.12%
PT Santan Batubara	-	0.01%
Others	0.01%	0.02%
Total	1.87%	2.50%
Less current maturities	(0.15%)	(0.30%)
Non-current maturities	1.72%	2.20%
Less allowance for impairment losses	(0.12%)	(0.12%)
Other accounts receivable from related parties - net	1.60%	2.08%

PT Cirebon Electric Power (CEP)

III and IPI entered into several Shareholder Loan Agreements with PT Cirebon Electric Power (CEP) wherein III and IPI together with the other shareholders of CEP agreed to finance and provide CEP, from time to time, up to 50% of pro-rata contributions for the development and other related costs of CEP's coal fired power plant project in the form of one or more shareholder loans.

Details of the agreements and receivables outstanding as of reporting dates are as follows:

	December 31, 2014	December 31, 2013
	US$	US$
• Shareholder Loan Agreement dated October 6, 2008		
IPI	5,475,000	5,475,000
III	1,825,000	1,825,000
• Shareholder Loan Agreement dated October 27, 2008		
IPI	3,337,500	3,337,500
III	1,112,500	1,112,500
• Shareholder Loan Agreement dated November 28, 2008		
IPI	1,350,000	1,350,000
III	450,000	450,000
• Shareholder Loan Agreement dated December 22, 2008		
IPI	2,835,000	2,835,000
III	945,000	945,000
• Shareholder Loan Agreement dated February 6, 2009		
IPI	2,400,000	2,400,000
III	800,000	800,000
• Shareholder Loan Agreement dated April 24, 2009		
IPI	2,634,000	2,634,000
III	878,000	878,000
• Shareholder Loan Agreement dated June 15, 2009		
IPI	1,485,000	1,485,000
III	495,000	495,000
• Shareholder Loan Agreement dated July 16, 2009		
IPI	120,000	120,000
III	40,000	40,000
• Accumulated interest receivable		
IPI	451,229	7,601,781
III	151,828	2,523,784
• Bridge Loan dated January 7, 2010		
IPI	-	64,722
• Bridge Loan dated February 24, 2010		
IPI	-	54,686
III	-	26,449
• Accumulated interest receivable on Bridge Loan		
IPI	-	79,905
III	-	22,160
Total	26,785,057	36,555,487

Shareholder Loan

Each of the above shareholder loans bears interest rate per annum at 11% and has a final maturity date at 20 years since the date of each loan agreements. Based on those agreements, CEP irrevocably promises to repay the entire outstanding principal amount of the loan together with all interest accrued thereon, on the final maturity date.

On or prior to the final maturity date, the shareholders of CEP may resolve in accordance with the charter documents of CEP to effect at final maturity date, the conversion of the outstanding balance of the shareholder loans into shares of CEP. In the event that such resolution has been adopted by the shareholders, CEP shall take all necessary corporate actions to convert the outstanding balance of loan into the common shares of CEP so that after such conversion, CEP's shareholder will continue to maintain its pro rata equity ownership interest in CEP equal to the CEP shareholders' percentage shareholding in CEP at the date when those agreement were made. Shares issued to the CEP's shareholders in connection with this conversion shall be deemed to be part of the CEP's shareholders shares.

In September 2014, CEP settled part of its interest receivable on shareholder loan of US$ 12,213,957, net of tax.

Bridge Loan

On February 24, 2010, III entered into a Bridge Loan Agreement with CEP wherein III agreed to grant a working capital loan to CEP amounting to Rp 24,212,656 thousand or equivalent to US$ 2,593,750.

On April 5, 2010, CEP settled the entire amount of the Bridge Loan principal and a portion of the interest receivables amounting to US$ 2,610,890. Remaining unpaid interest receivable amounting to US$ 26,449 was treated as new loan principal, bearing an interest rate of 22% per annum. Interest receivable on the new loan principal outstanding as of December 31, 2014 and 2013 amounted to nil and US$ 22,160, respectively.

On January 7, 2010, IPI entered into a Bridge Loan Agreement with CEP wherein IPI agreed to provide CEP with an advance funds amounting to US$ 2,300,000, which is subject to an interest of 22% per annum and to be repaid on the date of the initial drawdown of loans under the financing documents relating to the funding of the 1x660 MW coal fired power plant project of CEP to be entered into by CEP, the CEP shareholders and other parties named therein.

On February 24, 2010, IPI together with the other Lenders, entered into another Bridge Loan Agreement with CEP wherein IPI agreed to provide CEP with an advance funds up to an amount not exceeding its pro-rata share of the maximum Bridge Loan Commitment amounting to US$ 8,612,500. IPI's pro-rata share in this Bridge Loan Agreement is 63.64% (US$ 5,481,250). The advance fund is subject to an interest of 11% per annum and to be repaid on the date of the initial drawdown of loans under the financing documents relating to the funding of the 1x660 MW coal fired power plant project of CEP to be entered into by CEP, the CEP shareholders and other parties named therein.

On April 29, 2010, CEP settled all the principal of the bridge loan and a portion of the interest receivables amounting to US$ 7,855,157. Remaining unpaid interest receivable amounting to US$ 119,408 was treated as new loan principal, bearing an interest rate of 22% per annum. Interest receivable on the new loan principal outstanding amounted to nil as of December 31, 2014 and US$ 79,905 as of December 31, 2013.

In September 2014, CEP settled all the outstanding Bridge Loan receivables including interest of US$ 289,543, net of tax.

PT Sea Bridge Shipping

Receivable from PT Sea Bridge Shipping, an associate, represents working capital loan of US$ 11 million and US$ 15.1 million as of December 31, 2014 and December 31, 2013, respectively, with interest at 9% per annum and paid quarterly.

For loans totaling US$ 22,080,000, principal loans will be paid in 16 quarterly installments starting on March 10, 2010 and June 10, 2010. Based on amendment dated March 10, 2010, principal loan payment was changed into March 10, 2011 and June 10, 2011. In April 2010, TPEC granted additional working capital loan of US$ 6,440,000 which bears the same interest rate as the previous loan. The principal will be fully paid on March 10, 2016.

The loans granted to SBS is proportionate with the percentage of ownership of each shareholder of SBS.

The carrying amount of other accounts receivable from SBS as of December 31, 2014 and December 31, 2013 based on maturity as follows:

	December 31, 2014	December 31, 2013
	US$	US$
One year	3,162,500	5,520,000
Two years	6,440,000	3,162,500
Three years	-	6,440,000
Total	9,602,500	15,122,500

Employee Loans

Employee loans represent receivables arising from the commencement of “Employee/ Management Stock Allocation” Program (ESA). Based on the extraordinary general meeting of shareholders, the minutes of which were notarized by deed No. 115 dated February 25, 2008 of Sutjipto, SH, notary in Jakarta, the shareholders approved the ESA program plan, wherein number of shares offered in this program were at the maximum of 10% of the new shares offered in the Initial Public Offering, or a maximum of 83,314,200 shares, at the offering price.

The loans have term of 36 months, with a grace period of 6 months, which was extended several times, most recently until December 2010. After the grace period, the loans start to bear interest rate per annum at 5% and are repaid through monthly installments, deducted from salary or proceeds from sale of shares. Shares in ESA program can be sold in one-month period after the effective date.

PT Power Jawa Barat (PJB)

PJB is a project for coal-fired power plant located in Bojonegoro, Banten (formerly West Java) owned by related party of one Commissioner of the Company, working together with third parties to build such power plant prior to the economic crisis in 1998.

Other accounts receivable from PJB mainly represents receivable arising from expenses of PJB paid in advance by the Company.

In 2009, management decided to provide full provision on its accounts receivable from PJB after considering the condition of the project which has no significant progress.

Interest Income on Loans to Related Parties

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Cirebon Electric Power	3,248,327	2,002,446
PT Sea Bridge Shipping	1,094,440	1,646,252
Total	4,342,767	3,648,698

	Percentage to total investment income	
	December 31, 2014	December 31, 2013
PT Cirebon Electric Power	29.91%	22.52%
PT Sea Bridge Shipping	10.08%	18.51%
Total	39.99%	41.03%

Advance Received from a Related Party

PT Intan Resource Indonesia granted an advance to CIP in relation with the coal marketing agreement (Note 49f).

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Intan Resource Indonesia	1,729,954	1,729,954

	Percentage to total liabilities	
	December 31, 2014	December 31, 2013
PT Intan Resource Indonesia	0.13%	0.13%

Office Space Rental

The Company and several subsidiaries rent office building from related parties.

	Amount	
	December 31, 2014	December 31, 2013
	US$	US$
PT Marmitria Land	979,237	1,533,303

	Percentage to total general and administrative expenses	
	December 31, 2014	December 31, 2013
PT Marmitria Land	0.75%	0.99%

48. SEGMENT INFORMATION

PSAK 5 (Revised 2009) requires operating segments to be identified on the basis of internal reports on components of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management reporting purposes, the Company and its subsidiaries are principally organized based on energy resources, energy services and energy infrastructure.

The following summary describes the operations in each of the reportable segments:

Energy resources

Kideco is the Company's core asset in the energy resources sector and is the third largest producer of coal in Indonesia based on production volume. In this segment, the Company is also supported by MUTU, MEA and PT Santan Batubara.

Energy services

The Company's two core businesses in the energy services sector are Tripatra and Petrosea. Through Tripatra, the Company provides engineering, procurement and construction services, operations and maintenance and logistic services. Through Petrosea, the Company provides engineering, construction and contract mining with total pit-to-port capability.

Energy infrastructure

The 660 megawatt power generation plant in Cirebon, West Java investment in its energy infrastructure business pillar. MBSS also contributed in this segment.

On December 31, 2014, the Company has remapped its segment reporting, wherein PT Santan Batubara, which was previously classified as energy services segment in accordance with company structure owned by Petrosea, is now classified as energy resources segment. Further, PT POSB Infrastructure Kalimantan, PT Sea Bridge Shipping and PT Cotrans Asia, which were previously classified as energy services segment in accordance with company structure owned by Petrosea and Tripatra respectively, are now classified as energy infrastructure segment.

Segment reporting as of December 31, 2013 has been restated in accordance to the above reporting structure.

	December 31, 2014				
			US$		
	Energy Services	Energy Resources	Energy Infrastructure	Elimination	Consolidated
Revenues					
External Sales	765,342,316	143,361,616	200,804,379	-	1,109,508,311
Inter-segment Sales	16,119,885	-	1,192,980	(17,312,865)	-
Total Revenues	781,462,201	143,361,616	201,997,359	(17,312,865)	1,109,508,311
Segment result	105,764,001	3,806,397	49,567,682	1,897,534	161,035,614
Equity in net profit of associates and jointly-controlled entities	76,211	60,063,530	13,343,015	-	73,482,756
Investment income	4,258,212	59,227,784	5,545,866	(58,173,022)	10,858,840
General and administrative expenses	(40,789,139)	(75,109,606)	(18,704,134)	2,453,272	(132,149,607)
Finance cost	(13,010,583)	(109,784,553)	(5,018,531)	58,379,074	(69,434,593)
Amortization and impairment on intangible assets	(1,242,095)	(16,486,401)	(18,867,706)	(2,019)	(36,598,221)
Others - net	(5,064,793)	2,951,107	(2,472,452)	(4,912,974)	(9,499,112)
Loss before Tax	49,991,814	(75,331,742)	23,393,740	(358,135)	(2,304,323)
Tax Expense	(33,135,388)	3,851,216	1,957,542	(867,976)	(28,194,606)
Loss for the period					(30,498,929)
Atributable to :					
Owners of the company					(27,514,790)
Non-controlling interest					(2,984,139)
Total Consolidated Loss					(30,498,929)
Segment Assets	768,755,968	3,063,410,510	566,977,275	(2,108,791,461)	2,290,352,292
Segment Liabilities	218,590,237	914,469,403	85,850,111	(211,108,613)	1,007,801,138
Unallocated Liabilities	255,235,841	820,280,423	49,862,302	(755,330,262)	370,048,304
Total Consolidated Liabilities	473,826,078	1,734,749,826	135,712,413	(966,438,875)	1,377,849,442
Other information					
Addition to property, plant and equipment and intangible assets					73,482,789
Depreciation expense					101,764,104
Amortization on bond issuance cost					5,862,975
Amortization and impairment on intangible assets					36,598,221

	December 31, 2013				
			US$		
	Energy Services	Energy Resources	Energy Infrastructure	Elimination	Consolidated
Revenues					
External Sales	663,400,825	2,931,898	197,061,469	-	863,394,192
Inter-segement Sales	13,963,219	-	-	(13,963,219)	-
Total Revenues	677,364,044	2,931,898	197,061,469	(13,963,219)	863,394,192
Segment result	128,456,141	268,732	64,710,785	(29,071)	193,406,587
Equity in net profit of associates and jointly-controlled entities	273,127	86,391,050	15,901,016	(53,727)	102,511,466
Investment income	3,978,002	76,760,565	2,697,431	(74,543,243)	8,892,755
General and administrative expenses	(48,340,848)	(94,145,569)	(11,864,001)	(225,775)	(154,576,193)
Finance cost	(27,168,774)	(156,383,698)	(6,258,728)	75,699,137	(114,112,063)
Amortization and impairment on intangible assets	(1,767,800)	(31,712,209)	(18,864,727)	-	(52,344,736)
Others - net	(6,963,639)	(11,125,923)	(4,579,857)	(3,650,151)	(26,319,570)
Loss before Tax	48,466,209	(129,947,052)	41,741,919	(2,802,830)	(42,541,754)
Tax Expense	(20,190,035)	6,734,603	1,711,675	487,408	(11,256,349)
Loss for the period					(53,798,103)
Atributeable to :					
Owners of the company					(62,487,116)
Non-controlling interest					8,689,013
Total Consolidated Loss					(53,798,103)
Segment Assets	777,160,347	2,975,770,221	583,001,925	(2,019,609,177)	2,316,323,316
Segment Liabilities	139,688,385	800,304,246	98,018,546	(20,636,986)	1,017,374,191
Unallocated Liabilities	349,143,800	835,917,801	52,891,820	(888,875,934)	349,077,487
Total Consolidated Liabilities	488,832,185	1,636,222,047	150,910,366	(909,512,920)	1,366,451,678
Other information					
Addition to property, plant and equipment and intangible assets					61,457,813
Depreciation expense					97,542,888
Amortization on bond issuance cost					13,632,835
Amortization and impairment on intangible assets					52,344,736

Geographic Segment

The Company and its domestic subsidiaries mainly operate in Jakarta. Subsidiaries outside of Jakarta are mainly involved in investment and financing activities. Total assets and revenues from these subsidiaries are not material as compared to the consolidated total assets and consolidated total revenues, respectively. Therefore, the Company and its subsidiaries did not present information on geographical area segments.

49. COMMITMENTS AND CONTINGENCIES

a. On July 18, 2012, the Company obtained a Revolving Working Capital Credit facility (KMK) from Bank Mandiri, with maximum amount of US$ 75,000,000, which should be applied towards its working capital and corporate purposes. The credit facility bears interest rate at 4.24% p.a. above LIBOR, payable every 3 months. On July 31, 2013, the Company and Bank Mandiri agreed to amend certain terms and conditions in the facility, among others are the extension of the credit facility up to July 17, 2014 and amendment of facility as a Revolving Uncommited facility (Note 24). On July 25, 2014, the above facility was further extended for another one year up to July 17, 2015.

b. The lenders, pursuant to the Common Agreement and Facility Agreement amongst CEP and certain parties defined as lenders, require the Company as a "sponsor" and III and IPI as shareholders of CEP to enter into Equity Support Agreement dated March 8, 2010 with Mizuho Corporate Bank, Ltd., as offshore security and administrative agent, and agree on the following:

1. Sponsor agrees to guarantee payment of and, shall cause to contribute to CEP 20% of any unfunded base equity required to be contributed to CEP, as specified in the Common Agreement.
2. Sponsor agrees to guarantee payment of and, shall cause to contribute to CEP 20% of any unfunded contingent equity required to be contributed to CEP, as specified in the Common Agreement.
3. Sponsor agrees to issue stand by letter of credit to secure payment in the event of PLN force majeure in the amount specified in the agreement.
4. Sponsor agrees to guarantee payment of tax support amount, as defined in the agreement.

The agreement contains certain covenants that Company is required to fulfill.

Based on Share Charge Agreement dated March 12, 2010, the Company agreed to use the following as collateral:

1. All of the Company's share in Indika Power Investment Pte. Ltd (IPI).
2. All dividends, interest and other money paid or payable in respect of all of the Company's shares in IPI and all other rights, benefits and proceeds in respect of or derived from all Company's shares in IPI, in favour of Mizuho Corporate Bank, Ltd, as offshore security agent, all its present and future rights, titles and interest in and to the above collateral, and in each case for the payment and discharge of loan of PT Cirebon Electric Power from Japan Bank for International Cooperation including all cost and expenses to indemnify the offshore security agent.

c. On March 19, 2010, the Company obtained Standby Letter of Credit (SBLC) facility from PT ANZ Panin Bank, which has been extended several times, most recently by agreement dated December 2, 2014 effective from September 30, 2014. Maximum aggregate principal of this facility, at any time, amounts to US$ 9,900,000, comprising of the following:

1. Facility I

Sub-limit and currency	:	US$ 2,700,000
Tenor	:	Maximum 12 Months
Availability period	:	September 30, 2014 until September 30, 2015
Issuance Fee	:	1.35% per annum plus correspondence ANZ's fee 0.25% per annum with ANZ Singapore

Purpose

To cover the risk of insufficient payment from PT Perusahaan Listrik Negara (Persero) (PLN), that may result in CEP unable to commission the power plant.

2. Facility II

Sub-limit and currency	:	US$ 7,200,000
Tenor	:	Maximum 13 months
Availability period	:	September 30, 2014 until September 30, 2015
Issuance Fee	:	1.35% per annum plus correspondence ANZ's fee 0.25% per annum with ANZ Singapore

Purpose

To ensure the Company's pro rata share of the Debt Service Reserve Requirement under CEP's US$ 595,000,000 project financing facility.

The agreement covering the above facility contain certain covenants, which the Company is required to fulfill, including provision regarding events of default.

As of December 31, 2014 and 2013 the amount of facility utilized were US$ 9,485,449 and US$ 26,149,049, respectively.

d. On November 15, 2013, Company and IIC obtained credit facility from Citibank N.A. with combined limit amounting to US$ 25 million. This facility was amended on December 19, 2013 and therefore such combined facility limit shall be as follows:

1. Short Term Loan

Maximum facility	:	US$ 25 million
Tenor	:	Maximum 12 months
Interest rate	:	2.5% p.a. above LIBOR

2. Trust Receipt

Maximum facility	:	US$ 25 million
Tenor	:	Maximum 6 months
Interest rate	:	2.25% p.a. above LIBOR

3. Trade Payables Financing

Maximum facility	:	US$ 25 million
Tenor	:	Maximum 6 months
Interest rate	:	2.25% p.a. above LIBOR

4. Trade Receivables Financing

Maximum facility	:	US$ 25 million
Tenor	:	Maximum 6 months
Interest rate	:	2.25% p.a. above LIBOR

As of December 31, 2014, the outstanding balance used by the Company and IIC under this facility were US$ 10,000,000 and US$ 10,000,000, respectively (Note 24).

e. On March 26, 2014, the Company obtained an uncommitted short-term loan facility from Standard Chartered Bank, with maximum credit limit of US$ 50,000,000, which should be applied towards its working capital. The facility bears interest rate at 3.5% p.a. above LIBOR. This interest rate is to be confirmed by the Company and the bank 3 business days before drawdown date. The availability period of this facility is 6 months after the signing of the facility agreement. Final maturity date is one year starting from the signing date of the facility agreement.

The agreement contains certain covenants, which the Company is required to fulfill, including provision regarding events of default.

As of December 31, 2014, the Company has not utilized the facility.

f. On March 19, 2009, CIP entered into Coal Marketing Rights Agreement (CMRA) with PT Sindo Resources (SR) and PT Melawi Rimba Minerals (MRM), wherein SR and MRM agreed to grant CIP exclusive coal marketing rights (as both an agent and a distributor of SR and MRM) to sell and supply the coal, which are to be developed and produced by SR and MRM in the Mining Licences (IUP) Areas to end-users in the Republic of Indonesia. As compensation for acting as an agent for SR and MRM, CIP shall receive commission from SR and MRM, which is to be separately agreed in Coal Agency Agreement.

This agreement shall be valid so long as the IUP on Exploitation of Coal owned by SR and MRM is still valid and effective. The agreement shall be terminated provided that the mutual prior written consent is made between the parties.

On the same date, CIP also entered into Assignment Agreement for CMRA with PT Intan Resource Indonesia (IRI), wherein CIP agrees to assign and transfer all of its rights, obligations and liabilities under the CMRA to IRI. Based on the agreement, IRI shall pay an amount of US$ 864,977 for each CMRA entered with SR and MRM to CIP in return for the assignment. For the faithful fulfillment and performance guarantee under the CMRA, both parties entered into a Pledge of Shares Agreement dated March 25, 2009, wherein CIP agreed to pledge all shares presently held by CIP in SR and MRM and any additional shares in SR and MRM which CIP may acquire for so long as all or any part of the obligations of CIP to IRI under the Assignment Agreement remains outstanding, including any shares taken up by CIP pursuant to an increase of the authorized capital of SR and MRM, and all such additional shares shall automatically be pledged to IRI. CIP shall give written notice to IRI of any such acquisition of additional shares. Based on the agreement, CIP grants to IRI the right to receive and order SR and MRM to pay all dividends payable on the pledged shares.

This agreement shall remain in full force and effect until all CIP's obligation under the Assignment Agreement owing to IRI is performed in full or the Assignment Agreement for CMRA is terminated.

As the result of the Assignment Agreement for CMRA entered between CIP and IRI as discussed above, on March 19, 2009, IRI entered into Coal Marketing Rights Agreement with SR and MRM with the same content and terms with the one entered amongst CIP, SR and MRM.

g. On July 11 and October 20, 2008, IIC obtained short-term loan facilities from DBS Bank Ltd., amounting to US$ 50,000,000 and US$ 9,090,969, respectively, which are secured by IIC's time deposits in the same bank. These facilities matured six years after the first drawdown date and have been extended for another five years.

As of December 31, 2014, IIC has not utilized the facility.

h. TPEC has construction work and construction consultant services commitments with several customers as follows:

No.	Project	Contract value		Owner	Period expected	
					Start of project	End of project
1	EPC-1: Production Processing Facilities	US$	746,300,000	ExxonMobil Cepu Ltd	August 5, 2011	February 5, 2015 *)
2	Engineering, Procurement, and Construction	US$	519,921,000	JOB Pertamina - Medco E&P Tomori Sulawesi	September 17, 2012	December 14, 2014 *)
3	Provision & Installation of New Built Barge Floating Production Unit (Hull, Topside and Mooring System)	US$	1,114,429,553	Eni Muara Bakau B.V.	February 28, 2014	January 28, 2017

*) in the process of extension.

i. On December 5, 2014, TPEC obtained the following credit facilities from PT Bank Mandiri (Persero) Tbk:

- Working Capital Loan

  Maximum facility : US$ 35 million
  Interest rate per annum : 6%
  Structuring fee : US$ 50,000

- Non-cash loan facility

  Maximum facility : US$ 200 million
  Type : Bank guarantee, Letter of credit, Supply chain financing and trust receipt
  Structuring fee : US$ 26,250
  Provision for bank guarantee : 0.5% - 1.25%
  Provision for Letter of Credit : 0.125% flat

The above credit facilities are due on November 5, 2015 and secured by trade accounts receivable project claim in the amount of Rp 197.22 billion and US$ 181.25 million, time deposit placed at the same bank amounting to US$ 2.15 million, and land and buildings with HGB No. 1545 and 1576.

The unused credit facilities at the reporting date were amounted to US$ 25 million.

TPEC is restricted to, among other things: without written approval from bank transfer assets used as collateral, obtain new credit facilities from other financial institution except in the normal course of business, act as guarantor to other parties, and transfer its rights and obligations in this loan agreement to another party without written consent from the bank. TPEC is also required to maintain financial ratios as stipulated in the agreement.

The above facilities are also able to be used by TPE.

j. On January 9, 2013, TPEC obtained the following credit facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC):

1. Combined limit amounting to US$ 50 million with sub limits under this facility are:

   a. Documentary Credit Facility

      Maximum facility : US$ 20 million
      Commission : 0.25% per quarter, with minimum amount of US$ 50

   b. Deferred Payment Credit Facility

      Maximum facility : US$ 20 million
      Commission : 0.25% per quarter, with minimum amount of US$ 50

c. Supplier Financing

Maximum facility	:	US$ 25 million
Interest	:	6.5% per annum

d. Gurantee Facility

i. Tender bonds

Maximum facility	:	US$ 50 million
Commission	:	0.75% per annum, with minimum amount of US$ 50

ii. Performance bonds

Maximum facility	:	US$ 50 million
Commission	:	0.75% per annum, with minimum amount of US$ 50

iii. Advance payment bonds

Maximum facility	:	US$ 50 million
Commission	:	0.75% per annum, with minimum amount of US$ 50

2. Treasury facility with expose risk limit amounting to US$ 5 million

The current extension of the facility documents are being reviewed by HSBC.

TPEC shall maintain its current ratio at a minimum of 1.0 time and gearing ratio at a maximum of 1.0 time. TPEC shall also maintain a minimum cash balance of US$ 5 million at the end of the fiscal year.

k. TPEC obtained the following credit facilities from Standard Chartered Bank (SCB):

1) Bond and Guarantee Facility:

Maximum facility	:	US$ 20 million
Commissions	:	0.20% per equal maximum tenor up to 45 months.

Bond and Guarantee Facility is consist of:

a) Import Letter of Credit Facility

Maximum facility	:	US$ 20 million
Commissions	:	0.20% per quarter

b) Import Loans Facility

Maximum facility	:	US$ 20 million
Interest	:	3% per year

c) Bill Discount Against Buyer Risk Facility

Maximum facility	:	US$ 20 million
Interest	:	3% per year

d) Import Invoice Financing Facility

Maximum facility	:	US$ 20 million
Bunga	:	3% per year, above bank's cost of fund

e) Export Invoice Financing Facility

Maximum facility	:	US$ 20 million
Interest	:	3% per year, above bank's cost of fund

f) Shipping Guarantees Facility

Maximum facility	:	US$ 10 million
Fee	:	US$ 25 per item

The import letter of credit facilities, import loan facility, bill discount against buyer risk facility, import invoice financing facility, export invoice financing facility and shipping guarantees facility are treated as a sub-limit of the bond and guarantee facility, therefore, the combined outstanding shall not exceed US$ 20 million.

The bank required a cash margin deposit of 10% of facility of import letter of credit that was used.

2) Foreign Exchange Facility

Represent foreign exchange product for hedging purposes.

No credit facilities used at the reporting date.

The above credit facilities were due on February 28, 2015 and currently in extention process.

TPEC shall maintain its current ratio at a minimum of 1.0 time and debt to equity ratio at a maximum of 1.0 time.

In addition, the above facilities are also available to TPE up to the maximum sub-limit of US$ 10 million for Bond and Guarantee facility and maximum US$ 2 million for foreign exchange facility.

l. TPEC entered into several guarantee agreements with several financial institutions in relation to the performance and bank guarantees issued by those financial institutions for its projects, as follows:

Date	Counter parties	Project owner	Amount		Valid date
April 28, 2014	PT Bank Mandiri (Persero) Tbk	ExxonMobil Cepu Ltd	US$	86,296,816	November 5, 2015
September 26, 2012	PT Bank Mandiri (Persero) Tbk	JOB Pertamina-Medco E&P Tomori Sulawesi	US$	25,996,050	February 17, 2016
February 28, 2014	PT Bank Mandiri (Persero) Tbk	Eni Muara Bakau B.V.	US$	32,962,324	March 31, 2017
February 28, 2014	Hongkong and Shanghai Banking Corporation Limited	Eni Muara Bakau B.V.	US$	29,434,146	August 31, 2017
October 29, 2014	PT Bank Mandiri (Persero) Tbk	BP Berau Ltd.	US$	1,547,266	March 3, 2017

m. TPE has consultant services commitment for construction work as follows:

No.	Project	Contract value	Owner	Project period	
				Start of project	End of project
1	Offshore and Subsea Engineering	$ 14,765,161	BUT Conoco Phillips Indonesia Inc. Ltd.	July 16, 2012	July 15, 2015
2	Front End Engineering Design for Aset Integrity Program	Rp 74,350,358,670	PT Chevron Pacific Indonesia	December 3, 2012	December 3, 2017
3	Technical Service Contract for Project Engineering & CMS	$ 21,835,778	PT Pertamina Hulu Energi ONW	March 1, 2013	February 28, 2016

TPE entered into several guarantee agreements with several financial institutions in relation to the performance bonds or bank guarantees, issued by those financial institutions for TPE's projects, as follows:

Date	Counter parties	Owner	Amount	Valid date
			US$	
July 16, 2012	PT Bank Mandiri (Persero) Tbk	BUT Conoco Phillips Indonesia Inc. Ltd.	738,259	October 15, 2015
December 3, 2012	PT Bank Mandiri (Persero) Tbk	PT Chevron Pacific Indonesia	304,990	March 2, 2018
March 1, 2013	PT Bank Mandiri (Persero) Tbk	PT Pertamina Hulu Energi ONWJ	1,091,789	April 30, 2016
November 18, 2014	PT Bank Mandiri (Persero) Tbk	PT Pertamina EP	24,116	May 28, 2015
November 25, 2014	PT Bank Mandiri (Persero) Tbk	PT Pertamina Hulu Energi ONWJ	125,000	May 28, 2015

n. On January 1, 2005, Petrosea entered into an Overburden Subcontract agreement with PT Gunung Bayan Pratama Coal (GBP) at its mine sites in Muara Pahu districts, East Kalimantan. Under this subcontract, Petrosea provides labour, equipment and facilities for land clearing, overburden and top soil removal, and overburden hauling. Petrosea is also required to meet certain minimum production requirements for these activities.

On October 29, 2008, Petrosea entered into a new agreement for a new scope of similar overburden work with GBP for US$ 315 million. This agreement will be effective for five years starting January 1, 2009, upon completion of the previous agreement.

On March 26, 2012, the agreement was amended, which include among others, to extend the mining service contract untill December 31, 2017 and to increase the overburden production volume to 55 million BCM per year starting from 2012 untill 2017.

In October 2012, due to the low coal prices, the target overburden production volume was decreased to 36 million BCM per year starting from 2013 until the coal prices improve.

In July 2014, GBP request to Petrosea to reduce the number of fleet operating on site for July to December 2014.

On November 5, 2014, GBP issued a letter to Petrosea regarding limited availability of economic reserves in the area in which Petrosea is operating that will be exhausted in end of 2014 which make it difficult to continue the operations and GBP informed that it will be unable to comply with the volumes under the agreement. Further both parties are committed to continue the discussion to achieve an amicable settlement.

On March 3, 2015, Petrosea has received notification from GBP to early terminate the Overburden Removal Contract between Petrosea and GBP ("OB Contract") prior to the expiration of the OB Contract which is going to be expired in December 31, 2017.

o. As of December 31, 2014 and 2013, Petrosea had various outstanding used bank guarantee facilities for the Company's operations amounting to US$ 4,926 thousand and US$ 7,925 thousand, respectively. As of December 31, 2014, the bank guarantess were outstanding to Total E&P Indonesie, Anadarko Indonesia Nunukan Company, Eni Muara Bakau B.V., Chevron Indonesia Company, Salamander Energy Pte Ltd., Niko Resources Ltd., Krisenergy Kutaei B.V., PT Indonesia Bulk Terminal, Directorate General of Customs & Excise, Pearloil (Sebuku) Limited, and PT Saka Indonesia Sesulu. As of December 31, 2013, the bank guarantees were outstanding to Total E&P Indonesie, Immersive Technology Pty Ltd., PT Weda Bay Nickel, Anadarko Indonesia Nunukan Company, Eni Muara Bakau B.V., Chevron Indonesia Company, Salamander Energy Pte Ltd., Niko Resources Ltd., Krisenergy Kutaei B.V., PT Indonesia Bulk Terminal, Chevron Pacific Indonesia, and Pearloil (Sebuku) Limited.

p. On January 16, 2009, Petrosea entered into Overburden Removal and Coal Recovery and Loading of Santan - Separi Mine Site East Kalimantan agreement amounting to US$ 250 million with PT Santan Batubara (SB), a 50/50 joint venture between Petrosea and PT Harum Energy Tbk. The scope encompasses overburden removal and coal mining at Santan - Separi block in East Kalimantan. This agreement is effective for five years starting on March 6, 2009.

On February 16, 2011, the contract was amended under Addendum No. 1 which increased the total quantities to be mined from 99 million BCM of overburden and 9.5 million tons of coal over the initial contract period of 5 years to 155 million BCM of overburden and 14.8 million tons of coal over 7 years period.

On March 2, 2012, the agreement was amended, which include among others, the Contract Expansion and Extension of Mining Services at Separi and Uskap mining area, in which Petrosea will also provide mining service for Uskap pit.

Petrosea and SB entered into Rental Agreement of Heavy Equipment at Separi and Uskap site, East Kalimantan. Commenced date for this agreement on September 1, 2012.

Starting March 2014, the overburden removal activity at Santan site has been suspended. SB is evaluating alternatives for conserving maximum value in SB, as the coal quality in this deposit is high. The activity will be recommenced once coal prices improve.

Based on the Expanded and Restated Contract for Mining dated March 2, 2012 between Petrosea and Santan Batubara (SB), Petrosea is to perform certain works to undertake the overburden removal at the coal mine owned by SB in Kalimantan. In the event of any delay, disruption or stoppage to any part of or the entire works caused by SB or a third party, including, but not limited to the failure to compensate land owners in a timely or if equipment productivities are negatively affected due to issues beyond Petrosea's reasonable control but within SB's reasonable control, both parties shall meet and negotiate in good faith to establish should there be any additional charge due to Petrosea if such delay, disruption or stoppage commercially affect its costs and expenses. In 2013, there was disruption in the works of Petrosea through the letter No. 032/PTSB/II/2013 dated February 27, 2013 received from SB.

As of the issuance date of the consolidated financial statements, Petrosea and SB are in discussions and are yet to establish if there will be any additional charge due to Petrosea.

q. On August 19, 2009, Petrosea and PT Adimitra Baratama Nusantara (ABN) entered into Overburden Removal and Coal Loading Agreement amounting to US$ 200 million at Sanga - Sanga Mine Site, East Kalimantan. This agreement is effective for five years starting on August 19, 2009.

On August 25, 2011, the agreement was amended, which include among others, the increase in target for coal and overburden production volume from 14 million ton coal and 126 million BCM overburden for five years period to 41.25 million ton coal and 565.8 million BCM for nine years period, and the expiration date of the contract from August 18, 2014 to December 31, 2018.

Petrosea and ABN entered into Plant Hire Agreement for Hire of Heavy Equipment and Personnel at ABN Site, Sanga-Sanga, East Kalimantan. Commenced date for this agreement on January 1, 2012.

On September 2, 2013, certain clauses the overburden agreement were amended, which amongst others, include payment of security deposits and rise and fall for period September 1, 2013 until December 31, 2014.

On September 9, 2013, such Rental Agreement at ABN site was amended regarding on rise and fall for period September 1, 2013 until December 31, 2014.

On December 23, 2013, the Overburden Removal Agreement was amended regarding drill and blast service for year 2014. Due to community issues, drill and blast activities were cancelled in July 2014.

On January 2, 2014, the Overburden Removal Agreement and Rental Agreement of Heavy Equipments and Personnel at ABN site were amended regarding rate for Pit 7 clause.

On March 27, 2014, the Overburden Removal Agreement and Rental Agreement of Heavy Equipments and Personnel at ABN site were amended regarding rate for Pit Sari clause.

Due to the global coal market conditions, on October 3, 2014, ABN request Petrosea to reduce the production capacity by reducing the number of diggers operating on site.

On November 25, 2014, both parties reached agreement to reduce production capacity and additional discount on rates for all areas.

As a result of continuous decrease in coal price which is forecasted to continue for a number of years, on December 3, 2014, ABN wrote to Petrosea requesting a further reduction in rates for the remaining term of the contract. Petrosea has been in discussion with ABN on this matter. However, if ABN and Petrosea are unable to reach an agreement, there is possibility of a slowdown activities or early contract suspension and/or early termination of the ABN contract which should be expired by 2019. As of reporting date, both parties are still in discussion to seek a resolution and/or agreement.

r. On October 22, 2010, Petrosea and PT Kideco Jaya Agung, a related party, entered into a Waste Removal & Coal Production Agreement amounting to US$ 216 million at SM Popor, Suara Area, East Kalimantan. This agreement is effective for five years commencing on January 1, 2011.

On May 10, 2013, Petrosea and PT Kideco Jaya Agung entered into Rental Agreement of Heavy Equipment at SM Popor Area, Pasir Mine, East Kalimantan.
On October 28, 2013, the contract was amended under Addendum No. 2 which increased the total quantities to be mined in 2014 and 2015 to 35 million BCM of overburden, respectively with a targeted volume of 44 million BCM.

On December 31, 2014, the Waste Removal & Coal Production Agreement was amended under Addendum No. 3, which include among others, the extention of expiration date of the contract from December 31, 2015 to December 31, 2018 and regarding changes of rate for year 2015.

s. On June 25, 2001, Petrosea entered into a lease agreement of Pertamina's land in Tanjung Batu, Balikpapan, with Pertamina UP V Balikpapan. Based on this agreement, Petrosea rented assets consisting of 89 ha land area, Jetty and warehouse located at Tanjung Batu, Balikpapan. This agreement is valid for 15 years from February 1, 2001 until February 1, 2016.

Petrosea has received a letter from Pertamina dated March 2, 2015, wherein Pertamina has agreed in principle to enter into a new agreement to extend Tanjung Batu land rental which will be expired on February 1, 2016.

t. On April 15, 2013, Petrosea and PT Indonesia Pratama entered into an Agreement for Construction Of The Haul Road 69 KM from Senyiur Port to Tabang Coal Mine, East Kalimantan. The contract value is US$ 23.5 million.

On May 28, 2013, the agreement was amended under Addendum No. 1, which include additional work for Engineering Procurement and Constructions (EPC) of the bridge for the coal haul road from Senyiur Port to Tabang Coal Mine with the value amounting to US$ 3.39 million.

As of December 31, 2014 and 2013, balance of down payment from PT Indonesia Pratama for this construction contract are amounting to US$ 1,005 thousand and US$ 2,280 thousand, respectively.

As of December 31, 2014, percentage of completion of this project is 72.4% and estimated project completion date is April 30, 2015.

u. On June 27, 2014, Petrosea and PT Indonesia Pratama entered into Open Pit Overburden Mining Services, Equipment Rental Agreement, and Coal Transportation Services Pit to ICF and Run of Mine Stockpiles Agreement at Tabang site, Kutai Kartanegara – East Kutai, East Kalimantan. This agreement is effective for seven years starting on October 1, 2014 with total overburden volume of 71.8 million BCM and 65.5 million ton of coal.

On June 30, 2014, the Equipment Rental Agreement was amended under Addendum No. 1 regarding project management, mine planning, surveying, supervision, site security, materials, equipment, equipment maintenance, labour, transportation, medical services, consumables, occupational health and safety, environmental, and site infrastructure.

v. On April 22, 2013, Petrosea and PT Indonesia Bulk Terminal entered into a Crane Replacement and Wharft Work Agreement at IBT Terminal Pulau Laut Kalimantan. The scope of works consist of freight and delivery to site of the crane, and some others constructions works and the project value is amounting US$ 7 million.

w. On July 23, 2013, Petrosea and Chevron Indonesia Company entered into Shore Base Lease and Operation Contract. This contract is to support the Indonesia Deep water Development (IDD) Project and this contract is executed through Petrosea Offshore Supply Base (POSB) facility at Tanjung Batu, East Kalimantan. Estimated value of the contract is US$ 27 million and effective for 5 years until year 2018.

x. On July 26, 2012 the amount of bank guarantee facility from HSBC, Jakarta is increased to US$ 15 million from the beginning of US$ 9 million, to support Petrosea's plan to pursue substantial growth by securing new projects.

On January 23, 2015, Petrosea and HSBC, Jakarta agreed to extend the facility until October 31, 2015.

As of December 31, 2014 and 2013, Petrosea had outstanding used balance of bank guarantees from HSBC, Jakarta amounting to US$ 1,259 thousand and US$ 2,115 thousand, respectively.

The facility above requires Petrosea to maintain certain covenants.

y. MBSS has commitments of coal transhipment service. For Barging services can be classified primarily as freight charter, time charter and fixed and variable. The commitments are as follows:

No	Name of Project	Owner	Project Period	
			Start of project	End of Project
	BARGING			
	A. Freight Charter			
1	Coal Barging Agreement	PT Adaro Indonesia	October 1, 2010	October 31, 2017
2	Charter for Coal transportation	PT Holcim Indonesia Tbk	April 1, 2012	March 31, 2015
3	Coal Transportation to Load and Transported from Tanjung Kepala, Pulau Sebuku	PT Bahari Cakrawala Sebuku	April 1, 2014	March 31, 2017
4	Coal Transportation	PT Indocement Tunggal Perkasa Tbk	February 1, 2014	January 31, 2015 *)
5	Contract for The Affreightment and Transhipment of Sebuku Coal	PT Bahari Cakrawala Sebuku	December 1, 2002	remaining life of coal mine
6	Coal Transportation Contract	PT Cotrans Asia (Related party, Note 47)	March 1, 2014	February 28, 2017
7	Coal Transportation Contract	PT Baramulti Sugih Sentosa	March 4, 2014	January 4, 2015 *)
8	Coal Barging Contract	PT Kideco Jaya Agung (Related party, Note 47)	June 28, 2012	June 28, 2017
9	Coal Freight Services	PT Kaltim Prima Coal	August 1, 2014	December 31, 2014 *)

*) in the process of extension

No	Name of Project	Owner	Project Period	
			Start of project	End of Project
	B. Time Charter			
1	Vessel Operation Service for Cement Transport	PT Holcim Indonesia Tbk	May 9, 2011	May 9, 2016
2	Time Charter Party for Offshore Service Vessels	PT Maritim Barito Perkasa	June 12, 2014	December 12, 2014 *)
	FLOATING CRANE			
1	Coal Transhipment for Provision of Transhipment Services at Adang Bay	PT Kideco Jaya Agung (Related party, Note 47)	September 28, 2010	September 28, 2015
2	Coal Transhipment Agreement for the Provision of Transhipment Service at Adang Bay	PT Kideco Jaya Agung (Related party, Note 47)	January 1, 2013	December 31, 2017
3	Coal Freight Agreement in Muara Satui Anchorage Offshore Banjarmasin	Jhonlin Grup	February 23, 2014	February 22, 2015 *)
4	Transhipment Services Agreement	PT Bahari Cakrawala Sebuku	April 1, 2014	March 31, 2017

*) in the process of extension

z. MSC, a subsidiary through MBSS, has coal transhipment service commitment as follows:

Name of Project	Owner	Project period	
		Start of project	End of project
Charter on the vessel "Princesse Chloe"	PT Berau Coal	April 23, 2011	April 22, 2016

aa. MASS, a subsidiary through MBSS, has coal transhipment service commitment as follows:

Name of Project	Owner	Project period	
		Start of project	End of project
Coal Transhipment at Muara Pantai Anchorage	PT Berau Coal	June 1, 2012	June 1, 2017

bb. In relation with the MBSS's Initial Public Offering, the Shareholders of MBSS through the Shareholders Circular Resolution dated December 2 and 3, 2010 have agreed to implement Management and Employee Stock Allocation (MESA) of up to 10% of the shares offered and have agreed to implement Management and Employee Stock Option Plan (MESOP) up to 2% of the total paid-up capital of the Company after Initial Public Offering; and after the exercise of the Convertible Loan.

As of December 31, 2014, only Management and Employee Stock Option Program (MESOP) remains unrealized in relation with the abovementioned resolution.

cc. On October 2, 2013, MEA, a subsidiary, entered into Land Use Cooperation agreement with PT. Ganda Alam Makmur (GAM), wherein MEA agreed to grant exclusive right for land usage located in East Kutai, on which MEA holds the Location and Construction Permit, in order for GAM to construct the hauling road. As compensation, MEA shall receive fees from GAM, as stated in such agreement.

dd. In October 2013, the Company and China Railway Group Limited entered into agreement to jointly develop mining and transportation infrastructure projects in the Papua and Central Kalimantan Province in Indonesia.

ee. On September 26, 2006, KPI entered into a service agreement with Freeport, which was further amended on January 10, 2013 and extended until January 1, 2016. Under this agreement, KPI shall operate and utilize the facilities described in the agreement solely in connection with the performance of the service and shall perform the service exclusively for the benefit of Freeport. As a compensation, KPI will receive the following:

- KPI's compensable expenses consisting of all cash costs, expenses, charges, fees and other amounts whatsoever, whether capital, ordinary or extraordinary in nature, excluding extraordinary expenses as defined in the agreement, incurred by KPI in carrying out its activities under and in connection with the agreement.

- Port and operating services fee shall be fixed monthly amount of US$ 142,000 plus an amount equal to 7.5% of direct labor costs of KPI's employees that are paid either directly to employees or as payroll related costs for the month, and safety incentive of an amount up to 2.5% of the agreed cost. The safety incentive will be calculated and accrued monthly and paid semi annually.

50. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At December 31, 2014 and 2013, the Company and its subsidiaries had monetary assets and liabilities in foreign currencies as follows:

		December 31, 2014		December 31, 2013	
		Foreign Currency	Equivalent in US$	Foreign Currency	Equivalent in US$
Assets					
Cash and cash equivalents	IDR	516,882,634,440	41,550,031	598,251,262,091	49,081,242
	SGD	1,404,820	1,064,016	2,105,877	1,663,414
	EUR	1,231,508	1,498,130	33,207	45,827
	AUD	34,625	28,441	35,568	31,736
Other financial assets	IDR	6,632,460,640	533,156	828,852	68
Trade accounts receivable	IDR	89,528,789,120	7,196,848	44,878,069,650	3,681,850
	SGD	130,084	98,526	299,934	236,915
Unbilled receivables	IDR	-	-	13,861,196,721	1,137,189
Other accounts receivable	IDR	89,023,277,280	7,156,212	66,561,569,310	5,460,790
Other current assets	IDR	4,862,308,120	390,861	4,994,789,422	409,778
	SGD	1,303	987	98,748	78,000
	EUR	-	-	2,174	3,000
	AUD	-	-	1,121	1,000
Advances and other noncurrent assets	IDR	54,658,262,440	4,393,751	45,701,970,234	3,749,444
Prepaid taxes	IDR	897,472,977,200	72,144,130	603,839,793,348	49,539,732
Claim for tax refund	IDR	122,788,559,720	9,870,463	164,594,417,469	13,503,521
Total Assets			145,925,552		128,623,506
Liabilities					
Trade accounts payable	IDR	337,802,639,320	27,154,553	118,336,708,409	9,708,484
	SGD	631,857	478,571	812,609	641,873
	EUR	732,067	890,560	237,981	328,426
	AUD	22,510	18,490	57,855	51,621
	JPY	397,846	3,334	510,984	4,870
	GBP	3,000	4,672	-	-
	MYR	7,869	2,253	9,248	2,813
	PHP	218,030	4,870	441,420	9,942
Other accounts payable	IDR	14,037,145,600	1,128,388	11,144,024,280	914,269
	SGD	292,566	221,591	294,758	232,827
	EUR	5,197	6,322	-	-
Taxes payable	IDR	87,964,469,570	7,071,099	67,752,556,500	5,558,500
Accrued expenses	IDR	409,720,480,737	32,935,730	336,655,775,017	27,619,638
	SGD	38,643	29,268	571,217	451,199
	EUR	548,478	667,224	2,564,418	3,539,027
	AUD	42,569	34,966	-	-
	GBP	211,973	330,063	47,097	77,651
Dividend payable	IDR	5,660,200,000	455,000	3,244,090,161	266,149
Long-term loans	IDR	2,064,799,160	209,389	9,816,533,040	805,360
	SGD	19,023,736	14,411,921	19,920,360	15,734,919
Lease liabilities	IDR	3,367,682,160	270,714	261,429,672	21,448
Employment benefit obligation	IDR	339,878,164,250	27,321,396	266,462,302,887	21,860,883
Total Liabilities			113,650,374		87,829,899
Total Net Assets			32,275,178		40,793,607

The conversion rates used by the Company and its subsidiaries on December 31, 2014 and 2013 and the prevailing rates on March 6, 2015 are as follows:

	March 6, 2015	December 31, 2014	December 31, 2013
	US$	US$	US$
Foreign currency			
IDR 1	0.0001	0.0001	0.0001
SGD 1	0.7798	0.7574	0.7899
AUD 1	1.1030	0.8214	0.8923
EUR 1	1.5244	1.2165	1.3801
GBP 1	0.8334	1.5571	1.6488
MYR 1	0.2741	0.2863	0.3042
PHP 1	0.0227	0.0223	0.0225
JPY 1	0.7300	0.0084	0.0095

In relation with fluctuation of US$ against foreign currencies, the Company and its subsidiaries recorded net loss on foreign exchange of US$ 4,040,491 in 2014 and US$ 9,797,528 in 2013.

51. OTHER SIGNIFICANT INFORMATION

The Company, TPC and PT Ganesha Intra Development Company (GID) entered into a merger agreement (the "Merger") based on deed No. 25 dated February 15, 2007, drawn up before Imas Fatimah, SH, public notary in Jakarta, with the Company as the surviving company while TPC and GID were liquidated without the process of liquidation. The merger was effective on March 2, 2007.

In relation to the merger, the stockholders of the Company, TPC and GID obtained combined control over the whole of their net assets and liabilities to achieve a continuing mutual sharing in the risks and benefits of the combined entity. Therefore, the merger was accounted for using the pooling of interest method of accounting.

In relation to the merger, the Company has applied for approval with the Directorate General of Taxation (DGT) to use historical net book value in accounting for the merger. The DGT has three times issued rejection letter, the latest through letter No. S-441/PJ.031/2008 dated May 29, 2008. In response to this rejection letter, the Company has filed an appeal to the tax court through letter No. 007/06.08/IIE.Tax dated June 17, 2008. On April 20, 2009, based on letter No. Put. 17815/PP/M.XII/99/2009, the tax court decided to approve the use of historical net book value in accounting for the merger.

Subsequently, in September 2009, DGT has filed a reconsideration request against the above tax court decision to the Supreme Court through its letter *Memori Peninjauan Kembali* No. S-7109/pj.074/2009.

The Supreme Court, through its decision letter No. 512/B/PK/PJK/2010, rejected the DGT's reconsideration request.

52. NON CASH TRANSACTIONS

The Company and its subsidiaries have non-cash investing and financing transactions that were not presented in the consolidated statements of cash flows as of December 31, 2014 and 2013 with detail as follows:

	December 31, 2014	December 31, 2013
	US$	US$
Addition to exploration and evaluation assets through:		
Other payables	993,645	-
Addition to mining properties through:		
Other payables	3,160,028	-
Addition to property, plant and equipment through:		
Other payables	3,220,176	-
Bank loan	-	2,632,000
Lease liabilities	-	2,556,000
Advances	-	4,394,217
Addition to intangible assets through:		
Other payables	715,882	-

53. SUBSEQUENT EVENTS

a. On January 16, 2015, PT Indika Energy Infrastructure and PT LPG Distribusi Indonesia entered into sale and purchase agreement with a third party to sell all of their share ownership in PT Wahida Arta Guna Lestari at selling price of Rp 18 billion.

As at reporting date, all assets and liabilities of WAGL were presented separately from other asset and liabilities in the consolidated statement of financial position and were classified as assets held for sale and liabilities associated with assets held for sale. Assets held for sale consisted mainly of property, plant and equipment of US$ 865,917 (Note 21) and cash and cash equivalents of US$ 411,898.

b. On February 16, 2015, the Company withdrew US$ 10 million from its uncommitted credit facility provided by Citibank N.A. (Note 49d). Such loan will be due on May 18, 2015 and bears interest rate per annum at 2.5% above LIBOR, payable on a monthly basis.

Such loan is intended to finance the coal trading activities in ICI a subsidiary.

c. On February 24, 2015, the Company withdrew US$ 30 million from its revolving uncommitted credit facility provided by Bank Mandiri (Note 49a). Such loan will be due on July 17, 2015 and bears interest rate per annum at 4.24% above LIBOR, payable on a quarterly basis.

Such loan is intended to finance the coal trading activities in ICI a subsidiary.

d. During January to March 2015 period, MUTU received several underpayment tax assessment letters from Directorate General of Taxation on its obligation for Value Added Tax, as follows:

Tax period	Date of Tax Assessment Letter	Amount of Tax Underpayment
		Rp
January 2010	January 2015	72 million
February 2010	February 2015	6,173 million
March 2010	March 2015	575 million
January-November 2011	January 2015	66,554 million

MUTU will file an objection letter against such assessment letters.

e. During January–February, 2015, the Company made a partial payment of Working Capital Credit loan from PT Bank Mandiri (Persero) Tbk and IIC made an early payment of its bank loan to Citibank (Note 24).

f. In March 2015, Petrosea has received letters from GBP to early terminate contract (Note 49n) and a letter from Pertamina, that has agreed in principle to enter into a new agreement to extend Tanjung Batu (Note 49s).

54. CURRENT ECONOMIC CONDITION

The global economic growth in 2014 is slowing down due to the impact of crisis in Europe and low growth in China and India. The prices of certain world commodities including coal have decreased.

The continous decline of coal price in the future may adversely affect the Company and its subsidiaries' and/or its customers' operations. Also, the effects of the economic situation on the financial condition of the customers have increased the credit risk inherent in the receivables from customers.

Recovery of the economy condition is dependent on resolution of the economic crisis, which are beyond the Company and its subsidiaries' control, to achieve economic recovery. It is not possible to determine the future effect the economic condition may have on the Company and its subsidiaries' liquidity and earnings, including the effect flowing through from its investors, customers and suppliers.

The management believes that the Company and its subsidiaries have adequate resources to continue their operations for the foreseeable future. Accordingly, the Company and its subsidiaries continue to adopt the going concern basis in preparing the consolidated financial statements.

55. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2013 consolidated financial statements were reclassified to conform with the 2014 consolidated financial statements presentation as follows:

	Before reclassification	Reclassification	After reclassification
	US$	US$	US$
ASSETS			
NONCURRENT ASSETS			
Property, plant and equipment - net of accumulated depreciation	696,791,991	(1,107,395)	695,684,596
Intangible assets	320,036,926	1,107,395	321,144,321
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable			
Third parties	66,080,338	(2,632,361)	63,447,977
Other accounts payable			
Third parties	5,977,793	2,632,361	8,610,154

	Before reclassification	Reclassification	After reclassification
	US$	US$	US$
COST OF CONTRACTS AND GOODS SOLD			
Cost of contracts and services	(667,632,805)	308,366	(667,324,439)
General and administrative expenses	(152,450,752)	(2,125,441)	(154,576,193)
Finance cost	(113,997,399)	(114,664)	(114,112,063)
Amortization and impairment of intangible assets	(54,530,597)	2,185,861	(52,344,736)
Others - net	(26,065,448)	(254,122)	(26,319,570)

The above reclassifications do not have material effects to the prior year consolidated financial statements and to the consolidated statements of financial position as at the beginning of the preceding year.

56. SUPPLEMENTARY INFORMATION

The supplementary information the parent company only on pages 127 to 130 presented the statements of financial position, statements of comprehensive income, statements of changes in equity, and statements of cash flows in which investments in subsidiaries and associates were accounted for using cost method.

57. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 3 to 126 were the responsibilities of the management, and were approved by the Company's Directors and authorized for issue on March 6, 2015.

****

PT. INDIKA ENERGY Tbk
STATEMENTS OF FINANCIAL POSITION
(PARENT COMPANY ONLY)
DECEMBER 31, 2014 AND 2013

	December 31, 2014	December 31, 2013
	US$	US$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	36,842,758	52,703,423
Trade accounts receivable - Third parties	46,421	1,055
Other accounts receivable - Related Parties	58,732,396	74,228,972
Loan to related party	30,083,004	-
Dividen receivable	25,000,000	-
Prepaid taxes	4,619,158	2,935,554
Other current assets	269,563	189,259
Total Current Assets	155,593,300	130,058,263
NONCURRENT ASSETS		
Other accounts receivable		
Related parties	3,341,906	3,408,511
Third parties	625,620	3,454,261
Claim for tax refund	5,837,172	2,334,204
Investment in subsidiaries	176,186,255	172,369,142
Advances and other noncurrent assets	577,176,241	553,374,353
Property, plant and equipment - net of accumulated depreciation of US$ 15,790,440 as of December 31, 2014, and US$ 12,671,382 as of December 31, 2013	46,697,773	33,430,687
Intangible assets	1,885,129	3,454,250
Refundable deposits	470,558	372,112
Total Noncurrent Assets	812,220,654	772,197,520
TOTAL ASSETS	967,813,954	902,255,783
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Bank loans	30,022,411	-
Other accounts payable		
Related parties	384,928	363,972
Third parties	2,467,332	1,503,794
Taxes payable	426,657	926,296
Accrued expenses	785,039	1,065,167
Accrued interest	16,557,626	14,552,751
Total Current Liabilities	50,643,993	18,411,980
NONCURRENT LIABILITIES		
Loan from related parties	529,642,053	520,993,684
Long-term debts	209,389	282,798
Employment benefit obligation	6,050,959	4,652,646
Total Liabilities	586,546,394	544,341,108
EQUITY		
Capital stock - Rp 100 par value per share		
Authorized - 17,000 million shares		
Subscribed and paid-up - 5,210,192,000 shares in 2014 and 2013	56,892,154	56,892,154
Additional paid-in capital	250,847,920	250,847,920
Other components of equity	65,000,656	65,000,656
Retained earnings (deficit)		
Appropriated	5,312,496	5,312,496
Unappropriated	3,214,334	(20,138,551)
Total equity attributable to owners of the Company	381,267,560	357,914,675
Total Equity	381,267,560	357,914,675
TOTAL LIABILITIES AND EQUITY	967,813,954	902,255,783

PT. INDIKA ENERGY Tbk
STATEMENTS OF COMPREHENSIVE INCOME
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

	2014	2013
	US$	US$
REVENUES	330,343	318,609
COST OF REVENUES	(228,488)	(220,665)
GROSS PROFIT	101,855	97,944
Dividend income	95,840,501	118,825,859
Investment income	294,337	879,068
General and administrative expenses	(29,714,299)	(42,686,451)
Finance cost	(47,011,145)	(63,358,233)
Others - net	3,841,636	(8,536,384)
NET INCOME AND TOTAL COMPREHENSIVE INCOME	23,352,885	5,221,803

PT. INDIKA ENERGY Tbk
STATEMENTS OF CHANGES IN EQUITY
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

			Other Components of Equity		Retained earnings		
	Capital stock	Additional paid-in capital	Other capital - employee stock option	Other equity	Appropriated	Unappropriated	Total equity
	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2013	56,892,154	250,847,920	7,816,296	57,184,360	4,283,901	(5,331,759)	371,692,872
Appropriation for general reserve	-	-	-	-	1,028,595	(1,028,595)	-
Cash dividend	-	-	-	-	-	(19,000,000)	(19,000,000)
Total comprehensive income	-	-	-	-	-	5,221,803	5,221,803
Balance as of December 31, 2013	56,892,154	250,847,920	7,816,296	57,184,360	5,312,496	(20,138,551)	357,914,675
Total comprehensive income	-	-	-	-	-	23,352,885	23,352,885
Balance as of December 31, 2014	56,892,154	250,847,920	7,816,296	57,184,360	5,312,496	3,214,334	381,267,560

PT. INDIKA ENERGY Tbk
STATEMENTS OF CASH FLOWS
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

	2014 US$	2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	319,409	637,557
Cash paid to suppliers	(10,680,642)	(12,829,340)
Cash paid to directors and employees	(11,587,383)	(18,929,560)
Cash used in operations	(21,948,616)	(31,121,343)
Receipt from claim for tax refund	191,698	1,335,507
Interest received	172,204	844,213
Payment of finance cost	(39,212,394)	(36,813,032)
Payment of taxes	(4,618,311)	(6,802,835)
Net Cash Used in Operating Activities	(65,415,419)	(72,557,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	70,840,501	118,825,859
Proceeds from sale of property	518,071	305,424
Payment of advances and other non current assets	(10,664)	(1,865,469)
Acquisition of intangible assets	(28,041)	(1,251,392)
Payment of claim for tax refund	(3,802,522)	(2,943,169)
Acquisition of property and equipment	(14,813,812)	(920,582)
Proceeds from related parties	21,168,516	350,527,511
Payments to related parties	(24,703,517)	(141,899,985)
Loan to related parties	(30,000,000)	-
Withdrawal of other financial assets	-	20,000,000
Placement of other financial assets	-	(20,000,000)
Net Cash Provided by (Used in) Investing Activities	19,168,532	320,778,197
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	35,000,000	-
Payments of bank loans and long-term loans	(5,000,000)	(250,303,209)
Payments of bonds issuance costs	-	(6,203,248)
Payments of dividend	-	(19,000,000)
Net Cash Provided by (Used in) Financing Activities	30,000,000	(275,506,457)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,246,887)	(27,285,750)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	52,703,423	81,785,436
Effects of foreign exchange rate changes	386,222	(1,796,262)
CASH AND CASH EQUIVALENTS AT END OF YEAR	36,842,758	52,703,423


AMBER



CORPORATE INFORMATION



Corporate Information

COMPANY NAME
PT INDIKA ENERGY TBK.

DATE OF ESTABLISHMENT
19 October 2000

SHAREHOLDERS COMPOSITION (AS OF 31 DESEMBER 2014)

SHAREHOLDER	SHARES	%
PT Indika Mitra Energi	3,307,097,790	63.47
Pandri Prabono-Moelyo	231,100,200	4.44
Eddy Junaedy Danu	81,880,500	1.57
PT Indika Mitra Holdiko	10	0.00
Public	1,590,113,500	30.52

DOMICILE
PT Indika Energy Tbk.
Graha Mitra 7th Floor
Jl. Jendral Gatot Subroto Kav. 21
Jakarta 12930
Indonesia
E-mail: corporate.secretary@indikaenergy.co.id
investor.relations@indikaenergy.co.id

TICKER CODE
INDY



SHARE REGISTRAR

Bursa Efek Indonesia (BEI)

BUSINESS ACTIVITIES

Operating and investing in energy resources, energy servicesn and energy infrastructure through subsidiaries and associate companies.

PUBLIC ACCOUNTANT FIRM

Osman Bing Satrio & Eny
(Member of Deloitte Touche Tohmatsu)
The Plaza Office Tower 32nd Floor
Jl. M.H. Thamrin Kav 28-30
Jakarta 10350
Indonesia
Tel.: (+62-21) 2992 3100
Fax: (+62-21) 2992 8200 / 8300

SHARE REGISTRAR

PT Datindo Entrycom
Puri Datindo – Wisma Sudirman
Jl. Jend. Sudirman Kav. 34-35
Jakarta 10220
Indonesia
Tel.: (+62-21) 570-9009
Fax: (+62-21) 570-9026

RATINGS AGENCY

Moody's Singapore Pte Ltd
50 Raffles Place #23-06
Singapore Land Tower 048623
Tel.: (65) 6398-8300
Fax: (65) 6398-8301
Website: www.moodys.com

PT Fitch Ratings Indonesia
Prudential Tower Lantai 20th Floor
Jl. Jend. Sudirman Kav. 79
Jakarta Selatan 12910 – Indonesia
Tel.: (+62-21) 5795-7755
Fax: (+62-21) 5795-7750
Website: www.fitchratings.com

Affiliates Companies & Addresses

PT INDIKA ENERGY TBK.

Graha Mitra 7th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930
Indonesia
Tel.: (62-21) 2557-9888
Fax: (62-21) 2557-9800

Website: www.indikaenergy.co.id

Corporate Secretary: Dian Paramita
corporate.secretary@indikaenergy.co.id
Investor Relations: Retina Rosabai
investor.relations@indikaenergy.co.id

Ticker Code: **INDY**

IIC

PT Indika Inti Corpindo

Graha Mitra 4th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930
Indonesia

Tel.: (62-21) 2557-9888
Fax: (62-21) 2557-9898
Website: www.indikaenergy.co.id

IIR

PT Indika Indonesia Resources

Graha Mitra 4th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930
Indonesia

Tel.: (62-21) 2557-9888
Fax: (62-21) 2557-9898
Website: www.indikaenergy.co.id

MEA

PT Mitra Energi Agung

Graha Mitra 4th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930
Indonesia

Tel.: (62-21) 2557-9888
Fax: (62-21) 2557-9898
Website: www.indikaenergy.co.id

MUTU

PT Multi Tambangjaya Utama

Graha Mitra 9th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930
Indonesia

Tel.: (62-21) 2557-9888
Fax: (62-21) 2557-9898
Website: www.indikaenergy.co.id

KIDECO

PT Kideco Jaya Agung

Menara Mulia 17th Floor Suite 1701
Jl. Jend. Gatot Subroto Kav. 9–11
Jakarta 12930
Indonesia

Tel.: (62-21) 525-7626
Fax: (62-21) 525-7662
Website: www.kideco.com

TRIPATRA

PT Tripatra Engineers & Constructors (TPEC)

PT Tripatra Engineering (TPE)

Jl. R.A. Kartini No. 34 (Outer Ring Road)
Cilandak Barat
Jakarta 12430
Indonesia

Tel.: (62-21) 750-0701
Fax: (62-21) 750-0700
Website: www.tripatra.com

PETROSEA

PT Petrosea Tbk.

Wisma Anugraha 3rd Floor
Jl. Taman Kemang No. 32B Kemang
Jakarta 12730
Indonesia

Tel.: (62-21) 718-3255
Fax: (62-21) 718-3266
Website: www.petrosea.com
Kode Saham: **PTRO**

MBSS

PT Mitrabahtera Segara Sejati Tbk.

Menara Karya Building 12th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav. 1-2
Kuningan, Jakarta 12950
Indonesia

Tel.: (62-21) 5794-4755, 5794-4766
Fax: (62-21) 5794-4767, 5794-4768
Website: www.mbss.co.id

Kode Saham: **MBSS**

This page is intentionally left blank.

Statements of Responsibility

This Annual Report, including the financial statements and other related information, falls under the full responsibility of all members of the Board of Directors and Board of Commissioners of the Company whose signatures appear below.

BOARD OF COMMISSIONERS



WIWOHO BASUKI TJOKRONEGORO
President Commissioner



AGUS LASMONO
Vice President Commissioner



INDRACAHYA BASUKI
Commissioner



PANDRI PRABONO-MOELYO
Commissioner



ANTON WAHJOSOEDIBJO
Independent Commissioner



DEDI ADITYA SUMANAGARA
Independent Commissioner

BOARD OF DIRECTORS



WISHNU WARDHANA
President Director



M. ARSJAD RASJID P.M.
Vice President Director



AZIS ARMAND
Director



RICHARD BRUCE NESS
Director



JOSEPH PANGALILA
Director



RICO RUSTOMBI
Director



EDDY JUNAEDY DANU
Independent Director

This page is intentionally left blank.

This page is intentionally left blank.



PT Indika Energy Tbk.
Graha Mitra, 7th Floor
Jl. Jend. Gatot Subroto Kav. 21, Jakarta 12930, Indonesia
corporate.secretary@indikaenergy.co.id
investor.relations@indikaenergy.co.id

www.indikaenergy.co.id