ENERGY • SYNERGY

INDIKA ENERGY

MANAGING ADVERSITY



ANNUAL REPORT **2015**

MANAGING ADVERSITY

The year 2015 was a challenging time for the global energy business. The plunge in oil prices to their lowest level in the three decades impacted other commodities, including coal.

As global coal prices continued their decline in 2015, 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, especially so in Indonesia which is expected to sustain its economic growth rate for the foreseeable future, Indika Energy remains 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 these varied challenges, 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 capitalize on both strategic and opportunistic business opportunities together with prudent risk management, while creating 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.





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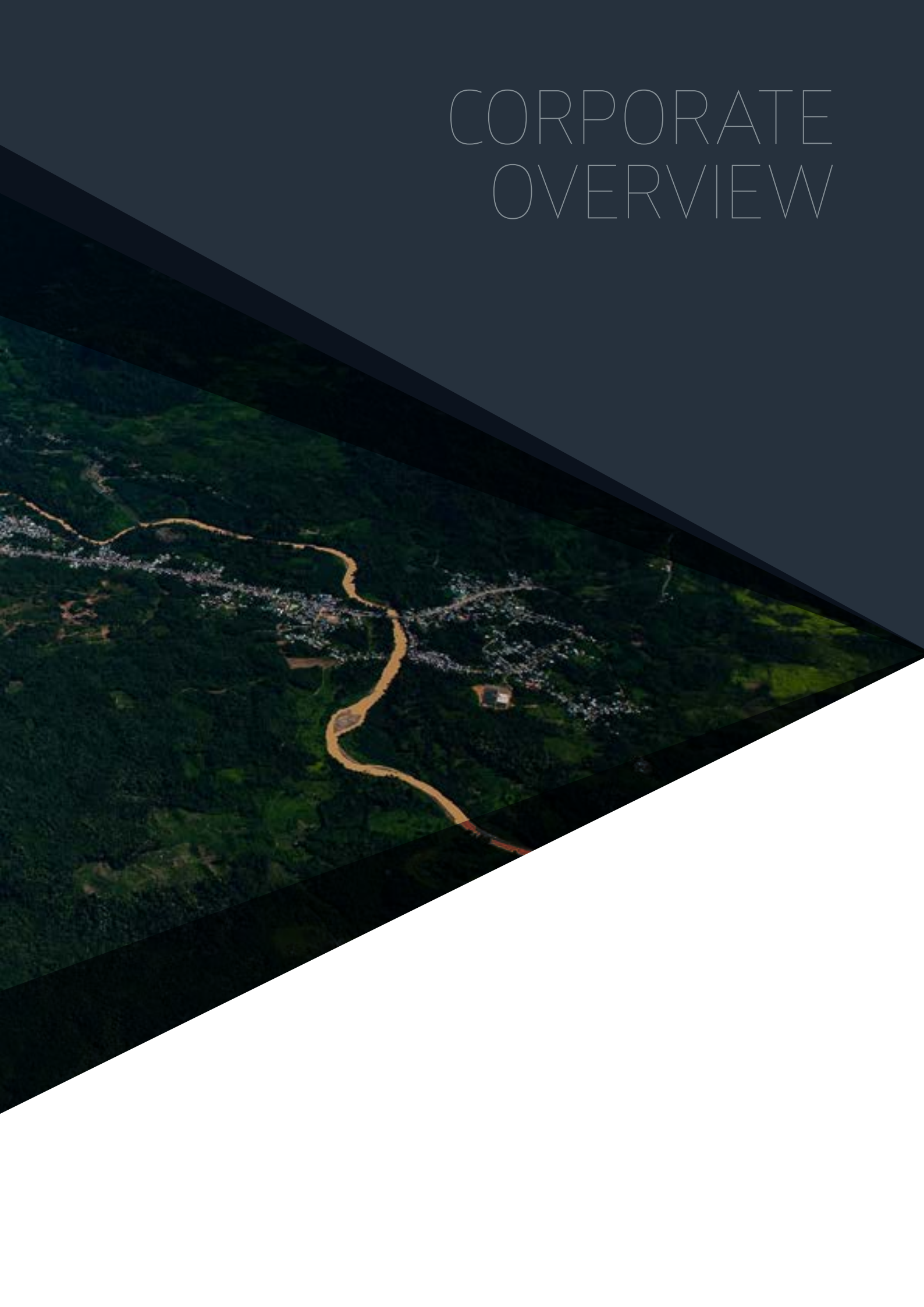
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CORPORATE OVERVIEW



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 the energy resources, energy services and energy infrastructure sectors.

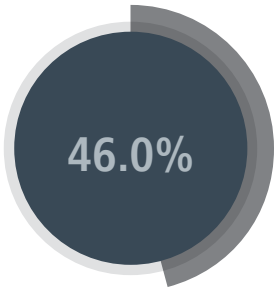
Over the years, the Company has grown from strength to strength both organically and through acquisition of synergistic businesses.

With its portfolio of businesses, the Company is able to provide complementary products and services to domestic and international customers, thereby positioning the Company to capture growth opportunities across the Indonesian energy sector.

Today, Indika Energy has developed to have operational activities in various areas of the Indonesia archipelago.

The three business pillars of Indika Energy's key operations are:

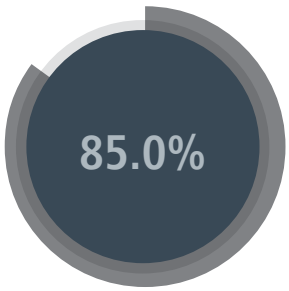
ENERGY RESOURCES



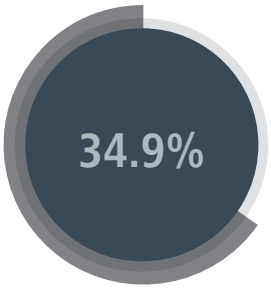
PT Kideco Jaya Agung
Indonesia's third largest coal mining company, located in East Kalimantan



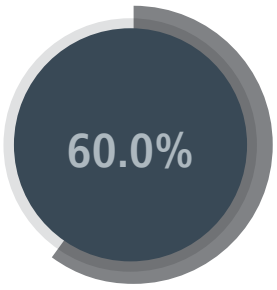
Indika Capital Investments Pte. Ltd.
a coal trading company



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

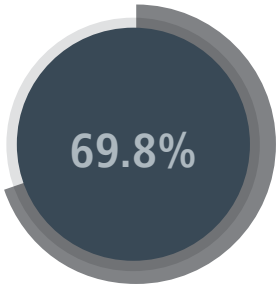


PT Santan Batubara
a coal mining company in East Kalimantan



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

ENERGY SERVICES

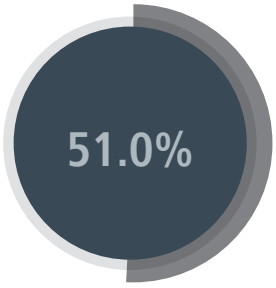


PT Petrosea Tbk.
an engineering & construction (E&C) and coal contract mining company

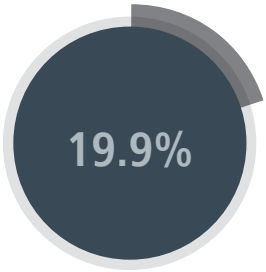


PT Tripatra Engineering &
PT Tripatra Engineers & Constructors
engineering, procurement and construction (EPC) oil & gas services companies

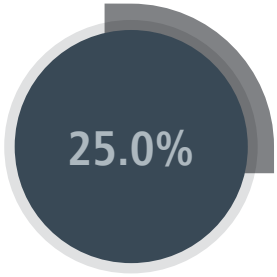
ENERGY INFRASTRUCTURE



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



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



PT Cirebon Energi Prasarana
a 1000 MW coal-fired power generation plant in Cirebon, West Java

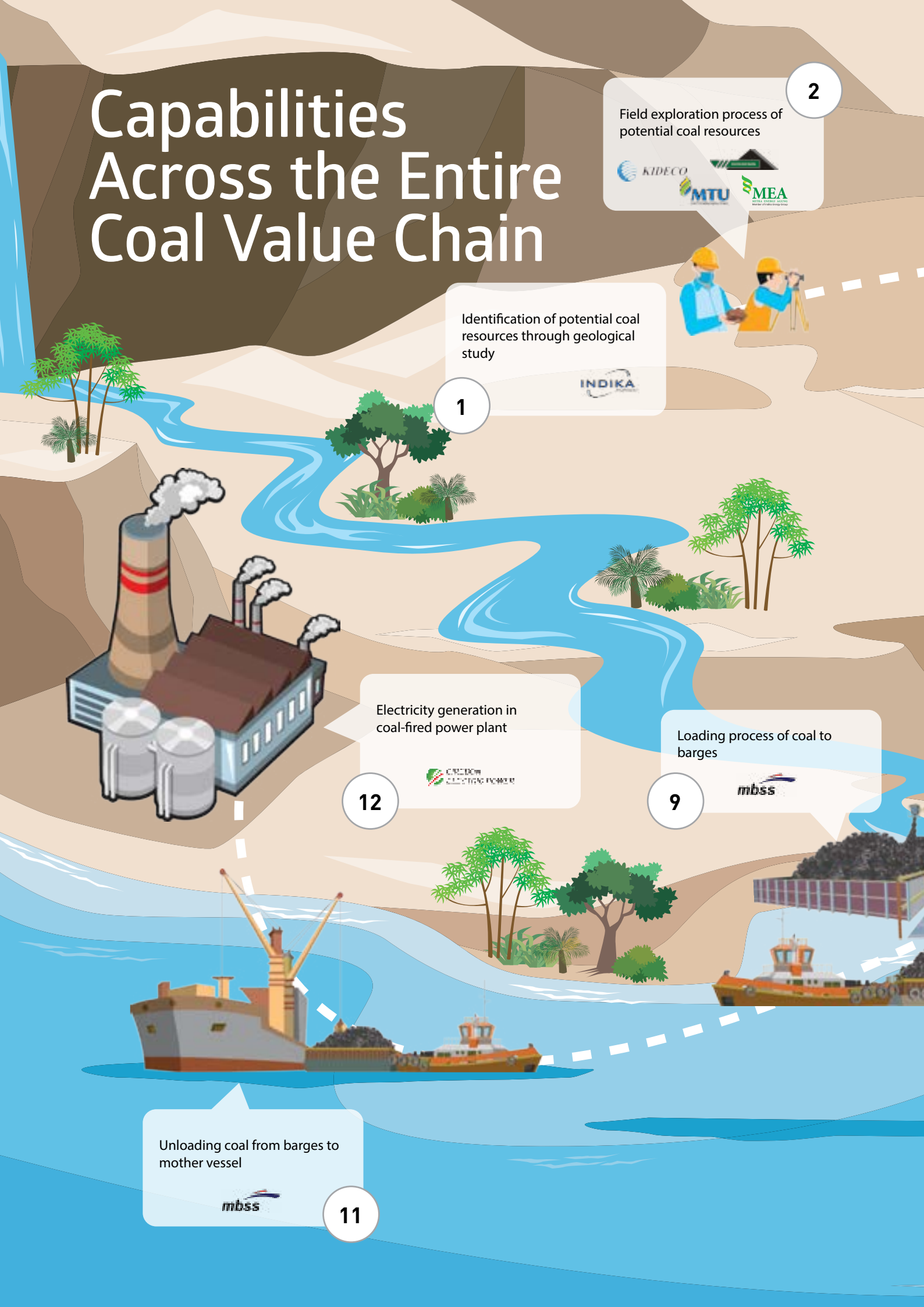


PT Kuala Pelabuhan Indonesia
an integrated port management services company in Papua



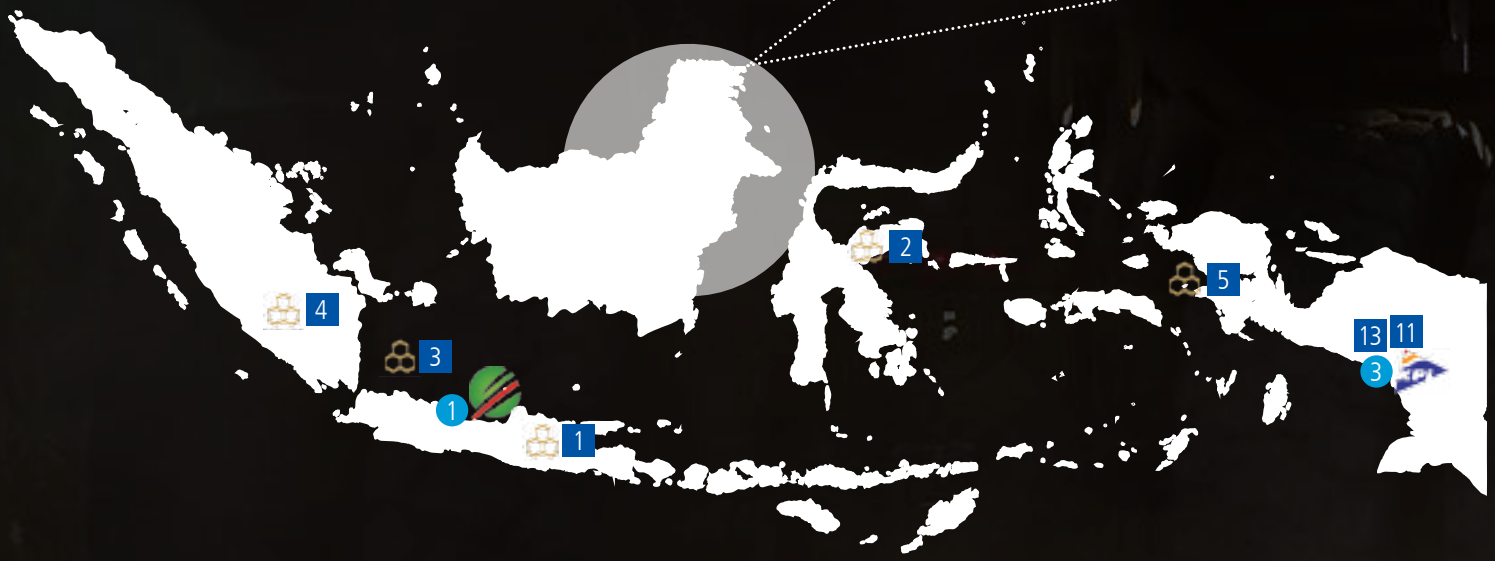
Petrosea Offshore Supply Base (POSB)
an integrated offshore supply base facility in East Kalimantan

Capabilities Across the Entire Coal Value Chain




Economic and feasibility study of the coal reserves
PETROSEA
3
Engineering and construction of coal production infrastructure
PETROSEA
4
Overburden removal and coal extraction
PETROSEA
5
Crushing and washing of extracted coal
concession holder
6
Transportation of processed coal to coal terminal
concession holder
7
Coal loading terminal with stockpile prior to barging
KIDECO
MTU
8
Barging the coal to end user or transshipment point
mbss
10

Operations Map





ENERGY RESOURCES

1 Multi Tambangjaya Utama
2 Kideco Jaya Agung
3 Santan Batubara
4 Mitra Energi Agung

ENERGY SERVICES

1 ExxonMobil 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 ***
11 Mahaka Industri Perdana
12 Maruwai Coal
13 Freeport Indonesia
14 Indo Asia Cemerlang

ENERGY INFRASTRUCTURE

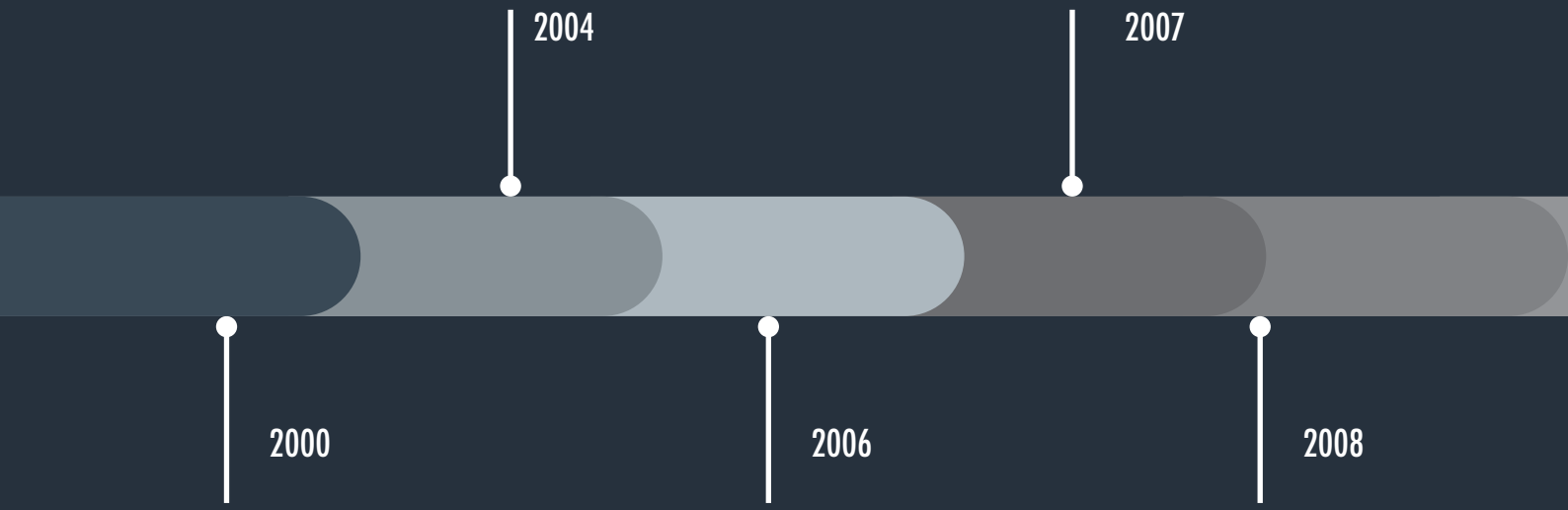
1 Cirebon Electric Power
2 Petrosea Offshore Supply Base
3 Kuala Pelabuhan Indonesia

FLOATING CRANE

1 FC Nicholas
2 FC Rachel
3 FC Ben Glory
4 FC Abby
5 FC Chloe
6 FC Blitz
7 FC Vittoria

* Early termination on 3 March 2015
** Suspension of activity March 2014
*** Early termination on 31 May 2015

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%.

- 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.

2007

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.

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.

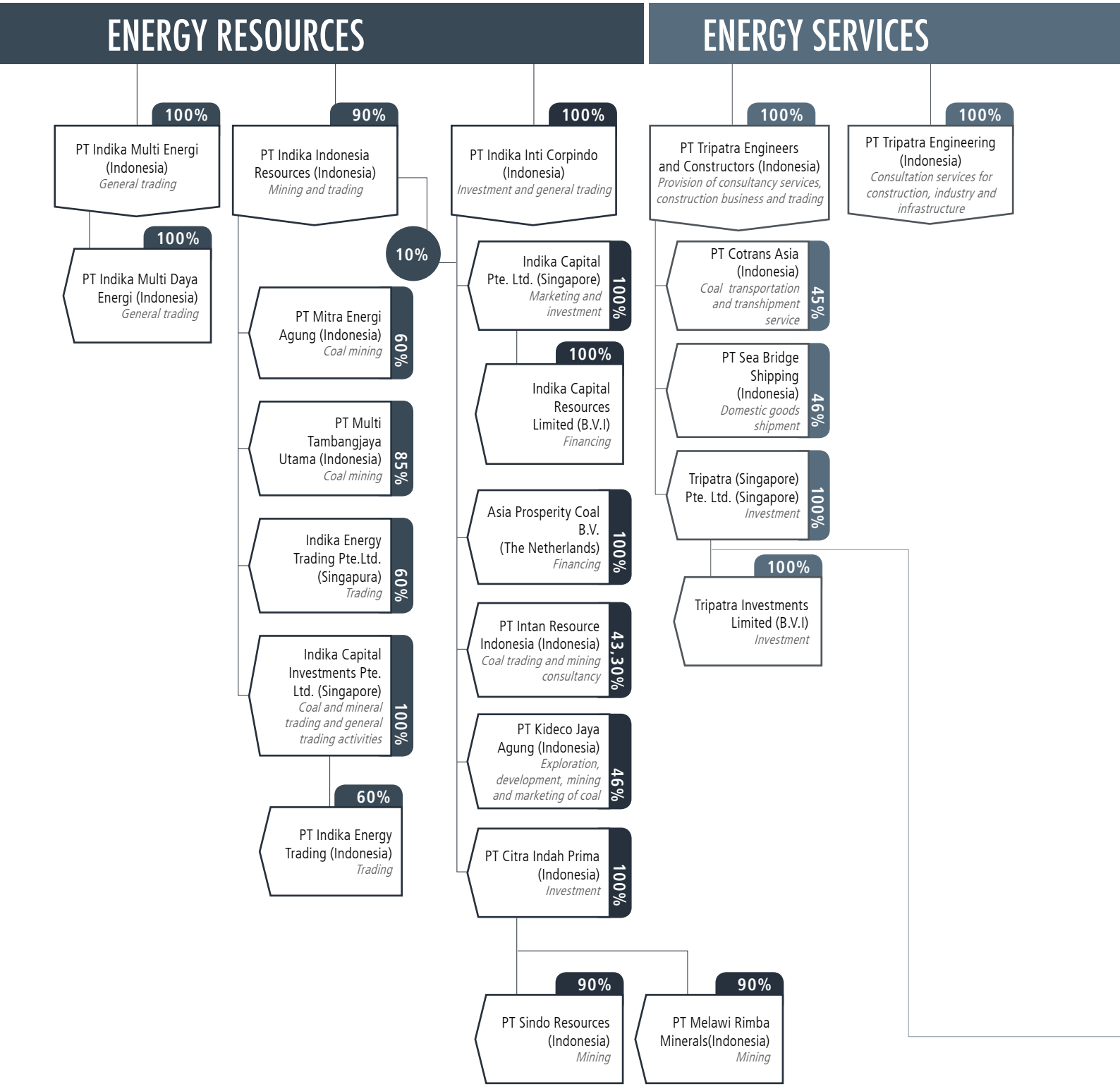
2013

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

2015

- The Indy Bintaro Office complex began operations with Petrosea's entry.
- Establishment of PT Cirebon Energi Prasarana.
- Petrosea acquired a 51.25% stake in PT Mahaka Industri Perdana.

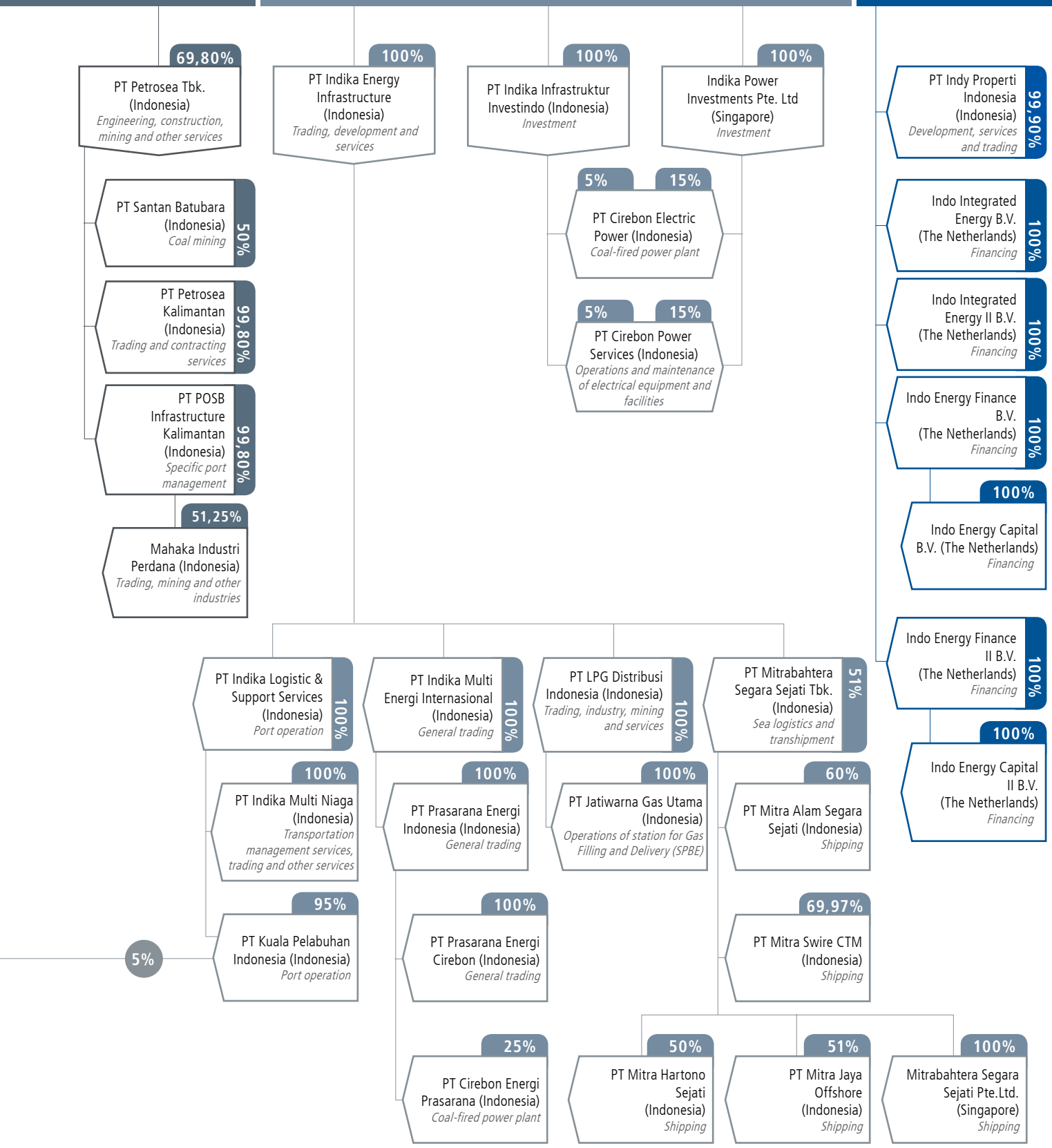
Corporate Structure



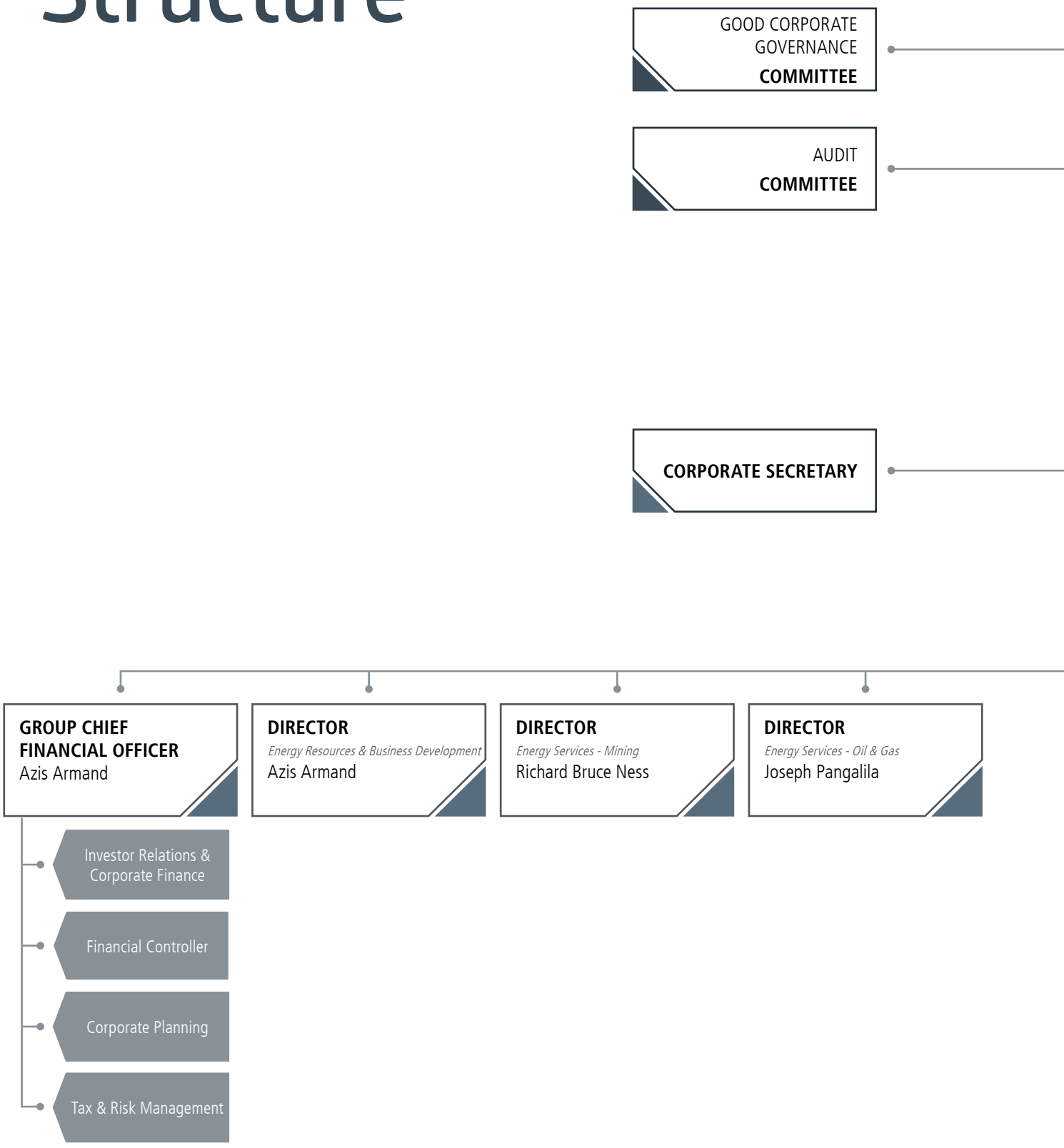
Note :

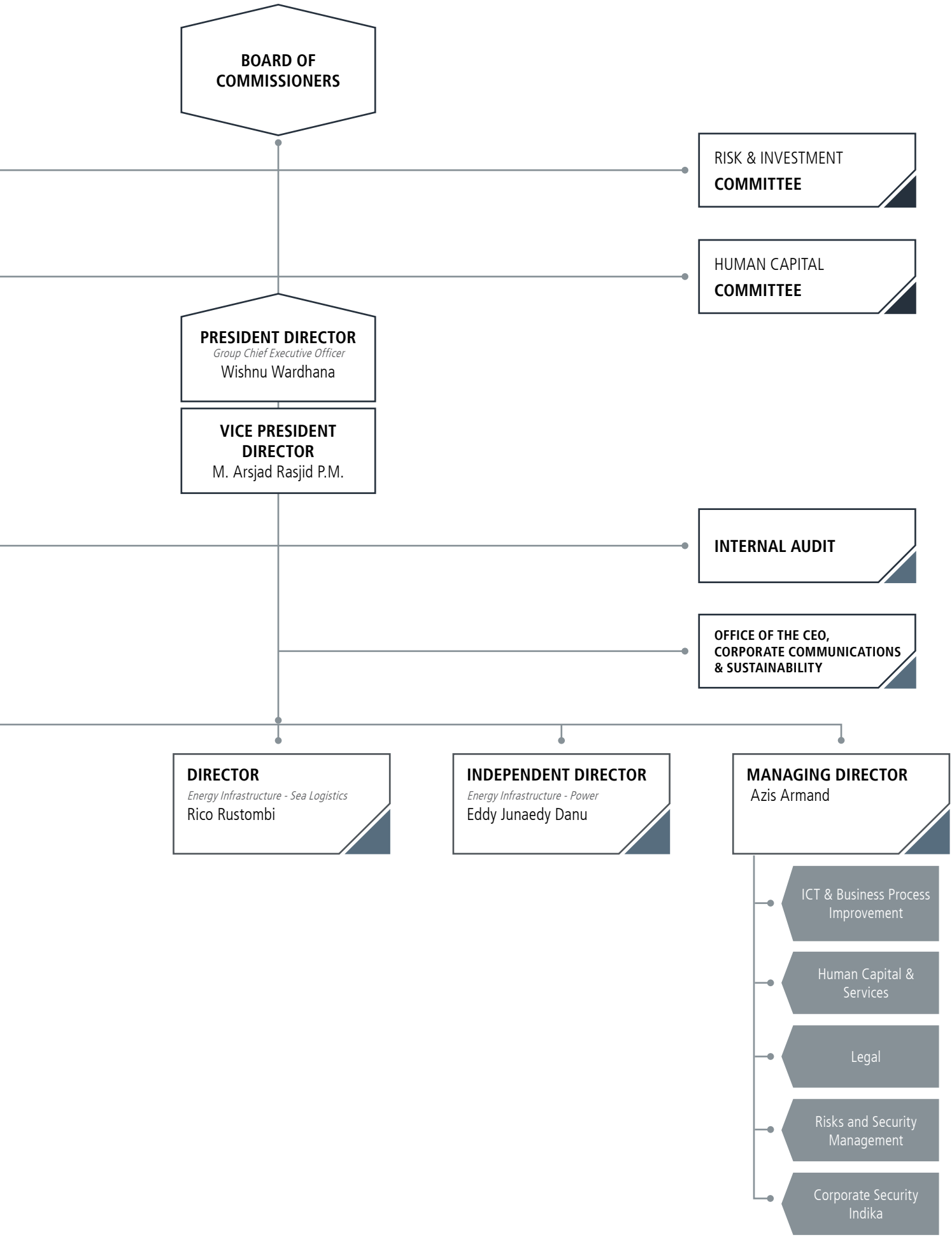
100% shares ownership of Indonesian limited liability company (PT) held by 2 shareholders which both are PT Indika Energy Tbk. and/or its subsidiaries.

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
OFFICE OF THE CEO, CORPORATE COMMUNICATIONS & SUSTAINABILITY
DIRECTOR
Energy Infrastructure - Sea Logistics
Rico Rustombi
INDEPENDENT DIRECTOR
Energy Infrastructure - Power
Eddy Junaedy Danu
MANAGING DIRECTOR
Azis Armand
ICT & Business Process Improvement
Human Capital & Services
Legal
Risks and Security Management
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.

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.

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

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.

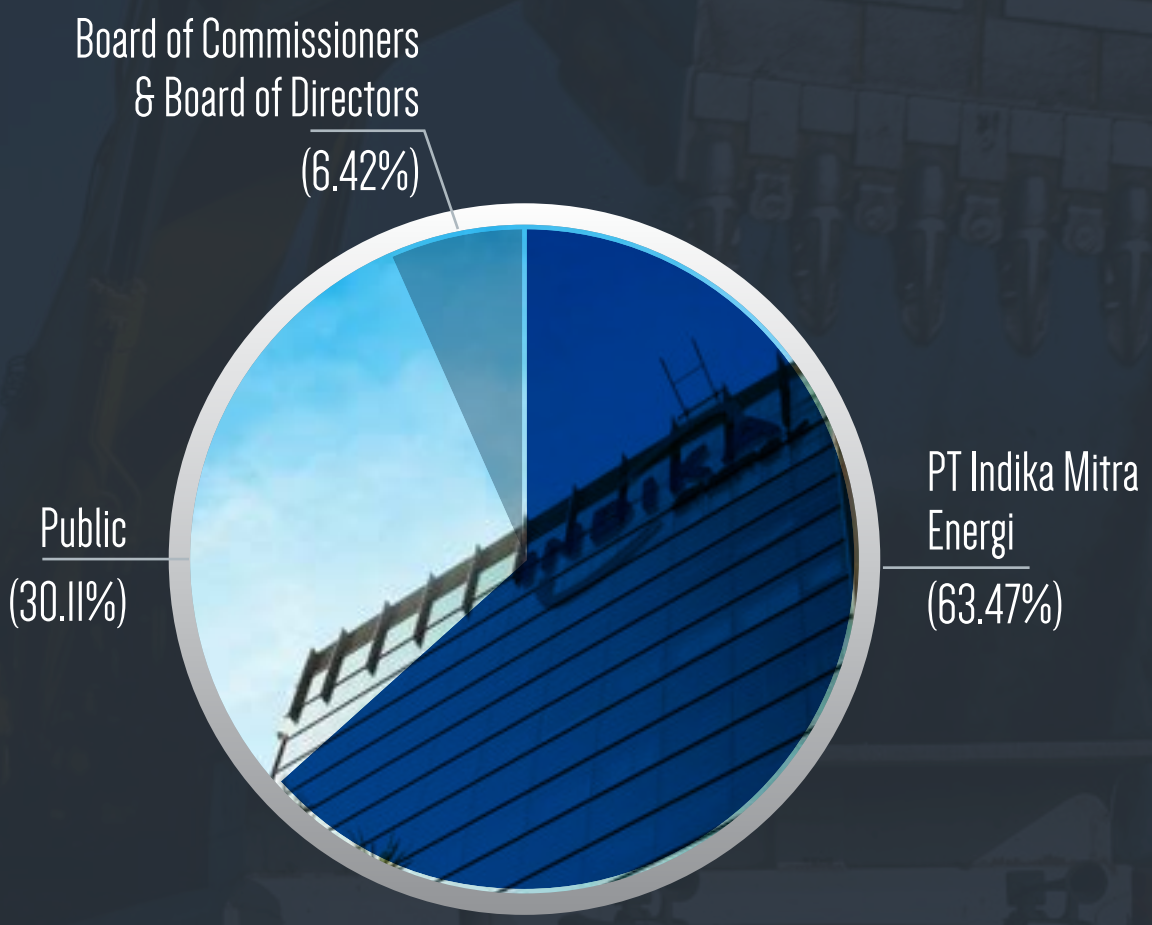
5

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 2015



SHARE OWNERSHIP BY BOARD OF COMMISSIONERS & BOARD OF DIRECTORS AS OF 31 DECEMBER 2015

NO.	NAME	POSITION	SHARES AMOUNT	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	Muhamad Chatib Basri	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
11	Rico Rustombi	Director	-	-
12	Joseph Pangalila	Director	165,000	0.00
13	Richard Bruce Ness	Director	810,000	0.02
14	Eddy Junaedy Danu	Independent Director	81,880,500	1.57
	Total		**334,404,200**	**6.42**

CAPITAL STRUCTURE AS OF 31 DECEMBER 2015

AUTHORIZED CAPITAL	ISSUED & PAID-UP CAPITAL
Rp 1,700,000,000,000 (Divided into 17,000,000,000 shares, each share with a par value of Rp 100)	Rp 521,019,200,000 (US$ 56,892,154) (Divided into 5,210,192,000 Shares)

CONTROLLING SHAREHOLDERS AS OF 31 DECEMBER 2015

OWNERSHIP STATUS	NUMBER OF SHARES	OWNERSHIP (%)
PT Indika Mitra Energi*	3,307,097,790	63.47
JPMCB Singapore Branch-2157804955	271,762,000	5.22
Public (under 5%)	1,631,332,210	31.31

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

SHARE OWNERSHIP COMPOSITION AS OF 31 DECEMBER 2015

OWNERSHIP STATUS	NUMBER OF SHARES	OWNERSHIP (%)
Limited Liability Companies (PT)	3,333,187,663	53.97
Individuals – Domestic	1,050,339,751	20.16
Institutions – Foreign	572,710,086	11.00
Insurance	160,854,400	3.09
Pension Funds	40,697,600	0.78
Employees	35,579,500	0.68
Mutual Funds	8,315,800	0.16
Individual – Foreign	5,116,700	0.10
Foundations	3,371,000	0.06
Cooperatives	19,500	0.00
Total	**5,210,192,000**	**100.00**



2015 FINANCIAL HIGHLIGHTS



Indika Energy
Financial Highlights

Expressed in US$, unless otherwise stated

	2015	2014	2013
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
Revenues	**1,097,296,489**	1,109,508,311	863,394,192
Cost of Contracts and Goods Sold	**1,008,966,857**	948,472,697	669,987,605
Gross Profit	**88,329,632**	161,035,614	193,406,587
General and Administrative Expenses	**103,752,957**	132,267,653	154,581,332
Operating (Loss) Profit	**(15,423,325)**	28,767,961	38,925,255
Loss for The Year	**(76,847,028)**	(30,616,975)	(53,803,242)
Total Comprehensive Loss for The Year	**(74,016,652**	(29,412,415)	(49,042,740)
Loss Attributable To :			
Owners of The Company	**(44,587,878)**	(27,635,381)	(62,492,255)
Non-Controlling Interests	**(32,259,150)**	(2,981,594)	8,689,013
Total Comprehensive Loss Attributable To:			
Owners of The Company	**(41,757,502)**	(26,430,821)	(57,731,753)
Non-Controlling Interests	**(32,259,150)**	(2,981,594)	8,689,013
Equity in net profit of Associates and Jointly-Controlled Entities	**72,629,159**	73,482,756	102,511,466
Outstanding Shares	**5,210,192,000**	5,210,192,000	5,210,192,000
Loss per share	**(0.0086)**	(0.0053)	(0.0120)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Investment in associates	**277,545,435**	271,766,662	286,550,051
Investment in jointly-controlled entities	**13,026,000**	14,487,529	21,102,394
Investments in portofolio - Third party	**59,241,118**	54,780,796	54,896,489
Investments in bond	**-**	-	-
Total Current Assets	**827,311,691**	831,419,308	759,345,558
Total Non-Current Assets	**1,323,133,520**	1,458,891,053	1,556,950,170
Total Assets	**2,150,445,211**	2,290,310,361	2,316,295,728
Total Current Liabilities	**505,612,838**	396,736,289	347,398,333
Total Non-Current Liabilities	**813,287,965**	979,632,294	1,018,739,487
Total Liabilities	**1,318,900,803**	1,376,368,583	1,366,137,820
Total Equity	**831,544,408**	913,941,778	950,157,908
Total Liabilities & Equity	**2,150,445,211**	2,290,310,361	2,316,295,728

REVENUES
in US$

2015 | 1,097,296,489
2014| 1,109,508,311

-1.1%

GROSS PROFIT
in US$

2015 | 88,329,632
2014 | 161,035,614

-45.1%

OPERATING PROFIT
in US$

2015 | (15,423,325)
2014 | 28,767,961

-153.6%

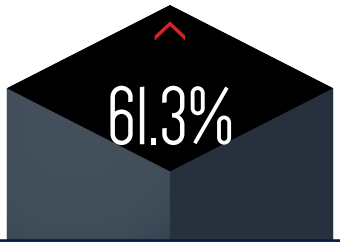
Expressed in US$, unless otherwise stated

	2015	2014	2013
GROWTH (%)			
Revenues	**-1.1%**	28.5%	15.2%
Cost of Contracts and Goods Sold	**6.4%**	41.6%	20.5%
Gross Profit	**-45.1%**	-16.7%	-0.1%
General and Administrative Expenses	**-21.6%**	-13.2%	-3.9%
Operating Profit (Loss)	**-153.6%**	-29.7%	17.2%
Loss - Attributable to owners of the Company	**-61.3%**	55.8%	-191.0%
Total Assets	**-6.1%**	-1.1%	-1.8%
Total Liabilities	**-4.2%**	0.7%	2.2%
Total Equity	**-9.0%**	-3.8%	-7.1%
OPERATING RATIO			
Operating Income (Loss) / Revenues (%)	**-1.4%**	2.6%	4.7%
Loss Attributable to the Owners of the Company / Revenues (%)	**-4.06**	-2.49	-7.24
Operating Profit (Loss) / Total Equity (x)	**-0.02**	0.03	0.04
Loss Attributable to the Owners of the Company / Total Equity (x)	**-0.05**	-0.03	-0.07
Operating Profit (Loss) / Total Assets (x)	**-0.01**	0.01	0.02
Loss Attributable to the Owners of the Company / Total Assets (x)	**-0.02**	-0.01	-0.03
PROFIT FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities(x)	**1.64**	2.10	2.19
Total Liabilities / Total Equity (x)	**1.59**	1.51	1.44
Total Liabilities / Total Assets (x)	**0.61**	0.60	0.59

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

2015 | 72,629,159
2014 | 73,482,756

-1.2%



LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY
in US$

2015 | (44,587,878)
2014 | (27,635,381)

ADJUSTED EBITDA*
in US$

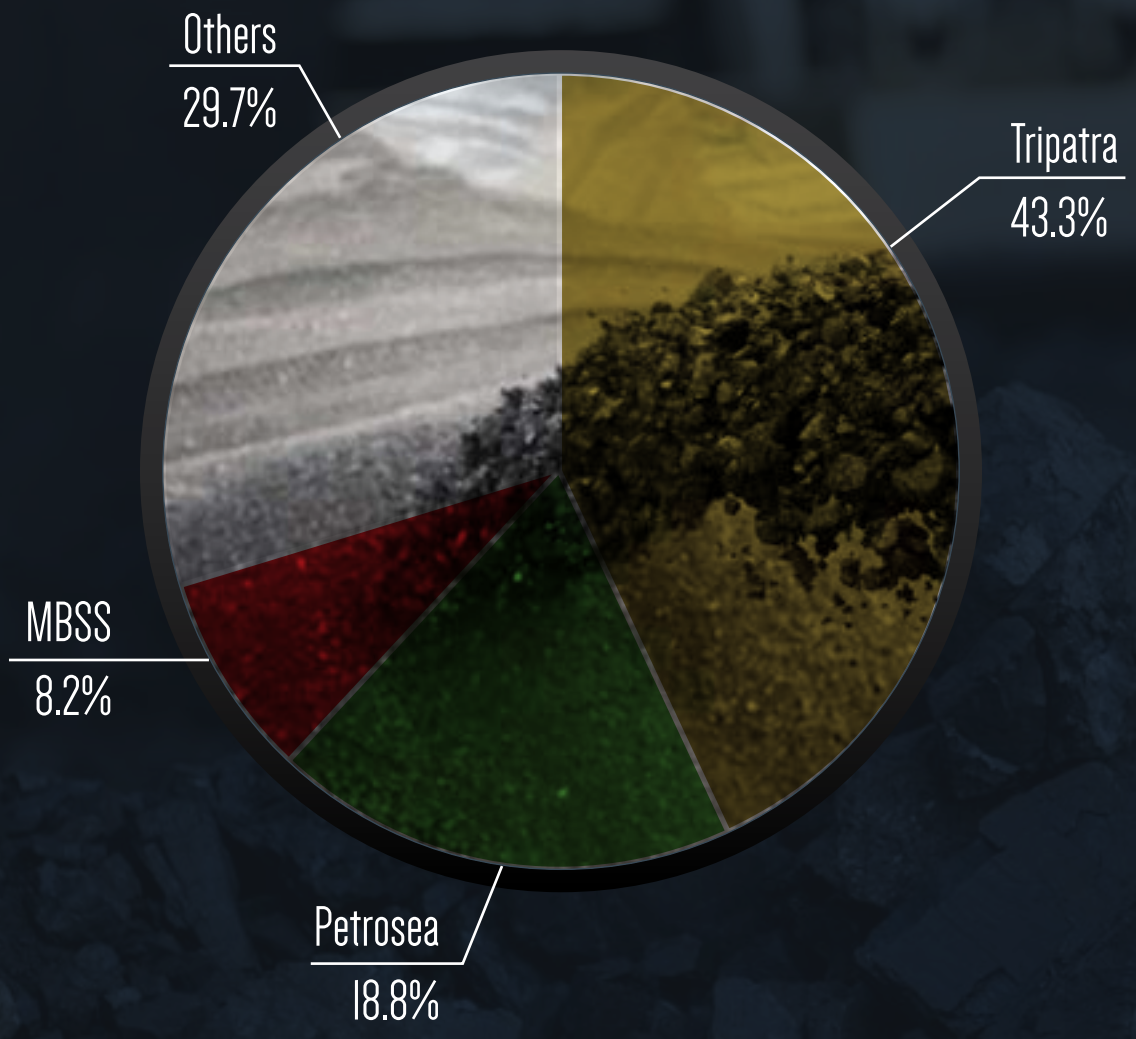
2015 | 191,958,917
2014 | 231,909,056

-17.2%

* Including dividends received from associates and jointly controlled companies.

REVENUE BREAKDOWN 2015

US$1,097.3 million



Stock Highlights

SHARE PRICE

(in Rp)

2015	OPEN	HIGHEST	LOWEST	CLOSE	2014	OPEN	HIGHEST	LOWEST	CLOSE
1st Quarter	515	520	426	434	1st Quarter	610	635	490	585
2nd Quarter	432	435	290	315	2nd Quarter	580	750	565	630
3rd Quarter	315	328	185	193	3rd Quarter	630	815	625	740
4th Quarter	200	232	105	110	4th Quarter	745	750	500	510

VOLUME AND SHARES TRANSACTION

2015	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4
Average/day-Volume (thousand shares)	1.369	3.607	1.638	6.066	Average/day-Volume (thousand shares)	6.333	8.814	3.833	3.968
Average/day-Value (Rp billion)	0,7	1,8	0,4	1,3	Average/day-Value (Rp billion)	3,6	5,8	2,8	3,0

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	"B3" 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	"B3" 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

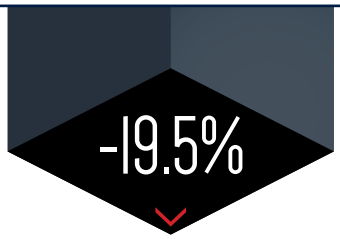
KIDECO FINANCIAL HIGHLIGHTS

Expressed in US$, unless otherwise stated

	2015	2014	2013
COMPREHENSIVE STATEMENTS OF INCOME			
Sales	**1,658.2**	2,059.4	2,120.6
Cost of Sales	**1,376.9**	1,731.1	1,654.9
Gross Profit	**281.3**	328.3	465.7
Operating Expenses	**27.8**	32.7	31.6
Operating Income	**253.6**	295.6	434.1
Net Income	**138.1**	154.4	212.2
STATEMENT OF FINANCIAL POSITION			
Total Current Assets	**400.5**	396.0	457.6
Total Non-Current Assets	**182.2**	206.4	229.0
Total Assets	**582.8**	602.4	686.7
Total Current Liabilities	**211.5**	224.3	272.0
Total Non-Current Liabilities	**48.0**	51.6	51.4
Total Liabilities	**259.6**	275.8	323.4
Total Equity	**323.2**	326.6	363.3
Total Liabilities & Equity	**582.8**	602.4	686.6
GROWTH (%)			
Sales	**-19.5**	-2.9	-10.0
Cost of Sales	**-20.5**	4.6	1.9
Gross Profit	**-14.3**	-29.5	-36.5
Operating Expenses	**-15.2**	3.6	-21.9
Operating Income	**-14.2**	-31.9	-37.4
Net Income	**-10.5**	-27.3	-44.2
Total Assets	**-3.3**	-12.3	-7.8
Total Liabilities	**-5.9**	-14.7	-9.9
Total Equity	**-1.0**	-10.1	-5.9

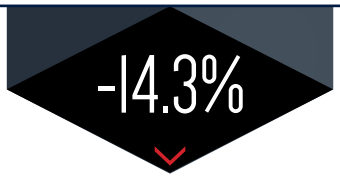
REVENUES
in million US$

2015 | 1,658.2
2014 |2,059.4



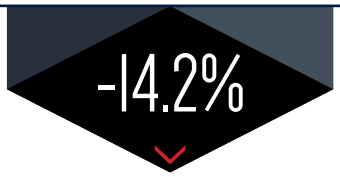
GROSS PROFIT
in million US$

2015 | 281.3
2014 | 328.3



EBIT
in million US$

2015 | 253.6
2014 | 295.6



Expressed in US$, unless otherwise stated

	2015	2014	2013
OPERATING RATIO			
Operating Income / Sales (%)	**15.29**	14.35	20.47
Net Income / Sales (%)	**8.33**	7.50	10.01
Operating Income / Total Equity (x)	**0.78**	0.90	1.20
Net Income / Total Equity (x)	**0.43**	0.47	0.58
Operating Income / Total Assets (x)	**0.44**	0.49	0.63
Net Income / Total Assets (x)	**0.24**	0.26	0.31
FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities (x)	**1.89**	1.77	1.68
Total Liabilities / Total Equity (x)	**0.80**	0.84	0.89
Total Liabilities / Total Assets (x)	**0.45**	0.46	0.47

NET PROFIT
in million US$

2015 | 138.1
2014 | 154.4

-10.5%

EBITDA
in million US$

2015 | 281.8
2014 | 328.7

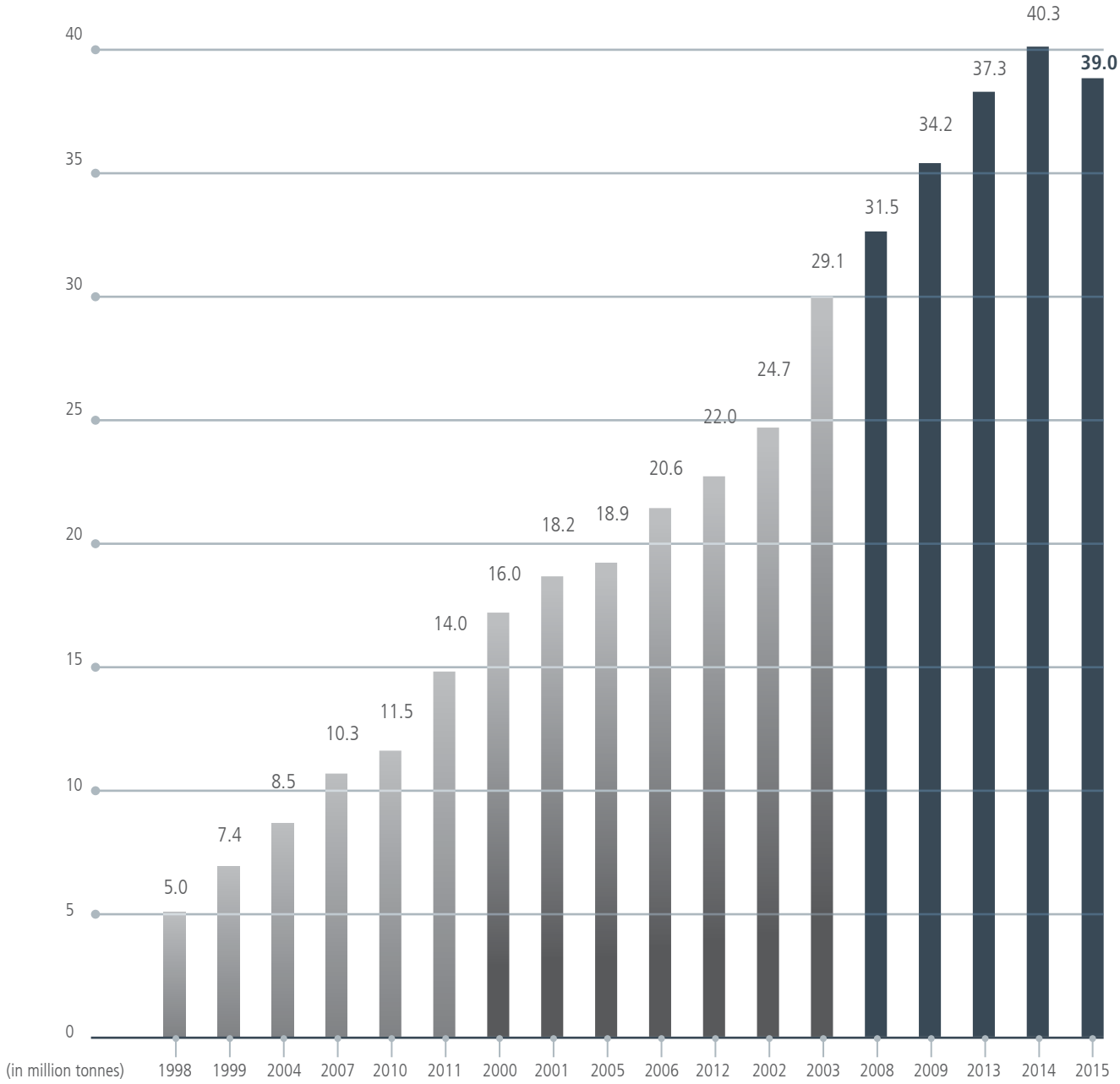
-14.3%

SALES VOLUME
in million tonnes

2015 | 38.6
2014 | 40.2

-3.9%

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

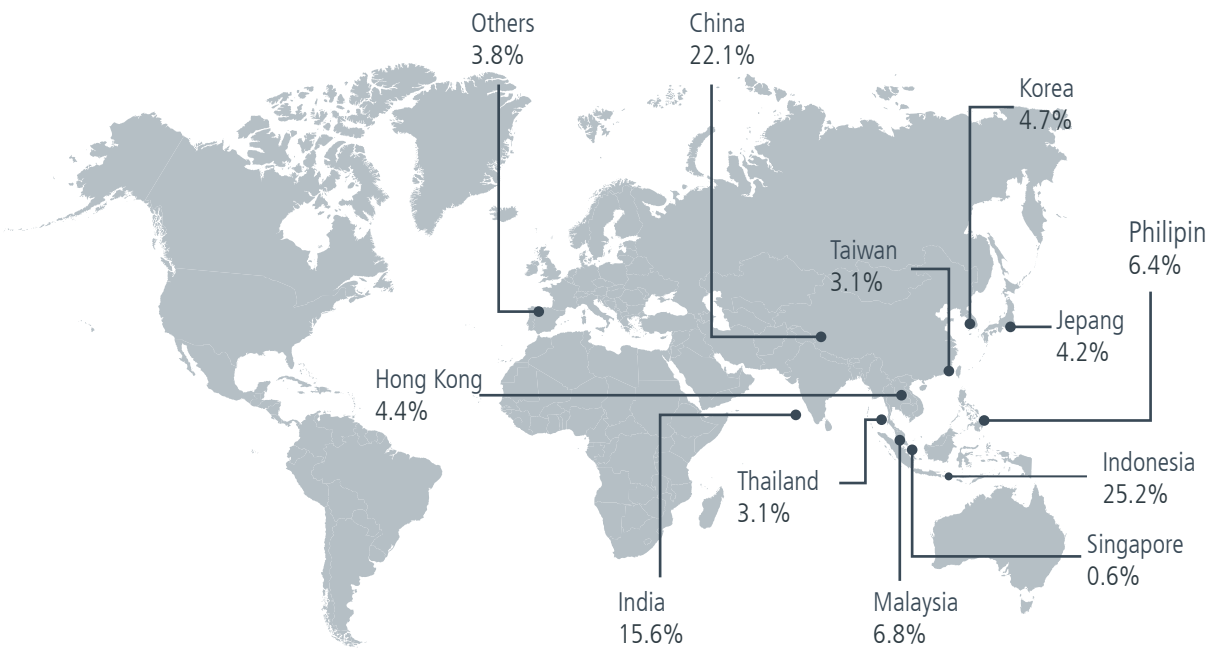
COAL RESOURCES BY PIT

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 2015



OPERATION BY PIT 2015

DESCRIPTION	ROTO NORTH	ROTO SOUTH	ROTO MIDDLE	SAMARANGAU	SUSUBANG	TOTAL
Overburden (million bcm)	14.7	101.1	24.5	100.0	4.2	244.5
Production (million tonnes)	3.4	13.6	3.0	18.5	0.5	39.0
Stripping Ratio (x)	4.3	7.4	8.1	5.4	8.2	6.3


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PRESIDENT COMMISSIONER'S AND PRESIDENT DIRECTOR'S MESSAGES



President Commissioner Message

"DESPITE THIS TIGHT SITUATION, WE BELIEVE IN THE SUSTAINABILITY OF THE COMPANY'S BUSINESS, PROVIDED THAT WE CAN EFFECTIVELY MANAGE THE COST TO REMAIN COMPETITIVE"

WIWOHO BASUKI TJOKRONEGORO
President Commissioner



Respected Shareholders,

Global demand for coal fell further in 2015 due to the continuing slowdown of China's economy, as well as a growing tendency to shift towards alternative cleaner fuels in most other developed countries. As a result, there continued to be an oversupply of coal, resulting in continued downward pressure on coal prices.

Since China represents the major export market for Indonesian coal, domestic coal production declined in 2015 by approximately 14% to as low as 390 million tons. Although Indonesia's demand for coal increased slightly, this was insufficient to compensate for the significant fall in coal exports.

RESULTS & EVALUATION FOR 2015

These unfavorable developments adversely affected Indika Energy's financial performance in 2015 due to high coal-related exposure in the Company and its subsidiaries. The majority of Indika Energy's coal-related businesses experienced revenue and margin contraction. The exceptions were the third-party coal trading operation and the power generation business, which gave a modest profit contribution.

Indika Energy managed the business downturn by streamlining and rationalizing Group operations, resulting in the cost reduction of US$ 28.5 million at a consolidated level in 2015 as well as reducing capital spending to US$ 58.7 million, reflecting a decrease of US$ 9.9 million from the previous year. Meanwhile, the Company also initiated a liability management exercise in December 2015 that resulted in a profit of US$ 46.8 million as shown in the consolidated profit or loss statement. As a result of these cost reduction measures, the Company was able to maintain a balance sheet with US$ 339.4 million in cash at the end of 2015. However, to reflect current asset valuations, in 2015 Indika Energy took a US$ 57.2 million write down on impairment of certain coal-related assets.

Based on the above, the Company recorded a consolidated net loss attributable to Owners of Company amounting to US$ 44.6 million in 2015.

CORPORATE GOVERNANCE & HUMAN CAPITAL

Indika Energy continued to improve its corporate governance practices by strengthening the functions of the Risk and Investment, Audit, Governance and Human Capital committees at each subsidiary. These committees played a key role in coordinating improvements and strengthening communication between the Company and its subsidiaries to ensure full compliance with the Company's good corporate governance policies.

Notwithstanding the current business downturn, human capital continues to be given high priority with focus on improvement of productivity through multi-tasking. The ability to embrace change, adapt, and innovate to drive business growth is essential to creating a high performance company.

CHANGES TO THE BOARD OF COMMISSIONERS

At the Annual General Meeting of Shareholders dated 29 April 2015, Bapak Anton Wahjosoedibjo completed his term of service as an Independent Commissioner of the Company, and Bapak M. Chatib Basri was reappointed as an Independent Commissioner of the Company.

We thank Bapak Anton for his valuable service and contributions to the Company. We would also like to take this opportunity to welcome Bapak M. Chatib Basri back to the Board of Commissioners and look forward to his active contribution in the coming years.

BUSINESS PROSPECTS

Prospects for the coal industry remain difficult for the foreseeable future. However, coal is still recognized as a competitive primary energy source and will continue to fulfil an important role in future development of power generation projects. Indonesia, with its rapidly growing demand for electrical power consumption, along with other Asian countries which continue to progress, represent a large coal market despite the current economic slowdown in China.

In addition, developments in coal fired power plant technology are expected to improve coal fired power plant efficiency and significantly reduce its emissions, making coal a more feasible energy source.

Despite this tight situation, we believe in the sustainability of the Company's business, provided that we can effectively manage the cost to remain competitive. Accordingly, Indika Energy will continue to seek cost savings and efficiency improvements at all level of operations. At the same time, the management will development the Company's portfolio to obtain broader diversification by leveraging the existing management's core competencies.

FINAL REMARKS

On behalf of the Board of Commissioners, I thank the shareholders for the continued support during this difficult time. I also expect the management of Indika Energy to continue their efforts to improve the financial performance of the Company in the face of the challenging business conditions going forward.



WIWOHO BASUKI TJOKRONEGORO

President Commissioner

President Director Message

"INDIKA ENERGY WILL FOCUS ON DELEVERAGING AND MAINTAINING ITS FINANCIAL STABILITY IN THE NEAR FUTURE, WHILE STRIVING TO IMPROVE PERFORMANCE AT THE SUBSIDIARY LEVEL BY INCREASING UTILIZATION AND BECOMING MORE COST EFFICIENT"

WISHNU WARDHANA
President Director



Valued Shareholders,

The Indonesian coal industry faced increasingly difficult conditions in 2015 as prices declined yet further on the back of slowing coal demand from China, which has traditionally been the largest coal export market for Indonesia. Indonesia's Ministry of Energy and Mineral Resources thermal coal reference price fell from US$ 69.2 per ton at the end of 2014 to US$ 53.3 per ton at the end of 2015, In response, total national production declined to 392 million tons from 458 million tons in 2014, but prices remained soft due to oversupply in the market.

PERFORMANCE & STRATEGY IN 2015

In the midst of these industry-wide challenges, Indika Energy managed to earn overall revenue of US$ 1,097.3 million, just slightly lower from US$ 1,109.5 million in the year before. However, the continued slide in coal prices disappointed our expectations of a plateau as in 2015 and this year we truly felt the impact of the continued downturn. For the first time ever, Indika Energy recorded negative operating income as businesses related to coal production experienced intense margin pressure that our other businesses were unable to compensate for.

The main contributors to the decline in revenue were Petrosea and MBSS, which were directly affected by coal prices declines. MBSS' revenue decreased by 33.1% to US$ 89.8 million in 2015 mainly due to lower prices and less coal volume transported, while Petrosea's revenue decreased by 40.5% to US$ 206.8 million mainly due to lower overburden removal.

By contrast, Tripatra managed to grow revenue by 13.7% to US$ 475.1 million. The coal trading business also contributed positively, with revenues increasing more than 80% to US$ 263.4 million.

Recognizing the severity of the situation with global coal pricing pressures and related margin contraction, our first priority was to stabilize our businesses and maintain financial stability at both holding and subsidiary level. In order to do so we cut costs further, tightened capital expenditure, preserved cash and deleveraged, while encouraging subsidiaries to increase utilization and find new contracts and customers. These efforts yielded a total of US$ 28.5 million in operational expense savings achieved, representing a decrease of 21.6% from 2014.

These savings helped to offset the 6.4% increase in the overall cost of contracts and goods to US$1,009.0 million, which was driven by the increase in coal trading and payments related to major projects by Tripatra. Overall, Tripatra, Petrosea and MBSS recorded losses of US$ 5.5 million, US$ 12.7 million and US$ 12.1 million respectively.

Along similar lines, equity in profit of associates and jointly controlled entities recorded a 1.2% decline to US$ 72.6 million in 2015. The main factor was lower income from Kideco due to lower sales volume combined with lower realized Average Sale Price (ASP), which positive contributions from PT Cotrans Asia and PT Cirebon Electric Power were unable to compensate for.

A liability management exercise was conducted towards the end of the year to retire US$ 128.6 million of the Company's 2018 bond, for a net gain of US$ 46.8 million. The Company also decided to impair two coal projects amounting to US$ 53.2 million.

As a result of the above developments and initiatives, Indika Energy recorded a total net loss of US$ 44.6 million attributable to owners of the company in 2015. However, through its cash preservation strategy, cash optimization and deleveraging

strategies, the Company was able to reduce its debt by US$ 40.5 million to US$ 970.2 million in 2015, while still maintaining cash and other financial assets amounting to US$ 339.4 million.

GOVERNANCE & HUMAN CAPITAL

We continued to maintain our focus on good governance and control, with strengthened implementation in all subsidiaries as well tighter coordination at the holding level. The Company continuously monitored its exposure through monthly meetings and management reports on all important aspects including risk and human capital, to ensure overall stability and carefully manage performance in these volatile conditions.

The organizational structure was further aligned and rightsized in line with the establishment of more efficient business processes. At the same time, leadership and competency development continued to be implemented for promising leadership candidates, in accordance with our determination to be a high performance company. Notably, according to our employee engagement survey, engagement levels remained stable despite changes, showing that our people are with us and united throughout this downturn.

CHANGES TO THE BOARD OF DIRECTORS

At the 29 April 2015 Annual General Meeting of Shareholders, the shareholders reappointed all members of the Board of Directors for a tenure period starting from the close of the Meeting until the 2017 Annual General Meeting of Shareholders.

OUTLOOK FOR THE FUTURE

The outlook for coal price in the near term remains bearish, but medium term projections suggest coal prices will gradually improve. The government has also begun building out its national infrastructure program, which may provide opportunities for us in Engineering, Procurement and Construction (EPC) or logistics. In addition, the government's target of 35,000 MW new power generation capacity should increase the domestic uptake of coal, which has been gradually growing from year to year.

Indika Energy will focus on deleveraging and maintaining financial stability in the near future, while striving to improve performance at the subsidiary level by increasing utilization and becoming more cost efficient. In parallel, the Company will remain open to non-capital intensive opportunities in related sectors where the Company's core competencies are relevant. The Company will continue to streamline and reshape its businesses to optimize value.

In summary, the Board of Directors wishes to thank the Board of Commissioners for its guidance during this time, and expresses its gratitude for the support and encouragement of all stakeholders, as well as the dedication of our employees. We remain committed to optimizing long term value for all stakeholders in the belief that energy will always be an essential need for the world.



WISHNU WARDHANA
President Director



BOARD OF COMMISSIONERS & BOARD OF DIRECTORS PROFILES



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



MUHAMAD CHATIB BASRI

Independent Commissioner

Board of Commissioners Profile



WIWOHO BASUKI TJOKRONEGORO

President Commissioner

Age 76, 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 44, 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), PT Indika Inti Corpindo (since 2004) and PT Indika Inti Holdiko (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), PT Kencana Khatulistiwa Prima (since 2004), 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 42, 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 67, 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. He previously held positions as President Commissioner of Tripatra (2012-2015), President Commissioner of Petrosea (2009-2010), Commissioner of Petrosea (2011-2015), President Director of TPEC (1988-2010) and TPE (1992-2010), Director of Tripatra (Singapore) Pte. Ltd. (2005-2015), and as Director of Indika Energy (2007-2013). 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.



MUHAMAD CHATIB BASRI

Independent Commissioner

Age 51, appointed as Independent Commissioner of Indika Energy in April 2015. Bapak M. Chatib Basri also holds position as Independent, Non-Executive Director of Axiata Berhad, Malaysia (since 2015), President Commissioner of the Indonesia Infrastructure Finance (since 2015), Commissioner in PT XL Axiata Tbk., and Independent Commissioner in PT Astra International Tbk. Previously, he was Minister of Finance of the Republic of Indonesia (2013-2014), Chairman of Investment Coordinating Board of the Republic of Indonesia (2012-2013). Vice Chairman of the National Economic Committee of the Republic of Indonesia (2010-2012), Special Advisor to the Minister of Finance of the Republic of Indonesia (2006-2010), Deputy Minister of Finance of the Republic of Indonesia for G-20 (2006 – 2010), Advisor to the Coordinating Minister for Economic Affairs of the Republic Indonesia (2004-2005). He graduated from University of Indonesia with a Bachelor of Economics degree and obtained a Master of Economic Development from Faculty of Economics, Australian National University. And Ph.D. in Faculty of Economics, Australian National University in 2001. Currently, he is a lecturer at Faculty of Economics, University of Indonesia since 1995, an Ash Centre Senior Fellow at Harvard Kennedy School, United States, Chairman of the Advisory Board of the Mandiri Institute and Senior Partner & Co-founder of CReco Research Institute, a Jakarta based economic consulting firm.



DEDI ADITYA SUMANAGARA

Independent Commissioner

Age 68, 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 Board of Supervisory of Pension Funds of PT Aneka Tambang Tbk. (Persero), and also as Chairman of the Board of Councillors of the Association of Indonesian Mining Professionals (2012-2015). Previously he held positions as President Commissioner of PT Semen Gresik (Persero) Tbk. (2008-2012), 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.

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 Profile



WISHNU WARDHANA

President Director

Age 45, appointed as President Director of Indika Energy in May 2013, he previously held the position of Vice President Director of Indika Energy from May 2009 to May 2013. Bapak Wishnu Wardhana initially joined Indika Energy as Director in 2007 as refferred to in 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 President Commissioner of PT Indika Indonesia Resources, PT Indika Multi Energi, PT Indika Multi Daya Energi, Commissioner of PT Indika Mitra Energi (since 2005), PT Indoturbine (since 2005), Kideco (since 2005), PT Indika Energy Infrastructure (since June 2010), and PT Indika Infrastruktur Investindo, 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

Age 45, appointed as Vice President Director of Indika Energy in May 2013, he previously held the position of President Director of Indika Energy from November 2005 to May 2013. Bapak Arsjad Rasjid was 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 Commissioner of PT Indika Mitra Energi (since 2010), PT Indika Multi Daya Energi, PT Indika Inti Corpindo, PT Indika Indonesia Resources, as President Commissioner of MBSS (since 2010) and PT Indika Logistic & Support Services. He also serves as Director of PT Indika Energy Infrastructure (since 2010), Kideco (since 2005), and PT Indika Infrastuktur Investindo. 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

Age 48, appointed as Director of Indika Energy since February 2007, he previously held the position of 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 served 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

Age 65, 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

Age 66, appointed as Director of Indika Energy in May 2014, he previously held the position 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 include 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

Age 47, 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 Indika Energy (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 board member 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

Age 52, 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), and previously served as Director of Tripatra (2007–2012). Bapak Joseph Pangalila started his career in 1988 in Tripatra and is a former 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.



MANAGEMENT REPORT





ECONOMY & INDUSTRY OVERVIEW

ECONOMY OVERVIEW

The global economy struggled in 2015, with the International Monetary Fund (IMF) revising growth projections down to just 2.4% compared with 2.6% in the previous year. Growth was uneven, with the U.S. economy posting solid growth and job creation while Europe began to pick up speed. In contrast, emerging countries generally suffered from falling commodity prices and a decrease in liquidity, although growth was still higher overall than in developing countries. Moreover, geopolitical tensions significantly impacted growth.

The Indonesian economy was similarly affected, with GDP expansion slowing to 4.8%, down from 5.1% the year before to reach its slowest point in six years according to Statistics Indonesia. The primary factors driving the slowdown included a decline in Chinese growth, falling commodity prices, capital outflows in anticipation of interest hikes by the US Federal Reserve, further depreciation of the rupiah against the US dollar, and slower than expected government spending. However, the economy recorded an uptick in growth to 6.5% on a quarterly basis for the fourth quarter, suggesting improvement ahead in 2016.



COAL AND OIL & GAS INDUSTRY REVIEW

The global coal market downturn, which began in 2012, continued in 2015. Coal prices continued to experience significant downward pressure, with the price of the Newcastle 6,300 benchmark declining from US$ 65.3 per tonne at the end of 2014 to US$ 48.5 per tonne at the end of 2015. Similar to last year, the major driving factor was decreased demand growth from China combined with continued oversupply in the world market.

In response to continued pricing pressures, Indonesian producers tightened output for the first time in more than five years, with some smaller producers completely suspending operations. Related service companies also came under intensified margin pressure, as mine owners continued to cut costs and renegotiated prices for support services such as contract mining and coal transportation. Total Indonesian production for the year fell to 393 million tons, lower than 458 million tons in the preceeding year. By contrast, domestic coal demand increased by 14.8% from the previous year to 87.4 million tons, according to the Ministry of Energy and Mineral Resources, due to higher electricity demand from domestic industry in the second half of 2015.

Oil and gas prices plunged even more precipitously than coal. According to the Energy International Agency (EIA), crude oil prices ended 2015 below US$ 40 per barrel, the lowest level since 2009. Record production by OPEC in an attempt to cut out US shale oil producers, who have higher costs of production, was compounded by high output from non-OPEC oil producing countries such as Russia. As a result, global oil production exceeded global demand growth, resulting in plunging prices. While lower prices for fuel as a major cost component have benefited coal producers, the plunge in oil prices has also discouraged exploration activities, decreasing opportunities for service companies engaged in that sector.



OPERATIONAL REVIEW

MANAGING ADVERSITY

In 2015, Indika Energy experienced intensified pressure on its coal-related businesses. In general, lower sales volume and prices impacted the performance of the Company's coal-related businesses. However, Kideco still managed to record a profit. The coal trading business, power business and a few smaller subsidiaries also contributed positively. These contributions were not sufficient though to offset losses recorded at the holding level and core businesses.



Revenues decreased 1.1% to US$ 1,097.3 million. Gross profit dropped by 45.1 % to US$ 88.3 million due to higher contributions from the coal trading division and Tripatra, which have lower margins. The Company gained US$ 46.8 million from a bond repurchase, but its decision to impair two coal-related assets significantly impacted performance, resulting in a net loss attributable to the owners of the company of US$ 44.6 million.

In line with its strategy, Indika Energy continued to preserve cash, tighten capital expenditure, and reduce operating expense further.

Significant events in 2015 included:

- On 23 October 2015, PT Cirebon Energi Prasarana, an associate entity of Indika Energy, signed a Power Purchase Agreement (PPA) for the expansion of the 1 X 1000 MW steam powered power plant located in Cirebon, West Java.
- On 22 December 2015, the Company successfully bought back a portion of its 2018 bonds million with a principle value of US$ 128.6, with a purchase price of approximately US$ 77.1 million.
- A US$ 57.2 million asset impairment charge, the majority related to the Baliem and MEA coal development projects, which were fully impaired.
- Cost optimization successfully decreased General and Administrative Expenses by US$ 28.5 million in 2015.



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 PT Kideco Jaya Agung (Kideco), which was later increased to 46.0% in 2006. In 2009, PT Santan Batubara (Santan) was added to the energy resources portfolio, through the acquisition of PT Petrosea Tbk. In 2012, Indika Energy acquired the coal assets in 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. Kideco has identified potential additional coal resources at its Samu and Pinang Jatus concession areas, where detailed exploration work has yet to commence.

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

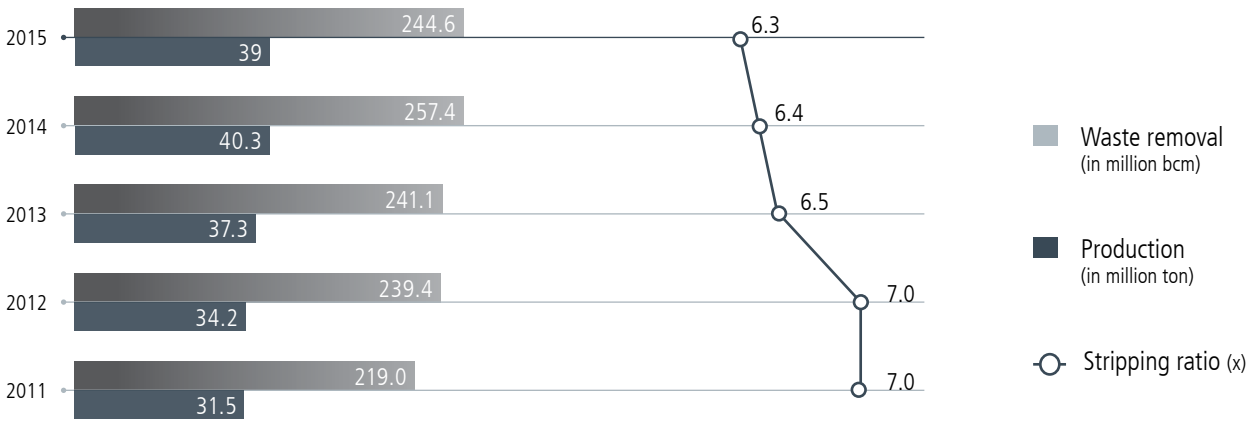


of nitrogen during combustion, making it environmentally friendly for use in coal-fired power plants. Based on its proven track record in meeting contractual coal delivery obligations, Kideco has earned a reputation for being one of the most reliable coal suppliers in Indonesia. Kideco's geographically 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.

Maintaining an effective and well-developed operational infrastructure has provided Kideco with operational efficiency and financial flexibility. At the same time, production, Kideco minimizes capital expenditures and working capital requirements by outsourcing most of its mining, transportation and barging operations, by working closely with key mining contractors under multi-year contracts. In addition, to secure its cash flows, Kideco has entered into long term supply contracts with high-quality local and regional independent power producers.

Supported by a well-developed infrastructure located in favourable geographical terrain with a well-planned coal mine, Kideco maintained a low stripping ratio of 6.3 in the midst of extremely challenging coal market conditions in 2015, and was able to hold its position as one of the lowest cost coal producers in the world. Total volume of coal produced declined by 3.3% to 39.0 million tonnes in 2015, while average selling price (ASP) per tonne of coal realized by Kideco declined by 16.2% from US$ 51.3 in 2014 to US$ 42.9 in 2015. As a result of lower price and volume, Kideco's sales declined by 19.5% to US$ 1,658.2 million in 2015. However, these declines were offset by an 18.2% decrease in cash cost excluding royalty to become US$ 29.6 per ton. Consequently, net profit for the year amounted to US$ 138.1 million, 10.5% lower than US$ 154.4 million in 2014.

OPERATION PERFORMANCE



OPERATIONAL HIGHLIGHTS

PRODUCTION VOLUME
in million tonnes

2015 | 39.0
2014 | 40.3

-3.3%

SALES VOLUME
in million tonnes

2015 | 38.6
2014 | 40.2

-3.9%

STRIPPING RATIO
(x)

2015 | 6.3
2014 | 6.4

-1.7%

AVERAGE SELLING PRICE
in million US$/ton

2015 | 42.9
2014 | 51.3

-16.2%

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 2038 under a third-generation CCoW. Since 2014, following prolonged weakness in coal prices, the management of Santan took the decision to close the Separi block mine and suspend operations in the Uskap block until such time as the market improves.

PT MITRA ENERGI AGUNG

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 valid until 2032 for a concession area covering 5,000 hectares. More than 90.0% of the MEA concession has been explored with several low rank coal seams identified. Operations at the mine were suspended in 2014. The management has decided to impair this asset in the amount of US$ 36.2 million.

PT MULTI TAMBANGJAYA UTAMA

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 valid until 2039 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 environmental and production permits to extract up to 1.2 million tonnes. Given the current pricing climate, Indika Energy continues to maintain a minimum activity, conserving the value of the assets and the licenses until conditions improve.

INDIKA CAPITAL INVESTMENT PTE LTD.

Indika Energy's coal trading business was mostly carried out by Indika Capital Investment Pte Ltd. (ICI) in 2015, with the remainder carried out by PT Indika Inti Corpindo (IIC). By leveraging the Group's existing network and experience and working together with Indika Energy's owned mines as well as with other major coal producers, in 2015 revenue from the coal business increased more than 80% to US$ 263.4 million from US$ 143.0 million in 2014 on higher volume traded, with coal volume more than doubling from 3.6 million tonnes to 8.2 million tonnes during 2015.



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 EPC companies in Indonesia since its establishment in 1973. Tripatra provides a complete range of EPC, O&M, engineering, procurement and construction management (EPCM) and logistics services for a range of energy clients with a focus on the oil & gas, downstream and petrochemical, and power generation sectors.

In 2015, Tripatra successfully completed work on the major Pertamina Medco E&P Tomori Sulawesi EPC project. Progress was also achieved on the Exxon Mobil-Banyu Urip project and the ENI-Muara Bakau B.V. project, which is a billion dollar EPC contract for construction and installation of a new Barge Floating Production Unit (FPU) in ENI Muara Bakau B.V.'s offshore Jangkrik Complex (Jangkrik) in the Muara Bakau Permit area, Makassar Strait, offshore Kalimantan. Tripatra executed this project in collaboration with PT Saipem Indonesia, Chiyoda International Indonesia and Hyundai Heavy Industries Co. Ltd. Tripatra's portion of this contract amounted to 38%.



Tripatra also completed on an onshore Front End Engineering and Design (FEED) project for the BP Tangguh Expansion Project (LNG Train 3) in Teluk Bintuni Regency, West Papua. Tripatra was part of a consortium consisting of Tripatra Engineers and Constructors, Tripatra Engineering, Chiyoda International Indonesia, Saipem Indonesia, Suluh Ardhi Engineering and Chiyoda Corporation Consortium. This project is a FEED to EPC project, so at the end of the FEED, the consortium will submit an EPC price proposal to the client.

As of December 31, 2015, Tripatra's contracted backlog stood at approximately US$ 180.0 million.

Associate Companies (Logistics Services)

Tripatra has equity interest in the following logistics services associate companies:

- **PT Cotrans Asia (Cotrans)**

  PT Cotrans Asia Indonesia (Cotrans) is an associate company providing coal transportation and transshipment services. PT Cotrans Asia achieved higher net profit of US$ 16.0 million compared with US$ 13.5 million the year before on higher volume of coal transported during the year as well as lower general and administrative expenses.

- **PT Sea Bridge Shipping Indonesia**

  PT Sea Bridge Shipping Indonesia (SBS) is an associate company that provides coal shipping services including tug boats, barges, gearless floating cranes and transshipment services. SBS reported net profit of US$ 5.2 million compared with US$ 6.1 million in 2014, due to increased tax expense in 2015 stemming from changes in tax rates for shipping company.

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 three mining sites in Kalimantan. Petrosea also operates a deepwater offshore supply base (POSB) located at Tanjung Batu, in West Balikpapan, Indonesia, which has provided services to major oil and gas clients (POSB is further discussed in the Energy Infrastructure section).

Petrosea's performance was significantly impacted in 2015 as major contract mining clients cut back production. With contract mining costs comprising approximately 60.0% to 70.0% of concession costs, Petrosea came under significant pressure from clients seeking to achieve better cost efficiencies.

Consequently, Petrosea's revenues declined by approximately 40.0% to US$ 206.8 million in 2015 from US$ 347.9 million in 2014.

Contract Mining

Contract mining revenue declined 50.3% compared with US$ 294.2 million in the previous year, due to a 49.7% decline in overburden removal volume from 131.2 million BCM to 66.0 million BCM.

Lower overburden removal volumes, stemming from the termination of the PT Adimitra Baratama Nusantara in May 2015 and the closure of the PT Gunung Bayan Pratama Coal in 2014, negatively impacted Petrosea's performance. On the other hand, Petrosea was able to secure two new small projects, Gunung Bayan-Tabang and PT Indoasia Cemerlang, which contributed US$ 18.8 million in revenue during 2015.

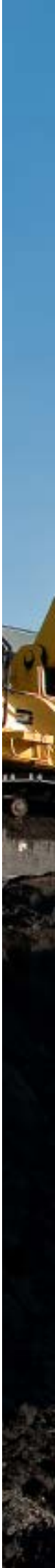
Engineering & Project Management

Revenue from Petrosea's Engineering & Project Management grew by 45.8% from US$ 18.1 million in 2014 to US$ 26.4 million in 2015 as Petrosea commenced work at PT Freeport Indonesia (Freeport) and other civil engineering projects.

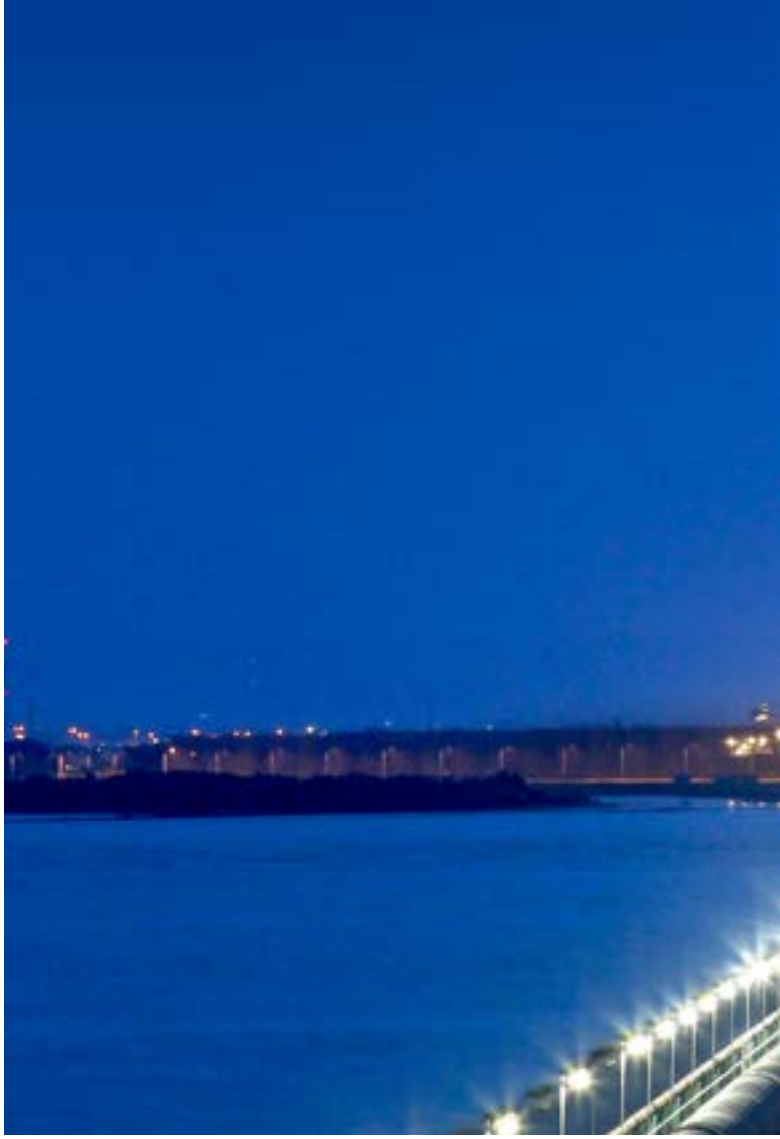
These projects include among others, a Construction Service Agreement with a notional value of US$ 158.0 million to provide Freeport in Papua with assistance in the construction of levees, Petrosea also signed a US$ 21.5 million contract for the construction of road access to the Maruwai Lampunut coal project, as well as a 36-month contract to support ENI's development of the Muara Bakau Block. With promising prospects in this area, Petrosea will continue to explore opportunities in order to offset the continued decline in prices and intensified margin pressures in the contract mining business for 2016.

In addition, Petrosea acquired a 51.25% stake in of PT Mahaka Industri Perdana (MIP) during the year to strengthen Petrosea's business line.

As of December 31, 2015 Petrosea had a backlog with remaining contract value of US$ 679.8 million.




KOMATSU



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 a nd PT Kaltim Prima Coal as well as coal end users such as PT Indocement Tunggal Prakarsa Tbk.

As of 31 December 2015, MBSS operated a large and varied fleet comprised of 76 barges, 87 tug boats, 6 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), ABS (American Bureau of Shipping) and Germanischer Lloyd (GL) and can therefore serve clients regionally.



The slowdown in the coal industry affected MBSS as coal producers cut volume and price, resulting in intensified market competition due to higher available capacity in the market and lower unit prices. In addition, MBSS experienced an increase in scheduled maintenance as a number of vessels reached their 5-year docking cycle, decreasing available capacity. As a result, MBSS' revenues declined by 33.1% compared with 2014, with gross profit decreasing by 65.2% to US$ 15.1 million in 2015.

The main contributor to the decline was the barging segment, which transported 22.2 million tonnes compared with 31.1 million tonnes in 2014. Floating crane volume also decreased from 21.5 tons to 15.8 million tonnes over the same period. As a result, barging revenues decreased by 36.9% to US$ 58.7 million, while floating crane revenues decreased by 24.2% to US$31.1 million. MBSS was also impacted by several non-recurring transactions amounting to US$ 11.6 million. As a result, MBSS recorded a net loss for the year of US$ 12.1 million.

MBSS CONTRACT VALUE IN 2015

	Remaining Contract as of 31 December 2015 (in million US$)
Barging	102.2
Floating Crane	87.2
Total	**189.4**

PT CIREBON ELECTRIC POWER

PT Cirebon Electric Power (CEP) is a 660 MW coal-fired power generation plant (CFPP) located in Cirebon, West Java. 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. 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 on 27 July, 2012. As of December 31, 2015, Indika Energy owned a 19.99% indirect equity interest in CEP.

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 three years, with average availability factor exceeding its PPA target of 80.0% at 87.4% in 2015. Out of total annual coal consumption of 2.7 million tonnes, in 2015 a total of 1.6 million tonnes were sourced from Kideco, an Indika Energy associate.

PT CIREBON ENERGI PRASARANA

In October 2015, PT Cirebon Energi Prasarana (CEPR) signed a 25-year PPA with PLN a 1x1000MW coal powered expansion of the existing CEP power plant in Cirebon. The project is scheduled to begin commercial operations in 2020. Indika Energy indirectly owns 25.0% of the CEP expansion project with remainder held by Marubeni Corporation (Marubeni), Samtan Co. Ltd. (Samtan), Korea Midland Power Co. Ltd. (Komipo) and Chubu Electric Power Co. Ltd. (Chubu).

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. Revenues from POSB were stable at the level of approximately US$ 30 million in 2015 and 2014.

PT 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 docking integrated operations, management, logistics, maintenance and portside services.







FINANCIAL REVIEW

2015 FINANCIAL HIGHLIGHTS

- Revenue of US$ 1,097.3 million, a 1.1% decrease over US$ 1,109.5 million reported in 2014.
- Gross profit amounting to US$ 88.3 million, a 45.1% decrease over US$ 161.0 million reported in 2014.
- Equity in profit of associates & jointly controlled entities declined by US$ 0.9 million from US$ 73.5 million in 2014 to US$ 72.6 million in 2015, mainly as a result of lower income derived from Kideco due to the global decline in coal prices.
- Loss attributable to the owners of the company of US$ 44.6 million, a 61.3% increase over the US$ 27.6 million loss reported in 2014.
- Cash and cash equivalents and other financial assets amounted to US$ 339.4 million in 2015

REVENUE

The Company's revenue decreased 1.1% to US$ 1,097.3 million compared with US$ 1,109.5 million in 2014 due mainly to:

a. MBSS' revenue decrease of 33.1% to US$ 89.8 million in 2015, due primarily to lower coal volume transported in 2015. Revenues from barging decreased by US$ 34.4 million in line with the decrease in coal volume transported from 31.1



million tonnes in 2014 to 22.2 million tonnes in 2015. Lower fleet availability due to major docking cycle for certain assets, combined with lower oil price and lower production volume which put pressure on transport prices, also affected MBSS' revenues.

Whereas revenues from the floating crane segment decreased by US$ 9.9 million, with volume down from 21.5 million tonnes in 2014 to 15.8 million tonnes in 2015.

b. Petrosea's revenue decreased by 40.5% to US$ 206.8 million in 2015 primarily due a decrease in mining revenue amounting to US$ 146.3 million, with volume of overburden removal (OB) down from 131.2 million bcm (bank cubic metre) to 66.0 million bcm, mainly due to revenues from (1) GBP and ABN due to termination of projects and (2) Kideco Jaya Agung, with overburden removal decreasing by 2.9 million bcm. The decrease in GBP, ABN and Kideco was partially offset by the increase in Petrosea's from Tabang and IAC totaling US$ 18.8 million in 2015.

   Revenue from POSB was stable in the range of US$ 30.0 million in 2015 and 2014.

   Contrary to mining and POSB, Engineering & Project Management booked an increase in revenues of US$ 8.3 million, mainly due to the start of a project at Freeport as well as other civil engineering projects.

The above decrease was offset by increased revenues from the coal trading business and Tripatra, as follows:

a. Coal trading increased by more than 80.0%, primarily due to higher volume of coal traded in 2015 (8.2 million tonnes), compared with sales in 2014 (3.6 million tonnes).

b. Tripatra's revenue increased 13.7% to US$ 475.1 million contributed primarily by (1) ExxonMobil Cepu Ltd. revenue in the amount of US$ 211.7 million in 2015 compared with US$ 189.8 million in 2014; (2) Eni Muara Bakau revenue, which increased by US$ 47.3 million in 2015; (3) recognition of US$ 5.6 million on a new contract agreement to deliver Front End Engineering Design of Tangguh LNG Expansion Project starting from 2015 (CSTS Joint Operation); (4) recognition of US$ 11.1 million on a new project from BP Berau Ltd.; and (5) STC Joint Operations revenue amounting to US$ 42.2 million in 2015 compared with US$ 13.5 million in 2014.

   The above was partially offset by a decrease in the EPC Project – JOB Pertamina Medco E&P Tomori Sulawesi which generated revenue of US$ 97.1 million in 2015 compared with US$ 147.7 million in 2014, due to project ending in 2015.

COST OF CONTRACTS AND GOODS SOLD

The cost of contracts and goods sold increased 6.4% to US$ 1,009.0 million from US$ 948.5 million in 2014, specifically for:

a. Coal trading, due to the significant increase in volume of coal being traded; and

b. Tripatra; mainly to support its projects. There were increased payments for (1) Sub-contractors, installations, supplies, communications expenses and other direct expenses (+US$ 105.0 million) and (2) Rental, repairs and utilities (+US$ 12.6 million), which were partially offset by a decrease in purchases of material (US$ 44.4 million) and handling expenses (US$ 14.2 million).

In line with its revenue decrease, almost all of Petrosea's costs decreased in 2015, mainly in consumables (-US$ 26.9 million); fuel (-US$ 23.8 million); rental, repair and utilities (-US$ 9.6 million); salaries and allowance (-US$ 10.5 million) and material (-US$ 7.7 million). Overall, Petrosea's costs decreased by 36.9% to US$ 177.1 million in 2015.

In 2015, the cost of revenues at MBSS decreased 19.5% to US$ 74.6 million, mainly on lower fuel cost (-US$ 9.3 million) due to a decrease in vessel usage and lower fuel price; salaries and allowances (-US$ 3.3 million); rental, repairs and utilities (-US$ 2.9 million) and handling (-US$ 3.9 million).

GROSS PROFIT

As result of the above factors, the gross profit of the Company decreased by 45.1% to US$ 88.3 million from US$ 161.0 million in 2014.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses (G&A) decreased US$ 28.5 million (-21.6% compared with the previous year) to US$ 103.8 million in 2015 due to cost optimization in all companies. The main contribution was from salaries and employees' benefit (-US$ 10.7 million), mainly due to rationalization of human resources within the Group.

EQUITY IN NET PROFIT OF ASSOCIATES & JOINTLY CONTROLLED ENTITIES

Equity in profit of associates & jointly controlled entities declined by US$ 0.9 million from US$ 73.5 million in 2014 to US$ 72.6 million in 2015, mainly as a result of lower income derived from Kideco, which contributed the majority of the equity in net profit.

- Kideco reported net profit of US$ 138.1 million (Indika Energy's portion was US$ 63.5 million) on revenue of US$ 1,658.2 million in 2015. Net profit decreased by 10.5% compared with the previous year, from US$ 154.4 million in 2014, due to lower average selling price per tonne (ASP) (US$ 51.3 in 2014 vs. US$ 42.9 in 2015), with sales volume down 3.9% to US$ 38.6 million tonnes in 2015.
- Equity in net profit from PT Cirebon Electric Power increased by 73.1% to US$ 7.8 million in 2015 on the back of increase in its net profit (US$ 38.9 million in 2015 vs US$ 22.5 million in 2014).
- Equity in net profit from PT Cotrans Asia increased by 19.0% to US$ 7.2 million in 2015 on the back of increase in its net profit (US$ 16.0 million in 2015 compared with US$ 13.5 million in 2014).
- Equity in net profit from PT Sea Bridge Shipping decreased by 15.3% to US$ 2.4 million in 2015 due to lower net profit (US$ 5.2 million in 2015 compared with US$ 6.1 million in 2014).

FINANCE COST

Finance costs increased by US$ 2.0 million (+2.9% compared with the previous year) to US$ 71.5 million, due to an increase in the Company's average debt balance during the year, mainly for the coal trading operations and higher working capital requirements at Tripatra.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of Intangible Assets decreased by 3.8% to US$ 35.2 million from US$ 36.6 million in 2014 because there was no longer amortization of intangible assets related to acquisition of Petrosea, which had been fully amortized in 2014.

IMPAIRMENT OF ASSETS

Impairment of assets amounted to US$ 57.2 million in 2015. In the view that its coal assets in MEA and Baliem project are not economically viable at the current coal market condition, management has decided to provide full provision for impairment on those two coal-related assets. Total impairment loss recognized in the profit and loss statement for these two assets in 2015 amounted to US$ 53.2 million, including intangible assets, property plant equipment as well as exploration and evaluation assets.

Provision for impairment of US$ 2.8 million was also recorded by MBSS in 2015, in relation to the possibility of the purchase option exercise on one of its vessels, named FC Vittoria, by Kideco in 2018.

OTHERS - NET

Others – net improved by 358.5% to deliver a US$ 24.6 million gain compared with US$ 9.5 million loss in 2014, mainly due to a US$ 46.8 million gain on bond settlement, where the Company

partially settle bonds payable due in 2018 in the amount of US$ 128.6 million in December 2015.

The above gain on bond settlement was partially offset by:

1. Increase in impairment losses on trade receivables of US$ 4.2 million, mainly for GBP;
2. Increase in loss on foreign exchange of US$ 4.7 million due to the depreciation of Rupiah against US$, whereas the Company had a net monetary asset position.
3. Realization of advance payment to PT Intan Cempaka Perkasa of US$ 3.2 million for Exploration and Development of Coal Concession Area;
4. Loss on disposal of fixed asset of US$ 4.5 million, mainly at MBSS.

LOSS BEFORE TAX

As a result of the above factors, loss before tax increased by 381.0% from US$ 18.3 million in 2014 to US$ 87.9 million in 2015.

INCOME TAX

Income tax decreased by 189.3% from US$ 12.3 million tax expense in 2014 to US$ 11.0 million tax benefit in 2015 mainly due to (1) decrease in tax penalties booked by Petrosea as part of "Adjustment recognized in the current year in relation to the current tax of prior years' corporate income tax" amounting to US$ 6.5 million; and (2) increase in deferred tax benefit recognized for impairment of intangible assets in MEA.

LOSS FOR THE YEAR

As a result of the above factors, the Company's loss for the year increased by 151.0% from US$ 30.6 million in 2014 to US$ 76.8 million in 2015

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Loss Attributable to the Owners of the Company increased by 61.3% from US$ 27.6 million in 2014 to US$ 44.6 million in 2015.

CURRENT ASSETS

Current assets decreased by 0.5% to US$ 827.3 million from US$ 831.4 million in 2014 mainly due to decrease in Cash and Cash Equivalents and Other Financial Assets by US$ 70.6 million. This decrease was partially offset by increased Estimated Earnings in Excess of Billings on Contracts amounting to US$ 50.6 million and Prepaid Taxes amounting to US$ 19.3 million, mainly in Tripatra.

Movement of Cash and Cash Equivalents and Other Financial assets were primarily funds inflow from operations amounting to US$ 18.0 million; cash dividends from associated companies of US$ 70.7 million and net receipt from drawdown of bank loans and long-term loans of US$ 70.4 million. The cash was primarily used to finance (1) partial settlement of Bond III amounting to US$ 77.1 million; (2) payment of finance cost of US$ 64.9 million (mainly on Senior Notes of US$ 54.1 million); (3) acquisition of property and equipment of US$ 57.8 million (mainly by Petrosea in the amount of US$ 39.9 million, MBSS in the amount of US$ 8.9 million, and Tripatra amounting to US$ 3.2 million and the Bintaro building) and (4) tax payments in the amount of US$ 37.8 million.

ASSETS HELD FOR SALE

Non-current Assets Held for Sale increased 849.1% to US$ 20.2 million from US$ 2.1 million in 2014 due to the reclassification of Tripatra Singapore's office from the Property, Plant and Equipment account, following management's decision to sell this building.

As at December 31, 2015, this asset was valued at US$ 20.1 million, which was measured at fair value (as agreed in the purchase option agreement entered into with a third party in January 2016), less selling costs.

EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets decreased 73.0% to US$ 7.3 million from US$ 27.0 million in 2014, due to impairment by management of the MEA coal assets and Baliem project, as previously discussed in the analysis of Impairment of Assets.

PROPERTY, PLANT AND EQUIPMENT (PPE)

The Company's PPE decreased by US$ 63.5 million to US$ 596.4 million in 2015 mainly due to:

1. Depreciation expense charged in 2015 of US$ 88.3 million;
2. Reclassification of Tripatra Singapore's office (US$ 21.3 million) to Asset Held for Sale, following the management's decision to sell the building.
3. Provision for impairment of PPE of US$ 4.5 million was also booked in 2015, following the management's review of its coal assets in MEA and MBSS' contract with Kideco on the option to purchase FC Vittoria in 2018.

Offsetting the above items, there was additional PPE of US$ 59.8 million in 2015, mainly at Petrosea in the amount of US$ 40.9 million; at MBSS amounting to US$ 8.9 million; and at Tripatra amounting US$ 3.2 million and for the Bintaro office amounting to US$ 5.6 million.

INTANGIBLE ASSETS

The Company's Intangible Assets decreased by 23.2% to US$ 218.9 million from US$ 285.0 million in 2014, due to amortization expenses charged in 2015 of US$ 35.2 million and impairment on MEA coal assets of US$ 30.2 million.

CURRENT LIABILITIES

Current liabilities increased by 27.6% to US$ 505.6 million from US$ 396.7 million in 2014 due to an increase in short-term bank loans of US$ 119.8 million, mainly to finance (1) partial settlement of bonds payable and to support coal trading activities (+US$ 65.0 million); (2) Petrosea's business activities (+US$ 9.3 million) and (3) Tripatra's working capital of US$ 45.2 million.

The above increase was set-off by settlement of lease liabilities by Petrosea.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by 17.0% to US$ 813.3 million from US$ 979.6 million in 2014 due to (1) liability management in December 2015 to partially settle bonds payable due in 2018 of US$ 128.6 million and (2) payment of lease liabilities and long-term loans by Petrosea and MBSS.

EQUITY

Equity decreased by 9.0% to US$ 831.5 million from US$ 913.9 million in 2014 due to Net Loss for the year.




FC PRINCESSE CHLOE
JAKARTA



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 which has traditionally been the main importer of coal in Asia, although demand growth from India recently eclipsed China in 2015. Asian economies continue to dominate the import of thermal seaborne coal with China, India and Japan remaining the largest importers. China and India together accounted for the majority of growth in global thermal coal demand from 2000 to 2015. 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's coal import growth in 2015 was insufficient to offset the slowdown in Chinese coal imports, and this together with ramped up global production in recent years has produced an imbalance of supply and demand resulting in further pressure on prices. As a result, the global outlook remains challenging for those in the coal sector.

In 2015, coal production from Indonesia, one of the biggest global exporters of thermal coal, fell for the first time in years as larger producers cut volume and smaller operators closed. According to the Indonesian Coal Mining Association (APBI) & Ministry of Energy and Mineral Resources, production dropped from 458 million tonnes to 393 million tonnes. At the same time,



domestic demand increased to 86 million tonnes from 76 million tonnes the year before, continuing a trend of steady domestic growth since 2008. This figure is expected to continue rising as more coal-fired power plants come on line, with the electricity sector absorption eventually accounting for around 80% of total domestic coal 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% are expected to be coal fueled, as coal is an affordable and widely available energy source. Future prospects for coal in Indonesia are therefore promising given signs of contraction in supply compared with rising domestic demand, supported by projections of medium term growth in global coal demand.

The IEA projects global coal demand to grow at an average rate of 2.1% 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 declining coal demand from in Europe and the United States.

ENERGY SERVICES PROSPECTS

Oil & gas prices fell in 2015 as geopolitical competition spurred global overproduction by OPEC producers, with non-OPEC oil producers following suit and compensating for price drops through volume. In response, many oil & gas companies pulled back on upstream investment exploration in the short term. However, with the Indonesian government's 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 in the long run.

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 to the telecommunications sector in the past. Such opportunities therefore present possible growth scenarios for Tripatra beyond its core customer base.

Petrosea's coal mining business is expected to remain under pressure as it is greatly influenced by coal prices, with its margins forecasted to remain under pressure for the 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 strongly tied 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 Supply Base (POSB) are linked to the possibility of 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

As a company inlocated in Indonesia with all of its assets and operations substantially located in Indonesia, Indika Energy may 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 the Energy Sector

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

Indika Energy's businesses are subject to a number of risks related directly to its businesses.

- **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 that has affecting coal prices. As has already been witnessed, the global coal markets are sensitive to changes in coal mining capacity and production output levels, which can adversely affect Indika Energy's business. 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.

  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 subbituminous 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.

- **Oil & Gas Market Volatility Risk**

  Historically, the markets for coal and oil and gas have been volatile and volatility is likely to continue in the future. 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. The award of new contracts to Tripatra and Petrosea depends on successful bidding processes which are subject to financing and other contingencies.

- **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.

  A significant portion of Tripatra's energy services projects are fixed-price contracts, which can expose the energy services businesses to risks associated with cost overruns, 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.

- **Contract Risk**

  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.

- **Safety Risk**

  The higher the complexity of energy projects, the higher the the associated safety risks. Work accidents or damage may occur at any time. Indika Energy Group companies take every measure to ensure safety in order to mitigate the potential for operations to give rise to accidents or damage which could result in material liabilities.

- **Weather Risk**

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

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.

INFORMATION AND COMMUNICATIONS 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, and geared towards improving operational performance and 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, development, 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.

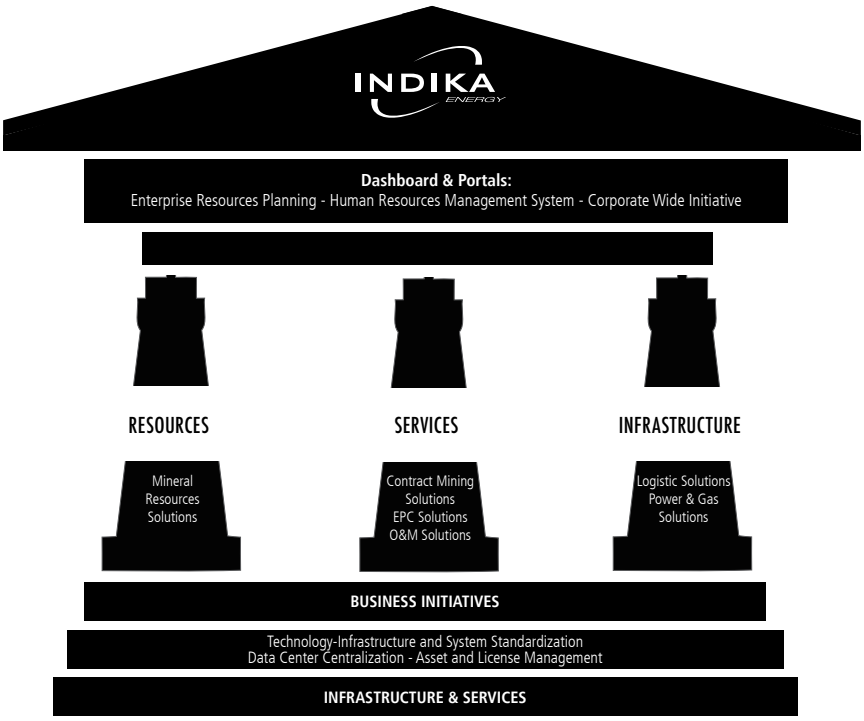
To monitor the progress of various ICT projects and to ensure that Service Levels are being met, ICT provides a monthly report to each business unit detailing the progress and performance targets for all service portfolios. This helps ICT to identify and understand users' needs, and develop solutions 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 2015

In 2015, 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.

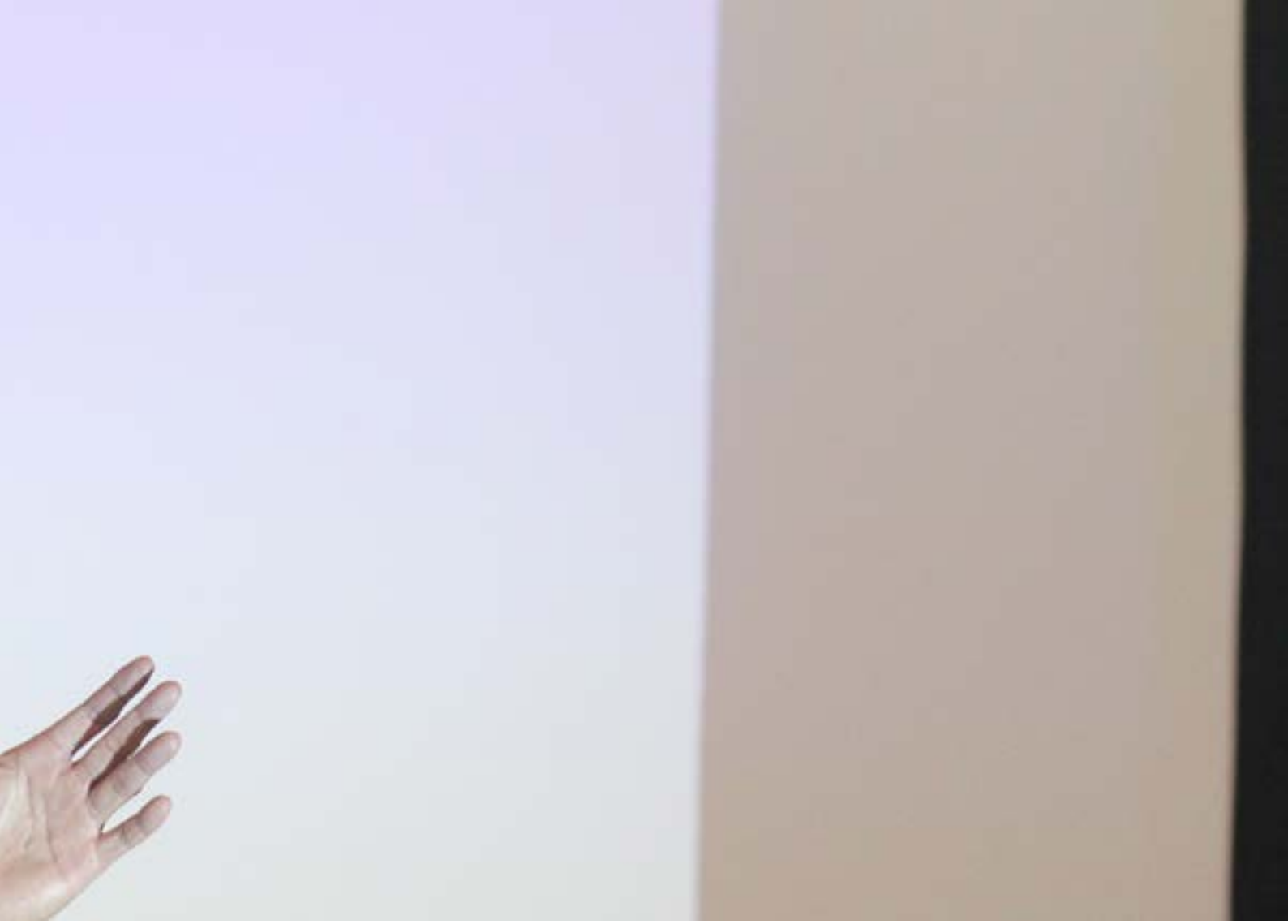


IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

The Company as a listed entity on the Indonesia Stock Exchange (IDX) remained committed to consistently and continuously implementing and improving good corporate governance, in order to help meet the challenges faced by the Company in 2015.

The strategic and material decisions taken by the Board of Directors and Board of Commissioners of the Company always take into consideration and ensures the application of the principles of transparency, accountability, responsibility, independence and fairness for the shareholders in carrying out the Company's activities ethically and sustainably, in accordance with the values and Code of Business Conduct of the Company, while taking into consideration the interests of other stakeholders.

The Company makes serious, tangible and sustained efforts to comply with prevailing rules and legislation in Indonesia, including those established by the Financial Services Authority (OJK), the IDX, other regulations related to our business, and other regulations. To comply with the prevailing legislation in Indonesia, especially those related to corporate governance, and to ensure the smooth implementation of corporate governance, throughout 2015 the Company issued, enacting and implemented regulations, guidelines or rules that also applied to third parties , including the Code of Business Conduct, the Board of Commissioners and Board of Directors Charter, and Health, Safety and Environmental Protection (K3 and LL) guidelines, Audit Committee Charter, and the Good Corporate Governance (GCG) Committee Charter, and Standard Operating Procedures (SOP).



The implementation of corporate governance is reflected in the legitimacy and clear delineation of the organs of the Company such as the Board of Commissioners, Board of Directors and other units at the management level, as well as the clear division of tasks and responsibilities, and the independence of the committees accountable to the Board of Commissioners such as the Audit Committee, Good Corporate Governance Committee, Human Capital Committee and the Risk and Investment Committee. This is to ensure compliance with prevailing laws and regulations in every aspect of the Company's operations, avoid conflicts of interest, provide clear internal reporting and provide clarity on the role of the organs of the Company, as well as ensuring the proper implementation of social responsibility, which is part of Company's commitment to implementing good corporate governance.

2015 was a year full of challenges for companies engaged in the energy sector, especially in the mining sector. The Company was required to manage these challenges while maintaining healthy business activities, implementing risk management, and always complying with prevailing laws and regulations and the principles of good 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 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 thereto.

Accountability

The Company is managed properly through quantifiable methods 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 GMS, Board of Commissioners and Board of Directors are permitted to perform their functions and duties in accordance with the Articles of Association and prevailing 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

The Company is committed to prioritising 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 has special authority that the Board of Commissioners and Board of Directors do not possess. In holding the GMS, the Company does its utmost to comply with prevailing laws and regulations.

The GMS is held fairly and transparently with consideration of the rights of shareholders as stipulated in OJK Regulation No. 32/POJK.04/2014 on the Planning and Organization of the GMS of a Public Company and good corporate governance practices.

In 2015, the Company has conducted 1 (one) Annual GMS (AGMS) and 1 (one) Extraordinary GMS (EGMS) at which all members of the Board of Directors and Board of Commissioners were present. The following are the implementation stages of the AGMS and EGMS in 2015:

1.	Submission of the GMS agenda	The Company submitted the agenda of the AGMS and EGMS to the OJK and the Indonesia Stock Exchange (IDX) on 16 March 2015.
2.	Notice of the EGMS and AGMS agenda to the OJK	A notice of the AGMS was placed in two (2) national newspapers namely Investor Daily and Bisnis Indonesia and uploaded to the website of the Stock Exchange as well as the Company's website on 23 March 2015.
3.	Last Date of the Shareholder's Register	Monday, 6 April 2015, at 16:00 West Indonesia Time
4.	Notification of the GMS	Notification to the Shareholders of the Company through: 1. 2 (two) daily newspapers namely Bisnis Indonesia and Investor Daily on 7 April 2015; 2. The IDX Website; and 3. The Company Website
5.	GMS was held	1. The EGMS was held on 29 April 2015 between 10.15 – 10.33 West Indonesia Time. 2. The AGMS was held on 29 April 2015 between 10.36 – 11.48 West Indonesia Time.
6.	Announcement of Summary Minutes of GMS	Announcement of Summary Minutes of the EGMS and AGMS on 4 May 2015 in: 1. Bisnis Indonesia 2. Investor Daily
7.	Notice to the OJK of the Announcement of the GMS Summary Minutes	Submitted on 4 May 2015, accompanied by enclosed proof of advertisements in the Bisnis Indonesia and Investor Daily newspapers.
8.	Submission of Summary Minutes to the OJK	Submitted on 29 May 2015, together with a copy of the deed of the EGMS and AGMS Meeting Minutes.

Implementation of the Extraordinary and Annual GMS

The EGMS of the Company on 29 April 2015 was held in order to approve an amendment to the Articles of Association of the Company in accordance with OJK rules and other regulations in the capital market, including approving the amendment of Article 3 of the Articles of Association of the Company regarding the Purpose of the Company. The EGMS was attended by shareholders or their authorized representatives with valid voting rights or 77.266% of total shares issued by the Company. The EGMS approved the amendment of the Articles of Association Article 3 paragraphs 2 and 3, Article 4 paragraphs 4b, 4e and 6, the Title of Article 10, Article 10 paragraphs 1a, 2, 3, 4, 7, and 9, Article 11 paragraphs 1a and 1d, Article 12 paragraphs 5 and 6c, Article 13 paragraphs 1a, 1c and 2, Article 14 paragraphs 3, 6, 8, and 12, Article 15 paragraphs 2 and 6, Article 16 paragraph 1, 3 and 12c, Article 17 paragraph 5 and 6, Article 18 paragraphs 6 and 8, and Article 19 paragraph 1, 3 and 12b.

Subsequently, at the same place and date, namely 29 April 2015, the AGMS was held in Jakarta in accordance with the provisions of Articles of Association of the Company as well as the prevailing law and regulations. The AGMS was attended by shareholders or their authorized representatives with valid voting rights or 77.271% of total shares issued by the Company. Both the EGMS and AGMS were attended by the entire Board of Directors and Board of Commissioners.

The following matters were approved in the AGMS, including:

1. To receive the Annual Report, Accountability Report of the Board of Directors and Supervisory Report of the Board of Commissioners relating to the management of the Company and matters related to finance for the fiscal year ended 31 December 2014.
2. To approve the Company's Financial Statements, including the Balance Sheet and Income Statement for the year ended 31 December 2014, thus giving full release (*acquit et de charge*) to the Board of Directors for all acts of management and the Board of Commissioners on supervisory duties of the Board of Commissioners in 2014, insofar as all the actions are reflected in the Financial Statements and the Annual Report for the financial year 2014.
3. To approve the granting of authority to the Board of Commissioners to appoint a Public Accountant to examine the books of the Company for the year ended 31 December 2014, and gave power and authority to the Board of Directors of the Company to establish remuneration and other conditions related to the appointment of a Public Accountant.
4. Approved the appointment and stipulated the composition of the Board of Commissioners and Board of Directors of the Company as follows:

Board of Commissioners

1). Wiwoho Basuki Tjokronegoro as President Commissioner;

2). Agus Lasmono as Vice President Commissioner;

3). Indracahya Basuki as Commissioner;

4). Pandri Prabono-Moelyo as Commissioner;

5). Dedi Aditya Sumanagara as Independent Commissioner; and

6). Muhamad Chatib Basri as Independent Commissioner.

Board of Directors

1). Wishnu Wardhana as President Director;

2). Muhamad Arsjad Rasjid Prabu Mangkuningrat as Vice President Director;

3). Azis Armand as Director;

4). Eddy Junaedy Danu as Independent Director;

5). Joseph Pangalila as Director;

6). Rico Rustombi as Director; and

7). Richard Bruce Ness as Director.

Respectively for the period as of the close of the AGMS (namely from 29 April 2015) until the close of the Company's AGMS to be held in 2017.

The decisions that have been approved in the AGMS have been implemented by the Company. The minutes of the GMS were uploaded on the Company's website immediately after the AGMS and EGMS were held.

Mechanism for Polling and Counting of Votes

The EGMS and AGMS held in 2015 were led by the President Commissioner as required by the Articles of Association of the Company. The Chairman of the GMS must first read out the rules of conduct for the GMS at the time that the GMS begins, which includes among other voting procedures conducted in a closed manner. The GMS Chairman provides opportunities for the shareholders or their proxies to submit questions, comments and / or suggestions on each agenda. The Chairman and / or assigned members of the Board of Directors shall answer or respond to questions and / or the notes of the shareholders present. After all questions and / or notes of the shareholders have been addressed, voting is held, and only holders of voting rights and / or their authorized representatives shall be entitled to cast a vote. Each vote entitles its holder to cast one vote. Shareholders with voting rights present at the meeting who abstain are considered to have cast a vote that is equal to a majority of voting shareholders.

For the purposes of counting the vote, the Company appointed an independent party, namely the Notary Aryanti Artisari, SH, M.Kn. and PT Datindo Entrycom, to count the vote at the AGMS and EGMS held in 2015.

III. THE BOARD OF COMMISSIONERS

The Board of Directors is the organ of the Company responsible for supervising the company's policies and management of the Company conducted by the Board of Directors, both with regards to management of the Company and the Company's business, and to advise the Board of Directors' in executing their role. The Board of Commissioners carries out its duties and responsibilities as a board for the interests of the Company.

Board of Commissioners Charter

As an embodiment of the Company's commitment to consistently implementing good corporate governance in order to carry out its mission and achieve its established vision, as well as to meet and comply with prevailing laws and regulations, particularly in the area of capital markets, among others POJK 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of a Public Company (POJK 33), the Company has formulated a Board of Commissioners and Board of Directors Charter that has been approved by the Board of Commissioners and Board of Directors through Board of Directors Decision No.: 0632CSL/DEC.BOC/XII/2015 dated 24 November 2015 and the Circular Decision of the Board of Commissioners No.: 063/CSL/DEC.BOC/XII/2015 dated 7 December, 2015.

Structure and Membership of the Board of Commissioners

Members of the Board of Commissioners are appointed by the GMS for a term of service that ends at the close of the second AGMS after the date of appointment, without prejudice to the right of the GMS to dismiss them at any time. As stipulated in the AGMS dated 29 April 2015, the composition of the Board of Commissioners as of 31 December 2015, consists of six members, two of whom are Independent Commissioners, as follows:

President Commissioner	: **Wiwoho Basuki Tjokronegoro**
Vice President Commissioner	: **Agus Lasmono**
Commissioner	: **Indracahya Basuki**
Commissioner	: **Pandri Prabono-Moelyo**
Independent Commissioner	: **Dedi Aditya Sumanagara**
Independent Commissioner	: **Muhamad Chatib Basri**

Duties and Responsibilities of the Board of Commissioners

In carrying out its supervisory duties, the Board of Commissioners holds fast to the principles of good corporate governance and continuously applyies these principles in the Company. In implementing the principles of good corporate governance, the Board ensures that the policies and management of the Board of Directors in accordance with prevailing laws and regulations and the Articles of Association, and have received the necessary approvals from time to time.

The Board of Commissioners shall perform their duties independently and ensure the implementation of good corporate governance. In performing its duties, the Board provides advice and input to the Board not only based on information from the Board of Directors but also, if deemed necessary, the Board may take the necessary measures which require a collective decision as a board or council. The Board of Commissioners shall report to the GMS on execution of their duties in overseeing the implementation of the Company's management.

In carrying out its supervisory duties, among others the Board of Commissioners has the following duties:

1. To supervise the management actions of the Board of Directors on behalf of the interests of the Company, both those related to the Company or the Company's business activities, including tasks that are specifically granted to it in accordance with the decision of a GMS, the decision of the Board of Commissioners and / or applicable laws and regulations;
2. To investigate, examine and approve the Annual Report prepared by the Board of Directors, and to ensure that the Company's Annual Report contains information on the identity, work, main responsibility and the positions of the members of the Board of Commissioners concerned in other companies (if any), including meetings held by the Board of Commissioners duing the fiscal year (both Board of Commissioners meetings and joint meetings between the Board of Commissioners and Board of Directors), as well as the honorarium, facilities, and / or other benefits received by members of the Board of Commissioners from the Company;
3. To review, examine, advise and consent to proposals as well as to oversee the implementation of the Company's Long Term Plan and the Company's Work Plan and Budget submitted by the Company's Board of Directors;
4. To follow the development of the Company's activities and provide opinions and advice to the Board of Directors, in accordance with the supervisory role, on any issues that are considered important in the management of the Company, including important issues that are expected to significantly impact on the business and the Company's performance, in a timely and relevant manner;
5. To monitor the effectiveness of the good corporate governance practices that are applied in the Company as well as providing advice to the Board in carrying out good corporate governance practices consistently and in accordance with the Company's Corporate Values. The results of the implementation of the assessment and evaluation are reported to the GMS; and
6. To convey to the Board of Directors recommendations, concerns and complaints submitted by stakeholders to the Board of Commissioners, for follow up.

Independence of the Board of Commissioners

The composition of the Board of Commissioners has fulfilled capital market laws and regulations, with six members of the Board of Commissioners at the moment, of which two are Independent Commissioners namely Mr. Muhammad Chatib

Basri and Mr. Dedi Aditya Sumanagara. This is to maintain the independence of the supervisory functions of the Board of Commissioners and ensure the implementation of checks and balances mechanisms. In performing its duties, the Board of Commissioners refrains from entering the executive realm, but continue to firmly carry out the supervisory function.

The independence of the Board of Commissioners has fulfilled the conditions required by capital market laws and regulations as well as the Board of Commissioners and the Board of Directors Charter, among others:

1. Not work or have authority and responsibility for planning, directing, controlling, or supervise the activities of the Company within the last six (6) months;
2. Not owning stocks, either directly or indirectly, in the Company;
3. Not having an affiliated relationship with the Company, members of the Board of Commissioners, members of the Board of Directors or the major shareholders of the Company; and
4. Not having a business relationship that is directly or indirectly related to the Company's business activities.

Concurrent Appointments of the Board of Commissioners

Members of the Board of Commissioners of the Company have complied with restrictions on concurrent appointments in accordance with prevailing laws and regulations and the Board of Commissioners and Board of Directors Charter. The details of concurrent appointments currently held by members of the Board of Commissioners and Board of Directors are as follows.

1. **Wiwoho Basuki Tjokronegoro**

   Does not have any concurrent appointments in any publicly listed companies or other public companies.

2. **Agus Lasmono**

   Does not have any concurrent appointments in publicly listed companies or other public companies.

3. **Indracahya Basuki**

   Does not have any concurrent appointments in publicly listed companies or other public companies.

4. **Pandri Prabono-Moelyo**

   Does not have any concurrent appointments in publicly listed companies or other public companies.

5. **Muhamad Chatib Basri**

   In addition to serving as an Independent Commissioner of the Company, he also serves as a Commissioner of PT XL Axiata Tbk. and an Independent Commissioner of PT Astra International Tbk.

6. **Dedi Aditya Sumanagara**

   Does not have any concurrent appointments in publicly listed companies or other public companies.

Implementation of the Board of Commissioners' Duties

As a form of its responsibility, the Board of Commissioners holds meetings to discuss the problems associated with management, and to evaluate the Company's performance and the audit reports conducted by the Audit Committee. Meetings are held to ensure that the objectives and the Company's performance can be achieved and are in line with the Company's targets.

In accordance with prevailing laws and regulations, the Board of Commissioners is obliged to hold a Board of Commissioners Meeting at least once every 2 (two) months. A meeting of the Board of Commissioners may be held outside this pre-determined schedule or at any time when deemed necessary by one or more members of the Board of Commissioners, or at the written request of one or more members of the Board of Commissioners, or upon written request of one or more shareholders who together represent one tenth or more of the total shares with voting rights, or upon a written request from one or more members of the Board Directors mentioning the ugent need for a decision. Unless specifically stipulated in the Articles of Association, the Board of Commissioners Meeting shall be considered valid and entitled to make legally binding decisions that are more than half of the total members of the Board of Commissioners are present or represented at the meeting.

Decisions at Board of Commissioners meetings are made based deliberation and consensus. If no consensus is reached, the decision of the Board Board of Commissioners is taken in accordance with the provisions of the Board of Commissioners meeting quorum as stipulated in the Articles of Association and the Charter of the Board of Commissioners and Board of Directors.

The Board of Commissioners may also take legitimate decisions without convening a Board of Commissioners meeting, provided that all members of the Board of Commissioners has been notified in writing and all the members of the Board of Commissioners approve the proposal submitted in writing as evidenced by signing the agreement. Decisions taken in this way are equally valid as decisions taken lawfully in a Board of Commissioners meeting.

Frequency of Board of Commissioners Meetings and Attendance

The Board of Commissioners held six meetings throughout 2015, on the dates and with attendance as shown in the table below:

1. 6 March;
2. 22 April;
3. 4 May;
4. 5 May;
5. 30 July; and
6. 22 October.

NUMBER OF MEETINGS AND MEETING ATTENDANCE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Wiwoho Basuki Tjokronegoro	6	6	0	100%
Agus Lasmono	6	5	1	83.3%
Indracahya Basuki	6	6	0	100%
Pandri Prabono-Moelyo	6	6	0	100%
Muhamad Chatib Basri	4	2	2	50%
Dedi Aditya Sumanagara	6	6	0	100%

Performance Assessment Process of the Board of Comissioners

The assessment of the Board of Comissioners' performance is based on criteria related to the duties and responsibilities of the Board of Commissioners.

Party Conducting the Performance Assessment of the Board of Commissioners

The Board of Commissioners submits a performance report to the GMS.

Procedure for Determination of Remuneration of the Board of Commissioners

The remuneration of members of the Board of Commissioners makes reference to the Company's internal policies, prevailing laws and and regulations, and based on prevailing standards in the same industry, that are approved by the GMS.

Remuneration Structure of the Board of Commissioners

Under the terms of POJK No. 34/POJK.04/2014 on the Nomination and Remuneration Committee of Public Company (POJK 34), the structure of the remuneration of the Board of Commissioners may include salaries, honorarium, incentives, and/or allowances that are fixed and/or variable.

Furthermore, the formulation of the structure, policies, and remuneration as mentioned above must take into consideration:

1. Remuneration applicable in similar industries in accordance with the Company's business activities;
2. The duties, responsibilities and authority of the Board of Commissioners linked to the achievement of the goals and performance of the Company;
3. Target performance or the performance of individual members of the Board of Commissioners;
4. The balance between fixed and variable benefits; and
5. The structure, policy and amount of remuneration as evaluated by the Human Capital Committee.

The details of the compensation given to the Board of Commissioners are as follows:

In US$

DESCRIPTION	2015	2014
Short term benefits of the Board of Directors	1,030,251	976,768

Board of Commissioners Training Programs

Capability improvements are considered to be very important for the Board of Commissioners and the Board of Directors so that they always get the most updated information on the latest developments of the Company's primary business.

Throughout 2015, members of the Board of Commissioners participated in a training and competence development program in the form of a Company "Board of Commissioners-Board of Directors Orientation Program" for the Board of Commissioners and Board of Directors of the Company and certain subsidiaries which was held for two days on 4 and 5 May 2015.

The provisions of the Capability Enhancement Program for the Board of Commissioners and Board of Directors were implemented in order to improve the effectiveness of the Board of Commissioners, the Board of Directors and subsidiaries of the Company.

Information Regarding Independent Commissioners

The Company already has Independent Commissioners in accordance with the requirements of bothprevailing laws and regulations as well as the Board of Commissioners and Board of Directors Charter. The Independent Commissioners of the Company have fulfilled the main requirements to be an Independent Commissioner as set forth in the laws and regulations as well as the Board of Commissioners and Board of Directors Charter Charter as follows:

Formal Requirements

1. Not worked or having authority or responsibility for planning, directing, controlling, or supervising the activities of the Company within the last six (6) months;
2. Not owning shares, either directly or indirectly, in the Company;
3. No affiliation with the Company, members of the Board of Commissioners, members of the Board of Directors or the major shareholders of the Company; and
4. No business relationship that is directly or indirectly related to the Company's business activities.

Material Requirements

1. Have a track record of demonstrated success in the managing a Company;
2. Have values that correspond to the values of the Company;
3. Having adequate business knowledge in a sector related to the company's business activities;

4. Understanding management and corporate governance; and
5. Dedicated and can allocate enough time to carry out their duties.

The Independent Commissioners of the Company have also met the provisions related to concurrent appointments as specified in the provisions of prevailing laws and regulations, particularly in the capital market.

IV. COMMITTEES ACCOUNTABLE TO THE BOARD OF COMMISSIONERS

To assist the Board of Commissioners in performing its oversight function, including but not limited to the aspects of the internal control system, the function of the nomination and remuneration for the Board of Directors and Board of Commissioners of the Company, the implementation of risk management practices and the application of the principles of good corporate governance, various Committees have been established under the Board of Commissioners. In accordance with prevailing laws and regulations, the Board of Commissioners shall establish an Audit Committee as a form of internal control system. Furthermore, the Board of Commissioners is obliged to carry out the functions of the nomination and remuneration, and for this purpose, the Board of Commissioners established the Human Capital Committee. The Board of Commissioners also may establish other committees as deemed necessary by the Board of Commissioners. The Board of Commissioners has formed the Investment and Risk Committee as a form of risk management as well as the Good Corporate Governance (GCG) Committee to oversee the implementation of good corporate governance.

AUDIT COMMITTEE

The Board of Commissioners establishes and appoints the Audit Committee in accordance with prevailing laws and regulations, to be responsible to the Board of Commissioners. The Audit Committee has the task of assisting the Board of Commissioners and monitoring functions, primarily related to the internal control system, financial statements and the external auditors, and review the Company's financial information and the implementation of examinations by the internal auditor. The Audit Committee is guided by the Audit Committee Charter, which can be found on the Company website.

Structure, Membership and Audit Committee Profile

In 2015, the Audit Committee was chaired by an Independent Commissioner, Dedi Aditya Sumanagara, and two independent professional members who meet the requirements and extensive experience in finance, namely Harry Wiguna and Subbiah Sukumaran.

Based on Bapepam Regulation Number: IX.I.5 on the Guidelines Establishment and Guidelines on Working Implementation Audit Committee. Attached to the 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 be no longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association, and they may only be elected for one subsequent term.

The term of office for the Chairman and members of the Audit Committee shall be valid until the close of the AGMS of the Company in 2017.

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

1. Chairman: Dedi Aditya Sumanagara

The profile of Dedi Aditya Sumanagara can be viewed in the Board of Commissioners and Board of Directors Profile section.

2. Member: Harry Wiguna

Age 61 years, served as member of the Audit Committee of the Company since 2015. He has served as a Commissioner and Member of the Audit Committee of PT Astra International Tbk since 2013, Independent Commissioner and Chairman of the Audit Committee of PT Toyota Astra Financial Service since 2012, Independent Commissioner of PT Golden Eagle Energy Tbk (previously PT Entertainment International Tbk) since 2011, and President Director of PT Eagle Capital since 2009. Previously, he served as President Commissioner of PT Kliring Penjaminan Efek Indonesia (2010-2013), Independent Commissioner of PT Kliring Penjaminan Efek Indonesia (2007-2010), Executive Director at PT Danareksa (Persero) (2005-2009), Commissioner of PT Danareksa Securities (2008- 2009), Commissioner of PT Danareksa Investment Management (2005-2008), Commissioner of PT Danareksa Finance (2005-2009), Listing Director at the Jakarta Stock Exchange (2002-2005), Director of Listing and Trading at the Jakarta Stock Exchange (1999-2002), President Director of PT Sinarmas Sekuritas (1995-1999), Director of PT Prima Securities Indonesia (1991-1995), Director of PT Bina Tatalaksana Pacific (1989-1991), Treasury Senior Manager at PT BT Lippo Leasing (1989-1981), Deputy Treasury Manager PT ASEAM Indonesia (Non-Bank Financial Institution) (1981-1989), and Head of Accounting Division PT Satya Raya Indah Woodbased Industries (1978-1981). He graduated from the Faculty of Economics majoring in Accounting, University of Indonesia in 1981.

3. Member: Subbiah Sukumaran

Age 64 years, served as member of the Audit Committee of the Company since 2015. He graduated from the University of Madras, India. He received a Bachelor's degree in Engineering and a Master's degree in Management Sciences (MBA) from the University of Madras, India.

Independence of the members of the Audit Committee

The Audit Committee is responsible for independently reviewing the Company's financial information. In carrying out its functions, the Audit Committee independently utilizes their vast experience, whether in finance, accounting or other areas. Additionally, as an extension of the Board of Commissioners and as a liaison between the Board of Directors and the External Auditor and Internal Audit,

Audit Committee is obliged to question the basis of decisions taken by the Board of Directors of the Company. As independent professionals who do not hold executive roles in the Company, the Audit Committee members may express their opinion better, freely and are not restricted by a position in the management of the Company.

Main Responsibilities of Audit Committee

The Audit Committee's main responsibility is to make sure that the correct processes take place in order to support the Board of Commissioners in fulfilling its responsibilities in applying the principles of thoroughness, diligence and skill, in particular relating to the following matters:

- Adequate internal control: The Audit Committee oversees the effectiveness of the internal control system designed by management. In carrying out these responsibilities, the Audit Committee is assisted by Internal Audit of the Company;
- Reliability of financial information of the Company;
- Compliance with regulations: Audit Committee ensures that the Company complies with the prevailing laws and regulations in the field of capital markets, as well as other laws and regulations relating to the operational activities of the Company;
- Reviews the performance of the external auditors: The Audit Committee reviews the report of the Company to ensure the reliability of the financial information. In performing its duties, the Audit Committee has the authority to review the quarterly financial statements in order to ensure that business results are correctly described along with and significant fluctuations, if any, in accordance with the conditions of the industry and the economy in general;
- Effectiveness of the internal auditor: The Audit Committee approves the work program of the internal auditors and the internal audit results to ensure that the internal auditor's recommendations of significant internal control issues have been resolved.

Activities of the Audit Committee

The following are the activities carried out in 2015:

1. Meeting with Public Accountant Office Osman Bing Satrio & Eny (KAP Deloitte) to discuss the audit results of the Company's Consolidated Statements for the fiscal year ended 31 December 2014;
2. Quarterly meetings to discuss the quarterly financial statements of the Company; and
3. Meetings with Internal Audit, among others, to discuss findings and significant cases, standard operating procedures and work plans.

Meetings Frequency and Recorded Attendance of the Audit Committee

In 2015, the Audit Committee of the Company held five meetings, on the following dates:

1. 5 March;
2. 22 April;
3. 29 July;
4. 22 October; and
5. 7 December

with an attendance record as shown in the following table:

NUMBER OF AUDIT COMMITTEE MEETINGS AND ATTENDANCE RATE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Anton Wahjosoedibjo	2	1	1	50%
Maringan Purba Sibarani	2	2	0	100%
Deddy H. Sudarijanto	2	2	0	100%
Dedi Aditya Sumanagara	3	3	0	100%
Harry Wiguna	3	3	0	100%
Subbiah Sukumaran	3	3	0	100%

GCG COMMITTEE

The GCG committee was formed to assist the Board of Commissioners to oversee management actions carried out by the Board of Directors, especially in optimizing the application of the principles of good corporate governance within the Company, and compliance with the provisions of the Articles of Association and the provisions of prevailing laws and regulations.

Structure, Membership and Profile of the GCG Committee

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

The term of office for the Chairman and members of the GCG Committee is valid until the close of the AGMS of the Company in 2017.

The members of the Corporate Governance Committee in 2015 were as follows:

1. Chairman: Maringan Purba Sibarani

Age 72, 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, majoring 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.

2. Member: Pandri Prabono-Moelyo

The profile of Pandri Prabono-Moelyo can be viewed in the Profile of the Board of Commissioners and Board of Directors section.

3. Member: Dedi Aditya Sumanagara

The profile of Dedi Aditya Sumanagara can be viewed in the Profile of the Board of Commissioners and Board of Directors section.

GCG Committee Charter

In carrying out its functions, the Committee refers to GCG Committee Charter which regulates, among other things, items related to its primary responsibility, work references, membership, mechanisms of meetings and decision-making processes, work reports, as well as the plans, programs and the work results of the GCG Committee. The GCG Committee Charter is periodically reviewed.

Independence of GCG Committee Members

The GCG Committee is chaired by an independent party who is not a member of the Board of Commissioners of the Company, in order to fulfill the requirement of independence for the GCG Committee. Each member of the GCG Committee possesses the necessary expertise to carry out the functions of the Committee as well as integrity, good character and morals.

Duties and Responsibilities of the GCG Committee

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 also ensures that the Company consistently implements a culture of good business ethics and good working environment in line with the Company vision, mission and values, action plans, programmes, and good behavior, that serve as 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 periodic 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 related to these matters and update them from time to time for the benefit of the Board of Commissioners and Board of Directors of the Company.

GCG Committee Activities

The GCG Committee has met with the relevant parties within the Group to ensure that the Company and its subsidiaries have applied the principles of good corporate governance effectively, and discussed within the Group matters relating to risk throughout 2015. The discussion focused on applying the principles of good corporate governance, applicable OJK regulations , completion of Charter for each Committee, the establishment of the Board of Commissioners and Board of Directors Charter, the Company's fulfillment of prevailing laws and regulations as well as the preparation of internal systems to implement and realize the principles of good corporate governance.

GCG Committee Meetings

The meetings are conducted in accordance with the Company's requirements and may only be implemented if attended by at least 2/3 of the total members of the GCG Committee, and approved by at least 2/3 of the total members of the GCG Committee. The entire results of the meeting are set forth in the minutes of the GCG Committee meeting, including dissenting opinions. The minutes of the meeting shall be signed by all GCG Committee members present and submitted to the Board of Commissioners.

As required by the Charter of Corporate Governance Committee, the GCG Committee held four meetings in 2015 on the following dates:

1. 5 March;
2. 22 April;
3. 30 July; and
4. 22 October.

NUMBER OF GCG COMMITTEE MEETINGS AND ATTENDANCE RATE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Arief T. Surowidjojo	2	2	0	100%
Anton Wahjosoedibjo	2	1	1	50%
Maringan Purba Sibarani	2	2	0	100%
Dedi Aditya Sumanagara	2	2	0	100%
Pandri Prabono-Moelyo	4	2	0	50%

In 2015, the activities of the GCG committee included the following:

1. Reviewing the fulfillment of the Company's obligations to comply with prevailing laws and regulations;
2. Conducting discussions and providing input related to matters concerning the compliance of the Company on transactions that are important, material, affiliated and/or pose a conflict of interest;
3. Conducting a review of problems in the Company which impacted its business continuity, its ability to pay its obligations as well as the integrity and reputation of the Company;

4. Monitoring of the laws and regulations including OJK regulations or OJK decisions that require improvements or adjustments to the application of corporate governance principles of the Company; and
5. Reviewing the Corporate Governance Assessment result conducted by Internal Audit, as well as monitoring the implementation and application of corporate governance.

The activities and recommendations of the GCG Committee were periodically reported to the Board of Commissioners.

RISK AND INVESTMENT COMMITTEE

responsible for assisting the Board of Commissioners in carrying out its supervisory duties and functions. The Risk and Investment Committee monitors and provides advice related to investments made by the Company, as well as all aspects of those investments and possible measures to mitigate such risks.

Structure, Membership and Profile of the Investment and Risk Committee

Risk and Investment Committee currently consists of a chairman and three members.

The term of office for the Chairman and members of the Audit Committee shall be valid until the close of the AGMS of the Company in 2017.

The members of the Risk and Investment Committee in 2015 were as follows:

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

The profile of the Chairman and Members of the Risk and Investment Committee can be seen in the Board of Commissioners and Board of Directors Profile section.

Main Responsibilities of the Risk and Investment Committee

The main responsibility of the Risk and Investment Committee is to assist the Board iof Commissioners in carrying out its supervisory duties relating to investments and risk management of the investment that will be and has been done by the Board of Directors.

In carrying out its main responsibilities, The Risk and Investment Committee reviewed, identified, and analysed the risks and profits to be derived from the proposed investment, material projects and or corporate actions, as well as reviewing the implementation of the proposed investment, material prject and or corporation action. In carrying out its duties and responsibilities, the Risk and Investment Committee reports to the Board of Commissioners with reference to the principle of confidentiality, and the information will only be provided to members of the Risk and Investment Committee and the Board of Commissioners.

Risk and Investment Committee Activity

In 2015, the Risk and Investment Committee reviewed the Company's planned and existing investments, and discussed the concept of a Risk and Investment Committee Charter.

Risk and Investment Committee Meetings

The Risk and Investment Committee holds regular meetings at least four (4) times a year which can only be carried out if attended by at least 1/2 (one half) of the total members, and approved by at least 1/2 (one half) of all the Risk and Investment Committee members present. The entire results of the Risk and Investment Committee meetings are outlined in the meeting minutes, including any dissenting opinions. The minutes of the meeting are signed by all members of the Risk and Investment Committee present and submitted to the Board of Commissioners.

In 2015, the Risk and Investment Committee held four meetings, on the following dates:

1. 6 March;
2. 22 April;
3. 30 July; and
4. 22 October

with an attendance record as shown in the following table:

NUMBER OF MEETINGS AND ATTENDANCE OF THE RISK AND INVESTMENT COMMITTEE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Wiwoho Basuki Tjokronegoro	4	4	0	100%
Agus Lasmono	4	4	0	100%
Indracahya Basuki	4	4	0	100%

Throughout 2015, the Risk and Investment Committee carried out its work activities. The results were reported regularly to the Board of Commissioners.

HUMAN CAPITAL COMMITTEE

The Human Capital Committee was established by the Board of Commissioners to assist the duties, powers and responsibilities of the Board of Commissioners, especially to carry out oversight of the implementation of the nomination and remuneration policy in accordance with the provisions of the Articles of Associations, prevailing laws and regulations and best practices.

Nomination and Remuneration Function

In carrying out its function, the Human Capital Committee refers to the POJK 34 regulation in order to accommodate the provisions and implementation of nomination and remuneration with regard to the Board of Directors and Board of Commissioners.

Human Capital Structure, Membership and Profile

The Human Capital Committee currently consists of a chairman and two members.

The term of office for the Chairman and members of the Audit Committee shall be valid until the close of the AGMS of the Company in 2017.

1. Chairman : **Muhamad Chatib Basri**
2. Member : **Wiwoho Basuki Tjokronegoro**
3. Member : **Agus Lasmono**

The Profile of the Chairman and Members of the Human Capital Committee can be seen in the Board of Commissioners and Board of Directors Profile section.

Independence of the Human Capital Committee Members

The Human Capital Committee is chaired by an Independent Commissioner who also acts as the Chairman. To support its decision-making processes related to nomination and remuneration, the Human Capital Committee invites and bring in external expertise and data as a comparison.

Main Responsibilities of the Human Capital Committee

In carrying out its main responsibilities, the Human Capital Committee shall take into account the Company's financial performance, individual performance, the feasibility of the achievements and take into consideration the long-term goals of the Company.

The Human Capital Committee's major responsibilities include, among others, the nomination and remuneration policy. In carrying out its functions related to nomination policy, the Human Capital Committee provides recommendations to the Board of Commissioners in relation to the composition of the Board of Commissioners and/or Board Directors of the Company and the policy and criteria for nomination/appointment of members of the Board of Directors and/or Board of Commissioners, as well as providing recommendations to the Board of Commissioners of candidates who are deemed eligible to become a member of the Board of Directors and/or the Board of Commissioner, to be submitted to the GMS.

In carrying out its functions related to the remuneration policy, Human Capital Committee prepares and provides recommendations to the Board of Commissioners related to the remuneration structure and nominal amount, and assists the Board of Directors in carrying out the performance management process and performance-based remuneration.

One other important role of the Human Capital Committee is to oversee the management of employee engagement in the company, as employees are a very important asset for the Company.

Human Capital Committee Activitiy

During 2015, the Human Capital Committee held meetings to plan and carry out nomination and remuneration processes related to the Board of Commissioners and Board of Directors. In addition, the Human Capital Committee also provided advice to the Board related to the adjustment of operating expenses in line with the decrease in activity, specifically with regard to labor issues.

Frequency of Human Capital Committee Meetings and Attendance

In 2015, Human Capital Committee held four meetings on the following dates:

1. 22 April;
2. 11 September;
3. 22 October; and
4. 1 December.

NUMBER OF HUMAN CAPITAL COMMITTEE MEETINGS AND ATTENDANCE RATE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Muhamad Chatib Basri	4	4	0	100%
Wiwoho Basuki Tjokronegoro	4	4	0	100%
Agus Lasmono	4	4	0	100%

Policies Regarding Succession of the Board of Directors

In carrying out performance management and succession planning related to the duties and responsibilities of the Board of Directors, the Human Capital Committee has the right and authority to do the following:

1. Assess the performance criteria of members of the Board of Directors based on the Annual Work Plan which has been approved and the other long-term evaluations. Assist the Board of Commissioners in overseeing the performance management of the Board of Directors of the Company.
2. Recommend programs to develop the competencies of members of the Board of Directors of the Company.
3. Assess the succession plan and monitor its implementation to ensure sustainably high performance from the Board of Directors.

V. THE BOARD OF DIRECTORS

The Board of Directors is the organ of the Company which is authorized and takes full responsibility for management of the Company for the benefit of the Company, in accordance with the purposes and objectives of the Company, and to represent the company, both inside and outside the court in accordance with the Articles of Association of the Company. The Board of Directors is responsible to the GMS as a form of accountability for the management of the Company in accordance with the principles of good corporate governance.

The Board of Directors is responsible for operating and managing the Company for the benefit of shareholders and stakeholders of the Company. Member of the Board of Directors are appointed by the GMS for a period of two years without prejudice to the right of the GMS to dismiss them at any time. The President Director is entitled and authorized to act for and on behalf of the Board of Directors and to represent the Company. In the case that the President Director is absent or unavailable for any reason whatosever, which does not need to be proven to a third party, then the Vice President Director together one member of the

Board of Directors, or two members of the Board of Directors, shall be entitled and authorized to act for and on behalf of the Board of Directors and the Company.

Board of Directors Charter

In managing the Company, the Board of Directors holds to the Board of Commissioners and Board of Directors Charter, which has been formulated based on applicable regulations in Indonesia, in particular OJK regulations relating to the Board of Directors and corporate governance.

Structure and Membership of the Board of Directors

The composition of the Board of Directors of the Company was amended in the AGMS on 29 April 2015. During 2015, the Board of Directors consisted of seven members, of which one members was an Independent Director, and thus the Board of DIrectors fulfilled the requirements of the specified number of Independent Directors, with the following composition:

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

Scope of Work and Responsibilities of the Board of Directors

In accordance with the Board of Commissioners and Board of Directors Charter, the Board of Directors has the following basic principles in leading and managing the Company:

1. To always pay attention to the interests of the Company and carry out business activities in accordance with the Articles of Association of the Company and without the intention to the benefit of specific parties and classes.
2. In the event that there are indications of a conflict of interest, members of the Board of Directors concerned shall not participate in decision-making. However, the members of the Board of Directors remain subject to and must still carry out management actions in line with the decisions that have been taken.
3. Strive for and ensure the implementation of activities in accordance with the purpose, objectives and business activities of the Company stated in the Articles of Association of the Company.
4. Ensure the rights of stakeholders that arise under prevailing laws and regulations and/or agreements made by the Company with employees, service users, suppliers and other Stakeholders.
5. Comply with prevailing laws and regulations, Articles of Association, the decisions of the GMS and established governance guidelines and policies of the Company.
6. Acting with good faith, integrity, professionally, prudently, responsibly and consistently applying the principles of good corporate governance.

In managing the Company, the Board of Directors has authority, inter alia, as follows:

1. To establish policies in leading and managing the Company.
2. In the course of managing the Company, the Board of Directors is entitled to represent the Company inside and outside court and to perform all acts and good deeds regarding the management and ownership of the Company as well as bind the Company with the other parties and the other parties to the Company, with the restrictions set forth in the Articles of Association of the Company, the decisions of the Board of Directors, the decisions of the Board of Commissioners and/or other Company policies. The Board of Directors may surrender its authority to represent the Company inside and outside the court to a member or several members of the Board of Director that have ben specifically appointed for this purpose.
3. Performs other actions, regarding management as well ownership, in accordance with the provisions stipulated in the Articles of Association, the GMS, the Decisions of the Board of Directors, Decisions of the Board of Commissioners and/or other Company policies based on the prevailing laws and regulations or other applicable Company policies.

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

1. President Director : Wishnu Wardhana

As the President Director, he is responsible for establishing the Company's overall strategy and realizing it through the development of the businesses of the Company and its subsidiaries.

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

As the Vice President Director, he is responsible for the Company's corporate management, the implementation of business plans, as well as internal control.

In carrying out his responsibilities, the President Director and Vice President Director are assisted by five Directors as follows: i) a Director who serves as Group Chief Financial Officer (Group CFO) and concurrently serves as the Director of Energy Resources, ii) a Director of Energy Services - Mining, iii) a Director of Energy Services - Mining and Managing Director of the Company, iv) a Director for Energy Infrastructure – Marine Logistics, and v) a Director for Energy Infrastructure – Power Plant.

3. Director : Azis Armand

As a Director who acts as the Group CFO, he is responsible for overseeing the financial condition of the Company and directly overseeing the areas of Financial Controller, Investor Relations and Corporate Finance, Financial Controller, Legal, Corporate Planning, Tax and Risk management.

As Managing Director, he is responsible for directly overseeing ICT and Business Process Improvement, Legal, Human Capital and Services, Risk and Security Management, and Corporate Security Indika Services.

As Director of Energy Resources and Business Development, he is responsible for coal resources and oil and gas business activities conducted through the Company's subsidiaries, namely PT Indika Indonesia Resources, PT Indika Multi Energy, and their subsidiaries.

4. **Director : Joseph Pangalila**

   As Director of Energy Services - Oil and Gas, he is responsible for oil and gas services business activities carried out through subsidiaries PT Tripatra Engineering and PT Tripatra Engineers & Constructors.

5. **Director : Richard Bruce Ness**

   As Director of Energy Services - Mining, he is responsible for energy mining services business activities conducted through subsidiary PT Petrosea Tbk. and its subsidiaries.

6. **Director : Rico Rustombi**

   As Director for Energy Infrastructure - Marine Logistics, he is responsible for marine logistics business activities conducted through subsidiary PT Mitrabahtera Segara Sejati Tbk. and its subsidiaries.

7. **Independent Director : Eddy Junaedy Danu**

   As Director for Energy Infrastructure - Power, he is responsible for power generation business activities through the Company's investment in Cirebon Electric Power.

Concurrent Appointments of the Board of Directors

Member of the Board of Directors also held several other positions in subsidiary companies and entities related to the Company. The details of concurrent appointments of members of the Board of Directors are as follows:

1. **Wishnu Wardhana**

   No concurrent appointments in publicly listed companies or other public companies.

2. **M. Arsjad Rasjid P.M.**

   Aside from serving as a Deputy Director of the Company, he also serves as President Commissioner of PT Mitrabahtera Segara Sejati Tbk. and PT Petrosea Tbk.

3. **Azis Armand**

   No concurrent appointments in publicly listed companies or other public companies.

4. **Rico Rustombi**

   Apart from serving as Director of the Company, he also serves as President Director of PT Mitrabahtera Segara Sejati Tbk.

5. **Joseph Pangalila**

   No concurrent appointments in publicly listed companies or other public companies.

6. **Richard Bruce Ness**

   Apart from serving as Director of the Company, he also serves as the President Director of PT Petrosea Tbk.

7. **Eddy Junaedy Danu**

   No concurrent appointments in publicly listed companies or other public companies.

Board of Directors Meeting Frequency and Attendance

Based on POJK 33 and the Board of Commissioners and Board of Directors Charter, the Board of Directors must convene a meeting of the Board of Directors periodically at least 1 time (once) every month. However, the Board of Directors may hold meetings at any time if deemed necessary by one or more members of the Board of Directors or at the written request of one or more members of the Board of Commissioners, or at the written request of one or more shareholders who together represent one tenth or more of the total number of shares with voting rights.

Board of Directors meeting shall be valid and may adopt binding resolutions if more than half of the Board of Directors members are present or represented by other members of the Board of Directors based on power of attorney specifically granted in the meeting.

The meeting of the Board of Directors shall be valid and entitled to make decisions if attended by more than half of the members of the Board of Directors, or represented by other members of the Board of Directors by power of attorney specifically for that purpose.

Decisions of the Board of Directors meetings shall be taken by deliberate consensus. If not achieved, then the decision shall be taken by the affirmative vote of at least more than half of the total votes cast at the meeting.

The Board of Directors may also take legitimate decisions without convening a meeting of the Board of Directors, provided that all members of the Board of Directors has been informed in writing and all members of the Board of Directors approve the proposal submitted in writing by signing their approval. Decisions taken in this way have the same legal force as decisions taken in lawfully in meetings of the Board of Directors. In 2015, the Board of Directors held meetings, among others, to discuss current market conditions, the Company's performance, and other aspects relating to the operations and business of the Company, as well as to approve the Company's corporate actions.

Board of Directors Meeting Notes

In 2015, the Company's Directors held thirteen meetings on the following dates:

1. 29 January;
2. 4 March;
3. 7 April;
4. 21 April;
5. 20 May;

6. 24 June;
7. 28 July;
8. 14 September;
9. 21 October;
10. 11 November;
11. 19 November;
12. 24 November; and
13. 15 December

The attendance record is as follows:

NUMBER OF BOARD OF DIRECTORS MEETINGS AND ATTENDANCE

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Wishnu Wardhana	13	13	0	100%
M. Arsjad Rasjid	13	13	0	100%
Azis Armand	13	13	0	100%
Rico Rustombi	13	12	1	92.3%
Joseph Pangalila	13	10	3	70%
Richard Bruce Ness	13	13	0	100%
Eddy Junaedy Danu	13	12	1	92.3%

Performance Assessment Process for the Board of Directors

In general, the performance of the Board of Directors is determined based on the achievement of the Work Plan Budget (WPB). Formal evaluation criteria are communicated openly to the members of the Board of the Directors since the date of their appointment.

The criteria for performance evaluation of the Board of Directors is determined by the Board of Commissioners based on the Key Performance Indicator (KPI) which include the following:

a. The achievement of targets set out in the Company's Work Plan Budget;
b. Contributions to the Company's business activities;
c. Involvement in certain assignments;
d. Commitment to advancing the interests of the Company;
e. Adherence to the prevailing laws and regulations, and the Company's policies; and
f. Attendance level in the meeting of the Board of Directors as well as meetings with the Board of Commissioners.

The performance of members of the Board of Directors is evaluated by the Human Capital in accordance with the benchmarks that have been formulated.

The performance evaluation results of the Board of Directors as a whole as well as the performance of each Member of the Board of Directors is individually reported to the Board of Commissioners and is an integral part in the compensation and incentive scheme for the Board of Directors.

The performance evaluation results of each Member of the Board of Directors are one of the basic considerations especially for Shareholders to discharge and / or re-appoint members of the Board of Directors concerned. The result of the performance evaluation is a means for assessing and increasing the effectiveness of the Board of Directors.

Party Conducting the Performance Assessment of Directors

The performance of members of the Board of Directors is evaluated and assessed by the Human Capital Committee in accordance with the agreed upon benchmarks.

Procedure for Determination of Remuneration for Directors

As set forth in POJK 34, in carrying out the functions of the remuneration, Human Capital Committee shall perform the following procedures:

1. Formulate the remuneration structure of the members of the Board of Directors;
2. Develop remuneration policy for members of the Board of Directors; and
3. Preparing the remuneration amounts for members of the Board of Directors.

Remuneration Structure for the Board of Directors

Under the provisions of POJK 34, the remuneration structure of the Board of Directors may include salaries, honorarium, incentives, and/or allowances that are fixed and/or variable.

Furthermore, in the preparation of the structure, policies, and amount of remuneration referred to above, the following must be taken into consideration:

1. Prevailing remuneration practices in similar industries in accordance with the Company's operations;
2. The duties, responsibilities and authority of Board of Directors members linked to the achievement of the goals and performance of the Company;
3. Target performance or the performance of individual members of the Board of Directors;
4. A balance of benefits between fixed and variable components; and
5. The structure, policy and amount of remuneration shall be evaluated by the Human Capital Committee each year.

Details of the compensation awarded to the Company's Board of Directors of the Company are as follows:

In US$

DESCRIPTION	2015	2014
Short term benefits for the Board of Directors	2,185,578	1,817,620

Training Programs for the Board of Directors

In 2015, members of the Board of Directors participated in an induction program that was held on 4 and 5 May 2015.

Work Relations Between the Board of Commissioners and Board of Directors

The creation of a good and conducive working relationship between the Board of Commissioners and the Board of Directors is one very important factor to enable these organs of the Company to be functioning effectively and efficiently.

To maintain a good working relationship between the Board of Commissioners, and the Board Directors, the Company has adopted the following principles:

1. The Board of Commissioners shall respect the function and role of the Board of Directors in managing the Company as stipulated by laws and regulations and the Articles of Association of the Company.
2. The Board of Directors respects the role and functions of the Board of Commissioners to supervise and providing policy advice on the management of the Company.
3. All working relationships between the Board of Commissioners and the Board of, Directors are formal in nature, in the sense that they should always be underpinned by a standard mechanism or formal correspondence that can be accounted for.
4. Members of the Board of Commissioners and Board of Directors may have informal work related exchanges, but these may not be used as formal policy without the use of such mechanisms or accountable correspondence.
5. The Board of Commissioners reserves the right to gain access to company information in a timely, accurate, and complete manner.
6. In order to obtain more information on a particular matter, the Board of Commissioners may request such explanations from officials under the Board of Directors after first coordinating with the Board of Directors so as to create a balance between the working relationship with the Board of Commissioners and Board of Directors with the goal of a one gate corporate communication policy.
7. The Board of Directors is responsible for ensuring that information on the Company is submitted to the Board of Commissioners in a timely, accurate, consistent and complete manner.

Each working exchange between the Board of Commissioners and the Board of Directors is an institutional exchange in the sense that the Board of Commissioners and Board of Directors as a collective represents the whole of its members, so that each working relationship exchange between members of the Board of Commissioners and members of the Board of Directors should be known by members of the Board of Commissioners and members of the Board of Directors.

Joint Meeting of the Board of Commissioners and Board of Directors

Unless otherwise stipulated by the provisions of the prevailing Capital Market Regulations, a joint meeting of the Board of Commissioners and Board of Directors, whether held by the Board of Commissioners or Board of Directors, shall be held each at least once every four (4) months.

Joint meetings of the Board of Commissioners and the Board of Directors of the Company are a form of coordination between the Board of Commissioners and Board of Directors, among others to discuss periodic reports from the Board of Directors, conditions and prospects, national policies that impact on the Company's performance, provide feedback, notes and advice set forth in the minutes of the joint meeting of the Board of Commissioners and Board of Directors, as well as other matters that deemed necessary, including but not limited to the preparation of the GMS as well as the discussion of the presentation and publication of annual reports and periodic financial statements of the Company.

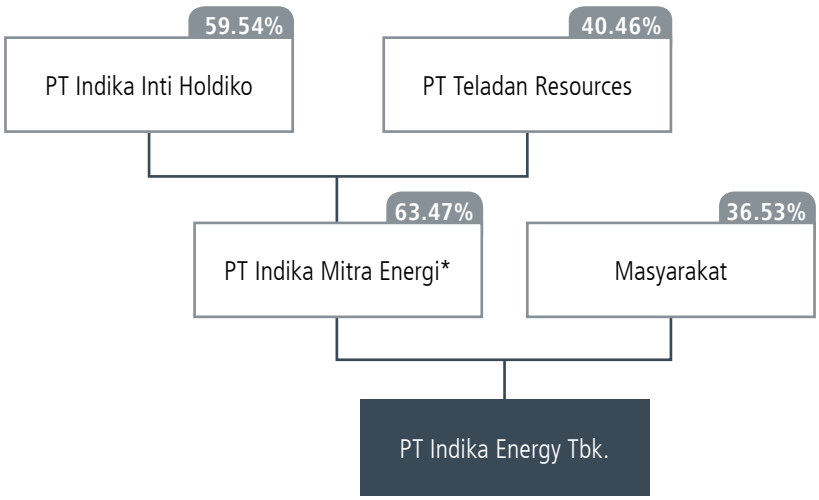
In 2015, the Board of Directors and Board of Commissioners of the Company held seven meetings on the following dates:

1. 6 March;
2. 28 April;
3. 25 May;
4. 30 July;
5. 28 October;
6. 4 December; and
7. 19 December

This table presents the attendance of each member of the Board of Commissioners and Board of Directors as set forth in the attendance list of record Meeting of the Board of Commissioners and Directors as follows:

NUMBER OF MEETINGS AND ATTENDANCE LEVEL OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

NAME	NUMBER OF MEETINGS	ATTENDANCE	ABSENCE	% ATTENDANCE
Wiwoho Basuki Tjokronegoro	7	7	0	100%
Agus Lasmono	7	6	1	85.7%
Indracahya Basuki	7	7	0	100%
Pandri Prabono-Moelyo	7	7	0	100%
Muhamad Chatib Basri	5	4	1	80%
Dedi Aditya Sumanagara	7	7	0	100%
Wishnu Wardhana	7	7	0	100%
M. Arsjad Rasjid	7	7	0	100%
Azis Armand	7	7	0	100%
Rico Rustombi	7	6	1	85.7%
Joseph Pangalila	7	4	3	57.1%
Richard Bruce Ness	7	7	0	100%
Eddy Junaedy Danu	7	6	1	85.7%



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

VI. CONTROLLING SHAREHOLDER

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

VII. CORPORATE SECRETARY

The Corporate Secretary cooperates with related divisions, including the Legal, Investor Relations and Corporate Communications Divisions, to communicate information possessed by the Company to the public and ensure that the information provided by the Company is done so in an accurate, clear, efficient and comprehensive manner in accordance with the prevailing laws and regulations. In performing his/her duties, the Corporate Secretary firmly adheres to the principles of good corporate governance, in particular the principles of accountability and transparency, in order to maintain and improve the integrity and confidence in the Company on the capital market with its shareholders and stakeholders.

Based on the Circular Decision of All the Directors of the Company No. 040/IE-BOD/VIII/2013 dated 22 July 2013, **Dian Paramita** has been appointed as Corporate Secretary.

Duties and Responsibilities of the Corporate Secretary

The Corporate Secretary serves as the contact person of the Company for external parties, especially the government, capital market authorities, the media and related stakeholders. The Corporate Secretary establishes effective and transparent communication with the regulator and authorities and capital market participants, as well as ensuring information disclosure on material transactions and corporate actions. The Corporate Secretary is also responsible for ensuring compliance with the prevailing laws and regulations, especially in the capital markets sector. In addition, the Company Secretary also ensures the Company fulfills the reporting requirements, such as information disclosure on corporate actions, Financial Statements, the Annual Report, a monthly report associated with share ownership and a monthly report on the Company's liabilities in foreign currency. In performing its duties, the functions of the Corporate Secretary are handled by the Corporate Secretary unit which generally performs the functions, duties and responsibilities as regulated internally in the work unit.

Activities of the Corporate Secretary

In 2015, the Company submitted the required reports to regulators, including but not limited to the OJK and IDX. The Corporate Secretary also completed and submitted the 2014 Annual Report of the Company on 7 April, and organized the AGMS and Public Expose on 29 April 2015.

Profile

Dian Paramita, age 41, was appointed Corporate Secretary in 2013. She currently serves as Head of the Legal Division of the Company. Prior to joining the Company, she served as Head of the Legal Division of PT Bentoel International Investama Tbk. (2011-2013) and a Partner at Soewito Suhardiman Eddymurthy Kardono Law Firm (1997-2011). She graduated from the Faculty of Law, University of Indonesia in 1997 and holds a Master of Law from the Washington College of Law, American University, USA in 2001.

Training

The Corporate Secretary has attended various trainings in the field of capital markets and internal training together with the Corporate Secretaries of other Group companies, inviting capital market legal experts to develop their competencies and constantly keep updating their knowledge of the newest capital market regulations effective from the governmental authorities in the field of capital markets.

VIII. INTERNAL AUDITOR

The Internal Audit of the Company functions to provide objective assurance and and independent and objective consultation that aims to increase and improve the operational activities of the Company through a systematic approach, by evaluating and improving the effectiveness of internal control, risk management and corporate governance processes in accordance with legislation and company policies.

In addition, the Internal Audit Unit also conducts inspections and assesses the efficiency and effectiveness of the Company's activities in the areas of finance, operations, human resources, information technology and other activities and provides recommendations for objective improvements associated with each area being examined.

Scope of Work and Duties

The Internal Audit Unit Audit formulates a yearly audit plan that covers every area of the Company's activities and must be approved by the Board of Directors and Audit Committee of the Company. Internal Audit is responsible for implementing the audit plan in the current year, including any ad-hoc audits as requested by the management.

Specifically, the Internal Audit Unit endeavors to improve profitability by recommending improvements in management control and encouraging adherence to standardized procedure 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.

The Internal Audit Unit shall submit an audit report at the end of each inspection, including findings, recommendations and corrective measures that need to be taken, to the relevant senior management as well as to the President Director and the Audit Committee. Throughout the year, the internal auditors regularly coordinate with the Audit Committee to discuss completed assignments, findings, recommendations and follow-up of audit results, as well as the alignment of audit plan.

In order to perform its duties, the internal auditors have full access to all records, properties, functions and employees of the Company, as well as to the Board of Directors and the Board of Commissioners related to their work. To maintain the independence of the Internal Audit function, internal auditors are not allowed to engage in operational activities such as conducting and approving accounting transactions outside the scope of internal audit. Internal audit staff report to the Head of Internal Audit. Administratively, the Head of Internal Audit will report to the President Director and functionally report to the Audit Committee. In 2015, Internal Audit held five meetings with the Audit Committee on the following dates:

1. 6 March;
2. 22 April;
3. 29 July;
4. 22 October; and
5. 7 December.

Head of Internal Audit

1. Appointment and Dismissal

Pursuant to Bapepam-LK (currently OKJ) No.IX.I.7 on Establishment and Guidelines for Internal Audit Charter, the Head of Internal Audit Unit is appointed and dismissed by the President Director with the approval of the Board of Commissioners. The Company will submit notice to OJK (previously known as Bapepam-LK) inrelation to appointment, replacement, and the dismissal of the Head of Internal Audit.

2. The Head of Internal Audit

In accordance with the Decree of the Board of Directors of the Company dated 30 October 2013, Rajiv Krishna was appointed as Head of Internal Audit Unit of the Company.

Rajiv Krishna, aged 57 years, was appointed as the Head of Internal Audit PT Indika Energy Tbk. in 2013. Prior to this position, he was Director of Pyramid Glass Company, Alexandria, Egypt, a unit of Kedaung Group, Indonesia, a group of companies where he served as the Head of Internal Audit for 13 years. His professional experience includes serving as Financial Controller of Mayapada Group and and Kasogi International Group (Ganda Wangsa Utama), Surabaya. He holds a Bachelor of Business degree (honors) from St. Xavier's College, Calcutta University, and is an Associate Member of the Institute of Chartered Accountants in India since 1986.

Internal Audit Unit Members

On December 31, 2015, the Company had 4 employees in the Internal Audit unit consisting of 1 Senior Vice President officer, 1 Senior Manager officer, and two auditors. The number of internal auditors will be continuously adapted to the business management needs of the Company.

Qualification and Certification of Internal Audit Unit

In 2015, the Internal Audit unit has carried out its duties and responsibilities in accordance with the Audit Plan prepared together with the Audit Committee. The scope of internal audit tasks includes the company's operations and the adequacy of financial internal controls as well as the integrity of financial statements.

The Internal Audit Unit also conducted tests related to the implementation of the GCG. This test was an ad-hoc activity for the Internal Audit Unit that was conducted based on the National Committee on Corporate Governance (KNCG), which is a reference for any business entity in implementing good corporate governance.

Internal Audit Unit Position in Company Structure

The structure of the Company's internal audit unit based on the Audit Charter dataed 27 October 2014, is as follows:

- The Internal Audit Unit is chaired by the Head of Internal Audit Unit.
- The Head of the Internal Audit Unit is appointed and dismissed by the President Director with the approval of the Board of Commissioners.
- The President Director may dismiss the Head of Internal Audit Unit with the approval of the Board of Commissioners if the individual in question is unable to fulfill the responsibilities of an Internal Auditor, as set out in the Internal Audit Charter, or cannot execute their job properly.
- The Head of the Internal Audit Unit is responsible to the President Director of the Company.
- Members of the Internal Audit Unit are responsible to the Head of the Internal Audit Unit

IX. EXTERNAL AUDITOR

In accordance with Regulation No. VIII.A.2, Bapepam-LK (currently OJK) 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 maximum 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.

Through the approval of GMS on 29 April 2015, the Company has authorized the Board of Commissioners to appoint a public accountant to examine the books of the Company for the year ended 31 December 2015. The appointed Public Accountant Office has conducted an audit based on the Auditing Standards established by Indonesian Institute of Certified Public Accountants and the scope of the work that has been determined and agreed upon.

For the 2015 financial year, public accountant Mr. Henri Arifian signed on the Independent Auditor's Report on behalf of Public Accountant Osman Bing Satrio & Eny.

Public Accountant Period and Fees

The table below sets the Public Accountant Firms and Public Accountants for a period of five years including total remuneration for audit services.

YEAR	PUBLIC ACCOUNTING FIRM	PUBLIC ACCOUNTANT	AUDIT FEE
2015	Osman Bing Satrio & Eny	Henri Arifian	Rp 1,390,144,000
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 & Rekan	Ali Hery	US$ 90,000

Services other than the Annual Financial Audit Report

During the 2015 fiscal year, no other services were provided by Public Accountant Henri Arifian of Osman Bing Satrio & Eny other than audit services for the Company's annual financial statements.

X. RISK MANAGEMENT

Risk Management System Implemented by the Company

Recognizing that the growth and operational and financial performance of the Company are vulnerable to several risks, the Company has implemented a risk management system to ensure business continuity.

Risiko yang Dihadapi Perusahaan

The Company face a variety of risks in its operations, primarily related to the volatility of coal prices and the global economy. Further information regarding the risks facing the Company can be seen in the section on Business Prospects and Key Risk Factors.

Evaluation of the Effectiveness of the Risk Management System

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

Risk Management Efforts

The company carries out a number of measures to manage the risks it faces, such as implementing a risk matrix, capital structure management through optimization of debt and equity, financial ratios, liquidity risk management, and more.

XI. INTERNAL CONTROL

The internal control system is an integral process in actions and activities that is carried out continuously by the management and all employees, to provide reasonable assurance on the achievement of organizational goals through effective and efficient operational activities, reliable financial reporting and compliance with laws and regulations.

The Company uses the International Standard for Professional Practice of Internal Auditing in implementing internal control in the Company. Furthermore, the Company also has an internal control system consists of a series of procedures and best practices, control activities which consist of the authorization control, financial review, supporting documentation, reconciliation, security of information systems, and the sorting of tasks including financial and operational aspects as well as compliance with other prevailing legislation and regulations.

These systems provide assurance to management that operational activities can be executed efficiently and effectively and the results of the operational activities are recorded accurately in Company records. Theinternal control system is designed to prevent material transactions without sufficient authorization, and to prevent and detect irregularities or anomalies.

All Company employees are familiar with the concept and objectives of internal control, in which the Internal Audit unit of the Company regularly reviews the effectiveness of the internal control systems that have been implemented by management. The Internal Audit Unit ensures that company policies and procedures are carried out and any material weaknesses can be identified and recommendations to improve control can be communicated to the appropriate management level.

Framework for Internal Control Systems

The Company has an internal control system which refers to an internationally recognized framework, namely the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Evaluation of Effectiveness of Internal Control Systems

The effectiveness of the Company's internal control system is reflected in the internal control system processes, which reference generally accepted practices.

XII. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR Related to the Environment

Management policy

As stated in the Company's Code of Business Conduct, the Company always prioritizes the principles of Health, Safety and Environment (HSE) in every activity. The Company is committed to conduct its business in an ethical manner with a policy of environmental responsibility, operating legally and contributing to environmental conservation efforts. The Company continuously instills awareness of environmental responsibility in all employees and company elements.

The policy is based on several prevailing laws and regulations. It is applied also by Indika Energy subsidiaries whose operating activities affect the environment. In line with the commitment of the Company, the management of each subsidiary has set policies to safeguard and mitigate any impact on the environment generated by the operations of the company.

Activities

Environmentally friendly operational activities were carried out by subsidiaries in line with their respective operations, including among others the Environmental Impact Assesment (AMDAL) and greening of the environment. Identification of environmental impact is also done before the company carries out activities so that all aspects and issues that could potentially impact the environment can be identified.

Environmental Certification

Indika Energy does not have certification relating to the environment, but through its subsidiaries it has environmental certifications such as ISO14001:2004 for Environmental Management.

CSR Related to Employees and a Safe and Healthy Workplace

Management policy

Safety is the top priority. Only through commitment to the safety of all parties and its environment can operational continuity and livelihoods of all stakeholders be assured. As set forth in the Code of Business Conduct in Indika Energy, the Company always prioritizes the principles of Health, Safety and Environment (HSE) in every activity. No matter how much profit can be made by the Company, the safety and security of employees is the top priority. Employees who are healthy and work in safe and comfortable conditions will safeguard and push the achievement of company objectives.

Activities

The Company shall ensure protection for its employees to be able to work optimally. This protection covers protection for employment, work health and safety and has become an inseparable part of the Company's strategic focus.

The management has directed the entire staff and employees to build a culture of safety with zero accidents, through the principle integrated safety focus to avoid work accidents. Indika Energy Group believes that the Health, Safety and Environment (HSE) is the key to business continuity.

The Company ensures that employees are protected while they work so that they can be optimally productive. This protection includes employment and Occupational Health & Safety and has become an integral part of the Company's strategic focus.

The Company also implemented rules and developed an HSE management system, namely i-DRIVE, which is listed in the Employee Guidelines on Safety, in line with OHSAS 18001: 2007. With this system, high safety standards are reflected in the actions of each employee to take responsibility for individual safety as well as the safety of all members of the team.

A comfortable and safe working environment, including equality of employment and career opportunities for all employees regardless of gender, religion or race. Employees are also provided with training and are placed in positions corresponding to work procedures that ensure the protection of the health and safety of employees..

CSR Related to Consumer Responsibility

Management Policy

Indika Energy Group is committed to provide good service to clients, vendors or customers. The application of good corporate governance that strives to create a good business climate with based on ethics and transparency is an obligation that must be fulfilled in order to ensure the sustainability of the Company and continue to provide benefits to stakeholders.

Activities

The Company routinely communicates and disseminates publications containing information on the Company. This allows the Company to openly obtain feedback which is then used to continuously improve quality, innovation and interaction with the public and society.

This commitment is also reflected in the business conduct of each subsidiary, in providing services and maintaining the level of customer satisfaction, including the presence of a dedicated customer service staff in each subsidiary.

CSR Related to Social Responsibility

Indika Energy's CSR policy is detailed further in the Corporate Social Responsibility chapter of this Annual Report.

XIII. LEGAL CASES

In 2015, the Company, members of the Board of Directors as well as members of the Board of Commissioners were not involved in any legal cases that significantly impacted the Company.

XIV. ACCESS TO DATA AND INFORMATION COMPANY

Law No. 8 of 1995 on Capital Markets governs the disclosure and reporting obligations for Issuers and Public Companies. The law defines the principle of transparency as a general guideline which requires Issuers and Public Companies or other Parties mentioned to disclose all Material Information regarding the business or securities that may affect the decisions of those providing capital or investing in the Securities in question and/or the price of these Securities, to the public in a timely manner.

Openness refers to transparency of information, which will be more useful if delivered through various media. Good information media must be able to provide equal access in a timeling-effective manner enable anyone to access the information. The accelerating development of information technology currently allows open access at anytime, from any place. An example of the information technology in question is Internet technology. One use of Internet technology as a medium for information delivery is a web site, as a medium that is highly easily accessible by the public without significant cost, as a very effective medium of communication. Therefore, it is unsurprising that at this time, websites of Issuers or Public Companies have become one of the sources of information most frequently accessed by providers of capital or investors, in particular shareholders, customers, communities, governments, and other stakeholders to obtain information related to the Issuer or Public Company.

Bearing the above in mind, as a public company, the existence of the Company's website will improve the application of principle of transparency as mandated by Law No. 8 of 1995 on Capital Markets and improve the implementation of good corporate governance, so as to further foster the trust of investors or investors particularly our shareholders, customers, communities, governments, and other stakeholders in Issuers or Public Companies. This is further regulated in POJK 8 / POJK.4 / 2015 on Public Company Websites ("**POJK 8**") and SEOJK 32.

Therefore, as a manifestation of the Company's compliance with applicable laws, the Company has a Corporate website, which is filled with with information concerning the Company, in particular information required by POJK 8 and SEOJK 32 to be posted on the website, which can be accessed at any time by the public, investors and shareholders. Through the Company's website, the Company ensures that there is an effort to increase the role and participation of shareholders or investors through effective and continuous communication. This website is managed by the Company and endeavors to always provide real-time, reliable information about the Company.

XV. CODE OF BUSINESS CONDUCT

In implementing good corporate governance, each employee has a responsibility and obligation to help create a healthy and sound business climate. Therefore, as a form of shared responsibility, in December 2014, the Company renewed the Employee Handbook of Code of Business Conduct and disseminated guidelines.

The Company hopes to create an ethical corporate culture and uphold the principles of good governance.

All organizational levels in Indika Energy Group are required to comply with these business conduct and code of business conduct policies..

Violations for Sanctions

Violations of the code of business conduct may lead to disciplinary action including termination of employment.

The content of the Code of Business Conduct, among others, is 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 and 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. Integritas

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

– Conflicts of Interest

Conflicts of interests may arise when there is an opportunity for an employee of any Group Company or parties who have the opportunity to become embroiled in a conflict of interest to receive personal gain or benefit or to prioritize personal interests ahead of obligations and duties to the Group Companies.

The parties who have the potential to become involved in conflicts of interests according to this rule 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.

– Illegal Gifts/Giving

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

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

Failure to comply with the code of business 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.

XVI. EMPLOYEE AND MANAGEMENT SHARE 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 were nontransferable and non-tradeable.

Each of the options distributed in each stage was 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 was 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 2013. In 2015, there were no compensation expenses related to employee and management stock options.

XVII. WHISTLEBLOWING SYSTEM

Since December 2013, the Company has set up a reporting system for violations or noncompliance. This non-compliance reporting policies (whistleblowing) is a system that can be used as media for complainants to submit data and information regarding the indications of violations in any of the companies in the Group Companies. This system was designed to avoid controversy or dispute between the parties involved and help to find the best solution to the problems that arise.

This complaints mechanisme is very important as violations that are not addressed have the potential to damage the reputation and public trust of any companies in the Group. Complaints from this whistleblowing system will get attention and be followed up on, including the imposition of appropriate penalties in order to provide a deterrent effect.

Employees of Group Companies who see any indication of violations and decide to file a report may aslo do so through their direct supervisor in accordance with prevailing rules and procedures.

With this reporting system for violations, all stakeholders in the Group Companies including employees, suppliers and the related general public can and should report violations of ethical business conduct of any company in the Group Companies. All reports on non-compliance will be followed up by fulfilling the criteria for a complaint, namely:

- Explain who, what, when, where, why and how.
- Submit initial evidence (data, documents, images and recordings) that support / explain the violation.
- Expected to provide source of data and information to substantiate the complaint. If the criteria are complete, the complainant (employees, suppliers and the related general public) can submit a complaint via the Company's whistleblowing website, or by mail addressed to the Board of Ethics.

The Company does not regard complainants as trouble makers, but as witnesses to an incident. Each input or violation will be followed up in a professional manner and the confidentiality of the reporter is fully guaranteed.

Each complainant will receive protection against the negative effects of retaliation for reporting violations of ethical business conduct in any company within the Group.

In 2015, the details of reports that have been received through the whistleblowing system is as follows:

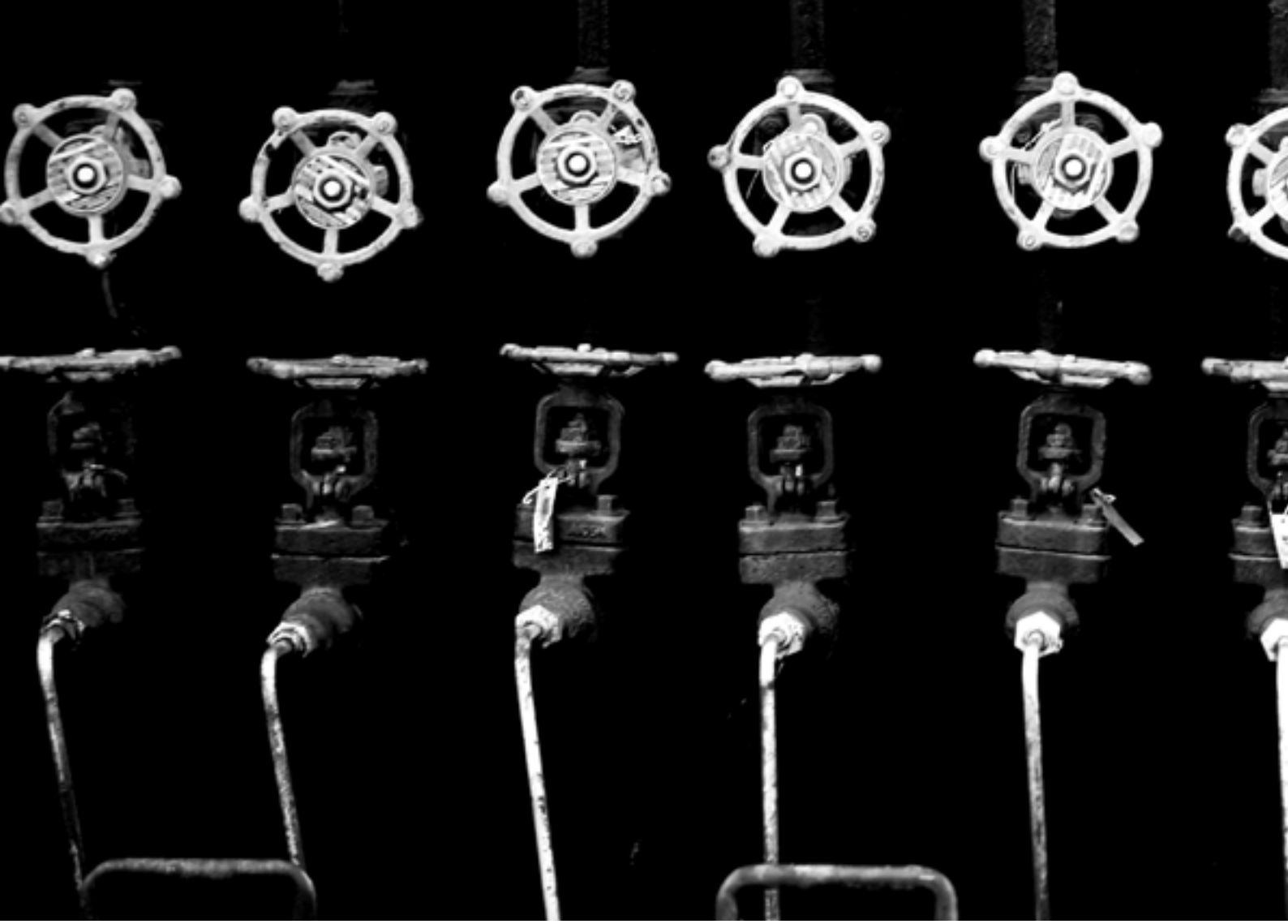
STATUS OF COMPLAINT	NUMBER OF COMPLAINTS	EXPLANATION
Report received	0	Complaints received
Reports that meet the conditions	0	The complaint fulfills the conditions for follow up action
Still in process	0	The complaint is being processed

XVIII. DIVERSITY OF BOARD OF COMMISSIONERS AND DIRECTORS

The values of the Company and the Company's Code of Business Conduct reflect the value of diversity, which applies to all individuals within the Group Company including the Board of Directors and Board of Commissioners. The values of the Company and the Code of Business Conduct explicitly states that employee diversity in the Group's companies includes diversity of gender, language, culture, religion, sexual orientation, social and economic status. Based on that foundation, the members of the Board of Directors and Board of Commissioners are appointed with consideration to fulfilling the requirements of diversity, including diversity in educational background, experience, age, and gender.







Human Capital

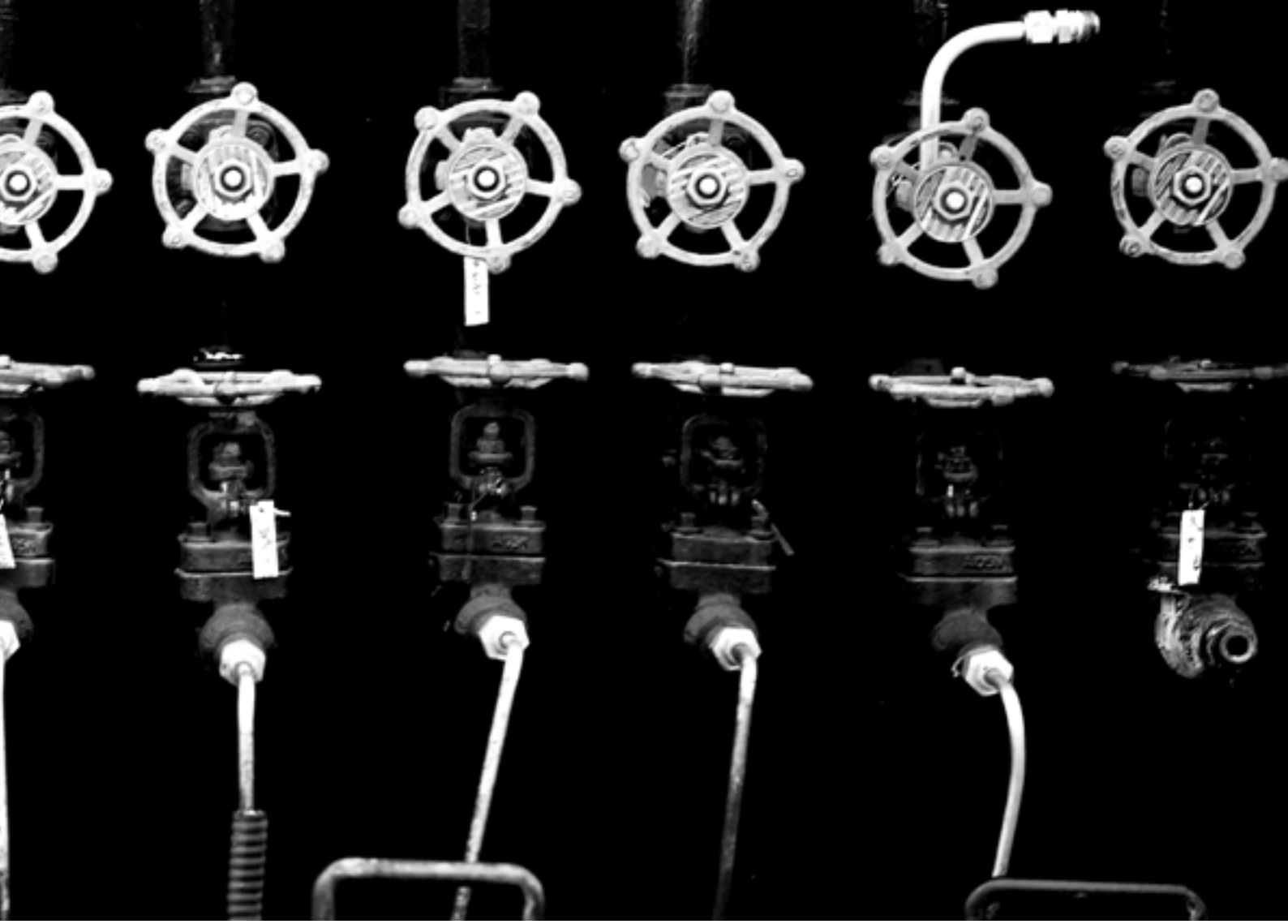
Indika Energy firmly believes that human capital is the most important factor in its success. The Human Capital Division is therefore tasked with recruiting, developing and retaining high performing talent, in alignment with the Company's objectives and values.

As of December 31, 2015, Indika Energy had 290 employees, compared with 341 employees in 2014. The total number of employees in the Group stood at 8,396 employees, compared with 8,320 employees in 2014.

INITIATIVES IN 2015

In 2015, faced with intensifying business pressures and the need to become more cost competitive, Indika Energy and its operating subsidiaries reviewed their respective organizational structures with a view to streamlining and increasing efficiency as the Company continued to experience slowing or negative margin growth in most of its businesses. Continuing on the efforts of the year before, the Human Capital Division made further cost reductions through the following actions:

- The organizational structure was continuously adjusted in line with business needs to become leaner and more flexible, in order to function more effectively.
- 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.

PERFORMANCE EVALUATION & LEADERSHIP DEVELOPMENT

Employees at all Indika Energy companies are subject to periodic performance evaluations based on KPI that have been established at the corporate level and then cascaded down to each individual, thus ensuring that individual performance is aligned with the objectives of the Company as a whole.

Each of Indika Energy's operating companies continued to invest in training and competency development as needed, in order to strengthen their human capital. At Petrosea, Tripatra and MBSS, operational employees engaged in extensive safety training. In addition, MBSS strengthened its technical capabilities during the year with the objective of bringing repairs and maintenance in-house for cost and time savings, whereas Tripatra added employees in its growing non-EPC business.

In addition, employees are encouraged to develop leadership competencies with reference to Indika Energy's Leadership Framework, which sets out the expectations and standards for behaviors, skills and competencies that support Indika Energy's mission, vision and ambitions in a way that is consistent with its values. These Leadership competencies have also been incorporated into performance management measures to help create leaders that can advance the Company.

OPEN COMMUNICATION

Indika Energy values a culture of open, two-way communications. The management provides information to employees through a number of channels including email, publications and Town Hall meetings where employees can ask questions and voice concerns.

By proactively communicating changes during the year, the management was also able to maintain stable employee engagement levels.

CORPORATE VALUES AND CODE OF ETHICS

Indika Energy Group expects that all employees will work together to implement corporate governance in accordance with the values of the Company. All employees are expected to understand and implement Indika Energy's corporate values, as follows:

- 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: Success to be measured by achievement, as the motivation to do the 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 society.

In addition, all employees are expected to understand and exhibit ethical conduct in the workplace, with reference to the Company's Code of Business Conduct. The Company has issued a handbook that 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 actions can either build up or ruin the company's reputation. Employees who violate the Code of Conduct shall be subject to disciplinary sanctions as provided for by each company within Indika Energy Group.

EMPLOYER OF CHOICE

Indika Energy maintains its image as an employer of choice by providing safe, healthy and attractive working conditions so as to be able to 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.

BY LEVEL

LEVEL	2014	2015
BOC - BOD	41	45
Executive	61	49
Manager	248	274
Supervisor	1,165	1,594
Staff	2,434	2,263
Non Staff	4,371	4,171
Total	**8,320**	**8,396**

BY EDUCATION

EDUCATION	TOTAL
Doctorate/Ph.D	4
Master Degree	244
Bachelor Degree	2,213
Diploma Degree	605
Senior High School	3,967
Junior High School	488
Elementary School	247
Others/ Not Specified	627
Total	**8,396**







Corporate Social Responsibility

STRENGTHENING SUSTAINABILITY

The adequate and safe fulfillment of energy in the midst of the development of renewable energy is an urgent problem in the energy sector. Whereas the decline of the coal industry in recent years has impacted the performance of almost all the coal companies, including Indika Energy. However, Indika Energy continues to be committed to its business and corporate sustainability programs as an important part of the company's long-term strategy for improving the performance in the future.

In our view sustainability does not just refer to regulatory fulfillment but is an integral part of the embodiment of Indika Energy's mission as a good corporate citizen and corporate strategy to support the business and positively impact the community and beneficiaries.

In 2015, Indika Energy reformulated and improved the Company's sustainability policy and strategy, and began its implementation across all of the Group's businesses. The alignment of basic principles, objectives, approach, focus areas, interactions, and processes in running the corporate sustainability program was sought in order to strengthen implementation. The goal is to develop, implement, and manage these sustainability programs effectively for optimal impact.

Indika Energy, through the Company's sustainability program, also plays an important role in guiding the community and protecting the environment. All efforts are based on the



corporate sustainability pillars, which consist of education, health, community development, and the environment

EDUCATION

Indika Energy believes education is the key to solving social problems and creating positive change. An educated public will undoubtedly lead to improvements in welfare. We therefore support access to quality education for children and vocational training for communities in our operational areas.

Premised on the same understanding, Indika Energy also shares knowledge and understanding that is useful in daily life, such as sanitation, hygiene and good nutrition. This knowledge is expected to drive the improvement of public health conditions.

Indika Energy cooperates with Pemimpin Anak Bangsa Foundation (YPAB), a nonprofit organization, to provide educational equivalency programs in the form of Package A (equivalent to primary school), Package B (equivalent to junior high), and Package C (equivalent to high school) to drop outs in the community, and implements computer literacy programs in two YPAB Learning Houses in Bintaro, South Tangerang and Tanah Abang, Jakarta.

By providing the skills to operate a computer, specifically basic Microsoft Office skills, and to use the internet as well as computers as the medium of instruction, these programs have empowered over 80 students and given them the opportunity to compete in the world where technology and the Internet are working tools a the source of information. The students are taught to do tasks in the form of Microsoft Word and Excel documents as well as to use the internet to do research and find answers.

The three Indika Energy subsidiaries, namely Petrosea, Tripatra and MBSS have also implemented a variety of educational programs that are aligned with their respective visions for sustainability. Petrosea organized a computer training program at the SMPN and SMAN Stone Sopang schools in Paser, East Kalimantan and developed elementary school libraries in Balikpapan, East Kalimantan. Besides improving the educational facilities, the students were given the opportunity to develop their abilities through a writing competition which turned out to also increase interest in reading.

Tripatra also donated computer equipment to the Indonesian National Youth Committee, an organization which has become a place for youth capacity development and coaching in Batui, Banggai, Central Sulawesi, and to Rumah Baca Asma Nadia in Depok, West Java, which provides access to books and literature to instill a love of reading in underprivileged and adolescents.

Meanwhile, MBSS supported the construction of facilities for early childhood education school Bunga Anggrek in New Pelangkau, Kapuas, Central Kalimantan. The program aims to help young children enjoy access to better quality education.

In 2015, Indika Energy once again provided scholarships to 42 children of company employees through the program Indika Energy Cerdaskan Anak Bangsa. This program, which began in 2011, embodies the Company's awareness and appreciation of its employees' loyalty, dedication and hard work. This scholarship is expected to increase the motivation of employees' children who excel to learn and continue their education at a higher level. Additionally, Indika Energy also supports SOKOLA, an association that facilitates alternate community-based education for traditional or indigenous communities, through a literacy and educational assistance program in Source Candik, Jember, East Java.

HEALTH

For Indika Energy, health is an investment that supports the realization of quality education and sustainable economic development. Individuals who are healthy and well-educated can work productively and live an independent life in the long term. For that reason, health has become one of our main focuses in business operations and our approach to empower local communities.

Since 2014, Indika Energy has worked together with the Women's Resource Development Center (PPSW) Jakarta to revitalize Posyandu Cempaka in Petojo Kelurahan, South Jakarta. Besides improving the health facilities and community nutrition, Indika Energy together with the Central Jakarta Health Office has guided 13 health cadres in serving children under five and the elderly in the neighborhood. Together with Obor Berkat Indonesia, a humanitarian foundation engaged in education and health, Indika Energy has also facilitated free medical examinations in the scavenger village of Pondok Aren, Tangerang.

Working closely with the Bojonegoro Puskesmas community health center, Tripatra has also carried out free medical treatment for infants, children and the elderly in 12 villages, reaching more than 2,000 beneficiaries. Whereas Petrosea focused on strengthening the capacity of health cadres and health campaigns at Petrosea Offshore Supply Base (POSB), Kajang Batu, East Kalimantan, in which more than 700 people participated.

Tambangjaya Multi Utama (MUTU) also provided free medical services and examinations in South Barito, Central Kalimantan. Working closely with Pearl Medic, health care providers and the local government, services ranging from health examinations to nutrition and health counseling was given to 21 toddler, 64 adults and 29 elderly.

COMMUNITY EMPOWERMENT

Indika Energy's commitment to the community around the Company's operational areas is shown through the provision of jobs, training local residents, and finding and developing local suppliers. This community development program based on the principle that that helping others to help themselves is the most appropriate way to establish a solid financial base and encourage self-reliance and community sustainability.

In 2015, Indika Energy accompanied PPSW Jakarta to empower women in South Petojo, Jakarta to establish and develop a women's cooperative that is designed to facilitate the development of small businesses by providing financial management training, as well as low-interest loans. The existence of cooperatives is important to reduce the risk of the public being victimized by high interest loans from unofficial lenders, and increase the family income. In practice, the cooperative successfully reached 118 members in within one year.

Community development and empowerment was also demonstrated by MBSS through the provision of welding training to 20 youths in Paser, East Kalimantan. Through this program, young people in this village have the necessary skills to enter the workforce or become entrepreneurs.

Cirebon Electric Power (CEP), an affiliated company Indika Energy, in cooperation with the Institute for Community Service (LPM) Unswagati University, Cirebon to implement no-interest loan assistance programs to small businesses in Cirebon, West Java. This program has been implemented in 10 villages in the Astanajapura and Mundu Districts. CEP has also provided capacity building training to the 70 recipients of the loan. Currently, more than 400 people have benefited from this program.

ENVIRONMENT

Indika Energy is committed to producing energy responsibly while maintaining and preserving a clean, safe, and healthy environment to minimize the potential negative impact of our operations. The environment is an important consideration in any decision-making, from the daily operations to capital investments. Indika Energy is also continuously seeks out and adopt effective mechanisms to improve our environmental management standards.

Cirebon Electric Power (CEP) is a steam powered power plant with a capacity of 660 MW in Cirebon, West Java which has been in stable operation, consistently carrying out dependency net capacity (NDC) tests to meet its PPA requirements in compliance with environmental standards. CEP uses supercritical boiler technology which his capable of reducing coal consumption up to 2% from 2.8 million tonnes per year, thus producing lower emissions. CEP also planted more than 35,000 mangrove trees around its operational area and has normalized 170 meters of water channel along the Waruduwur Village. Meanwhile, MBSS has implemented fuel monitoring and vessel tracking systems to control the fuel consumption for specific distances for every ship in operation.

In collaboration with Indorelawan, Indika Energy participated in Jakarta Clean Up Day 2015 to raise awareness of garbage as a problem in Jakarta. The 378 volunteers from Indika Energy Group collected 125 kg of garbage along Jalan Sudirman. Indika Energy's sensitivity to the environment is also reflected in the Action for the Earth program, which encourages an environmentally friendly sustainable lifestyle through four intervention points namely paper, plastics, garbage, and energy.





SUBSEQUENT EVENTS

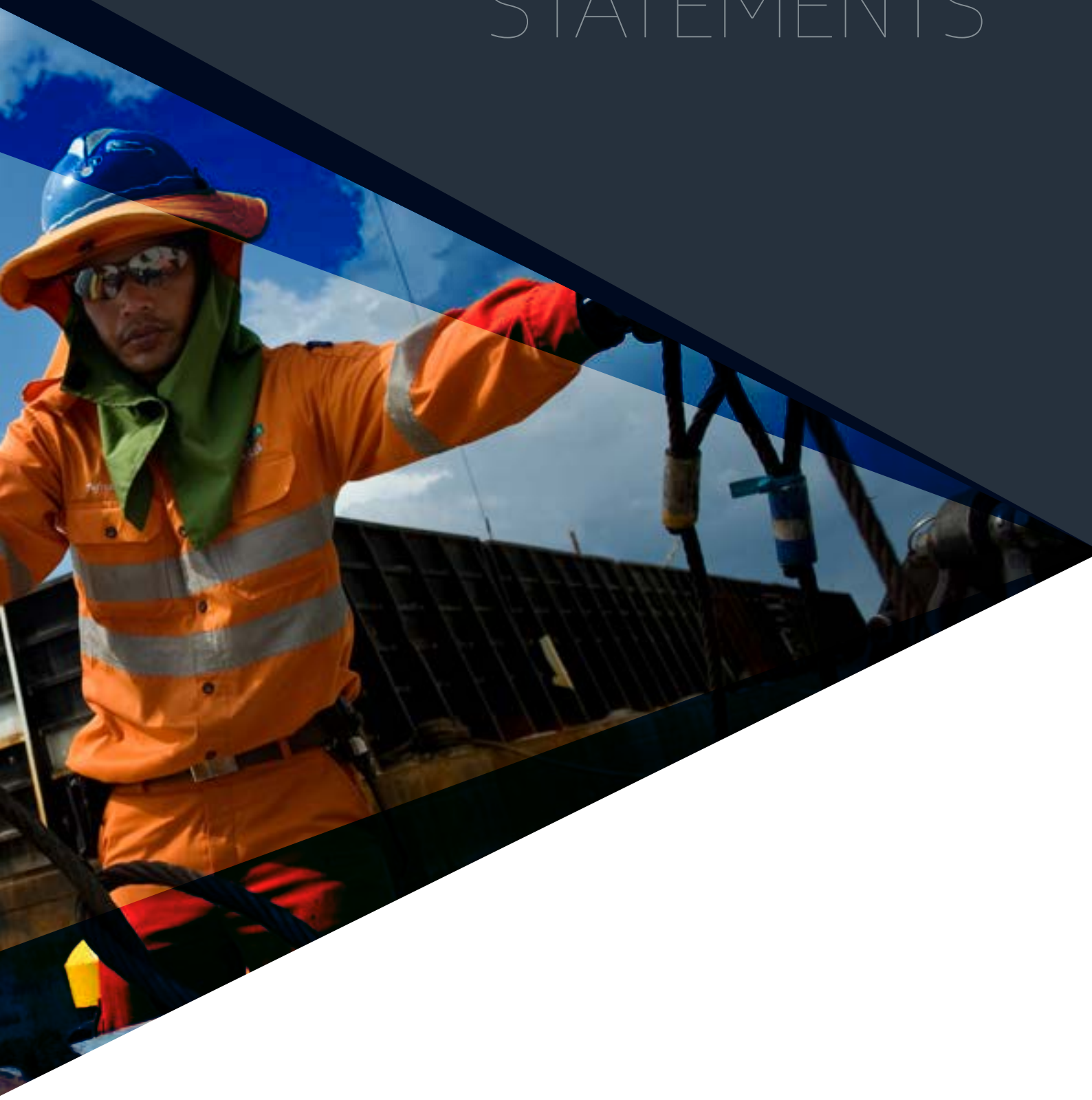
- On 11 January 2016, Petrosea and PT Anzawara Satria entered into overburden removal contract in Tanah Bumbu, South Kalimantan amounting to Rp 622.0 billion. The scope encompasses overburden removal, hire of mobile plant and personnel, and coal hauling in Tanah Bumbu, South Kalimantan.
- On 12 January 2016, the Company paid and filed an objection against the Directorate General of Taxation (DGT) regarding the tax assessment letter on the Company's tax obligation for corporate income for the 2010 tax year in the amount of Rp 14.4 billion.
- On 4 February 2016, the DGT issued a decision letters rejecting the objection filed by the Company related to its corporate income tax and income tax article 26 for 2009, with total underpayment of Rp 11.5 billion. In the same month, the Company also received the decision of the tax court related to value added tax for the January-November 2011 period showing underpayment of Rp 26.3 billion and December 2011 period with total overpayment of Rp 12.9 billion.



- On 11 February, 2016, IIR and Tenstars Pte. Ltd., a third party, established Indika Energy Trading Pte. Ltd. (IETP) with ownership of 60% by IIR. IETP will be engaged in coal and mineral trading as well as general trading activities.
- On 15 February 2016, Tripatra Singapore entered into an option to purchase agreement with a third party in connection with the sale of its office unit located in Singapore.
- On 15 February 216, MUTU received an overpayment tax assessment letters (SKPLB) with regard to its request for restitution of Value Added Tax (PPN) in the December 2014 period amounting to Rp 51.0 billion. The amount of PPN refund is aggregate of 2012 to 2014 period and the refund has been received in March 2016.
- On 26 February 2016 ICI obtained an amendment to the working capital facility from Standard Chartered Bank Singapore with combined limit amounting to US$ 30 million.
- On 7 March 2016 the agreement between Tripatra and PT Sea Bridge Shipping was amended in regard with extending the period of principal payment of loan until 31 October 2017.
- On 8 March 2016 the government officially inaugurated the Petrosea Offshore Supply Base (POSB) located at Tanjung Batu, Balikpapan as a Bonded Logistics Center (PLB) operator. This will be one of the first PLBs in Indonesia. and is also a pilot project.


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FINANCIAL STATEMENTS



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PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

AND INDEPENDENT AUDITORS' REPORT

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
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PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014/DECEMBER 31, 2013 AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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	:	Azis Armand
	Office address	:	Mitra Building, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta.
	Domicile as stated in ID Card	:	Jl. Rajasa 1 No. 146 RT/RW: 009/003, Selong, Kebayoran Baru, Jakarta Selatan
	Phone Number	:	+622125579888
	Position	:	Managing Director, Director of Finance, Energy Resources, Business & Project Development

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 16, 2016

President Director	Managing Director, Director of Finance, Energy Resources, Business & Project Development
Wishnu Wardhana	Azis Armand

Deloitte.

Osman Bing Satrio & Eny
Registered Public Accountants
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Independent Auditors' Report

No. GA116 0202 IE HA

The Stockholders, Boards of Commissioners and Directors

PT. Indika Energy Tbk

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, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year 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 such consolidated financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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, 2015, and their consolidated financial performance and their cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

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Member of Deloitte Touche Tohmatsu Limited

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, in 2015, the Company and its subsidiaries adopted Statement of Financial Accounting Standards (PSAK) 24 (revised 2013), Employee Benefits. PSAK 24 (revised 2013) is applied retrospectively and the prior year corresponding figures have been restated, including the third consolidated statement of financial position as of January 1, 2014/December 31, 2013. Our opinion is not modified in respect of this matter.

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$ 262,425,112 and fuel tax of US$ 25,872,534 as of December 31, 2015 against royalty payment due.

Our audits of the accompanying consolidated financial statements of the Company and its subsidiaries as of December 31, 2015 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, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and note on parent entity's investments in subsidiaries for the year then 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



Henri Arifian
Public Accountant License No. AP.0561

March 16, 2016

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014/DECEMBER 31, 2013

	Notes	December 31, 2015	December 31, 2014 *)	January 1, 2014/ December 31, 2013 *)
		US$	US$	US$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	259,032,201	332,697,212	326,567,443
Other financial assets	6	80,085,782	77,068,485	79,117,030
Trade accounts receivable	7			
Related parties - net of allowance for impairment losses of nil as of December 31, 2015, US$ 1,300,000 as of December 31, 2014 and nil as of January 1, 2014/December 31, 2013	49	19,780,511	11,262,337	30,095,112
Third parties - net of allowance for impairment losses of US$ 2,300,054 as of December 31, 2015, US$ 1,438,586 as of December 31, 2014 and US$ 2,195,289 as of January 1, 2014/December 31, 2013		147,322,497	159,142,372	127,413,540
Unbilled receivables	8			
Related parties	49	129,785	227,242	-
Third parties		764,538	2,530,192	3,191,556
Estimated earnings in excess of billings on contracts	9	143,731,070	93,178,949	75,000,049
Current maturities of other accounts receivable				
Related parties	49	3,705,409	3,355,077	6,888,692
Third parties		7,940,557	5,568,346	3,766,544
Inventories - net of allowance for decline in value of US$ 1,224,180 as of December 31, 2015 and 2014 and US$ 4,353,991 as of January 1, 2014/December 31, 2013	10	9,652,095	13,596,283	17,277,837
Prepaid taxes	11	91,407,925	72,144,130	49,539,732
Other current assets	12	43,606,028	58,525,281	40,324,256
Sub-total		807,158,398	829,295,906	759,181,791
Assets held for sale	21,41	20,153,293	2,123,402	163,767
Total Current Assets		827,311,691	831,419,308	759,345,558
NONCURRENT ASSETS				
Restricted cash		291,657	1,341,408	558,568
Other accounts receivable - net of current maturities				
Related parties - net of allowance for impairment losses of US$ 1,839,712 as of December 31, 2015, US$ 2,035,681 as of December 31, 2014 and US$ 2,694,429 as of January 1, 2014/December 31, 2013	49	35,712,307	36,566,963	48,184,815
Third parties		1,950,460	1,639,265	2,046,507
Claim for tax refund	14	23,111,924	9,870,463	13,503,521
Exploration and evaluation assets - net of impairment losses of US$ 21,338,795 as of December 31, 2015 and nil as of December 31, 2014 and January 1, 2014/December 31, 2013	15	7,276,970	26,960,922	24,936,693
Mining properties - net of accumulated amortization of US$ 7,264,643 as of December 31, 2015, US$ 5,180,669 as of December 31, 2014 and US$ 3,220,267 as of January 1, 2014/December 31, 2013	16	13,393,606	15,389,855	13,257,221
Deferred stripping cost		2,308,390	2,308,390	2,308,390
Investments in associates	13	277,545,435	271,766,662	286,550,051
Investments in jointly-controlled entities	17	13,026,000	14,487,529	21,102,394
Advances and other noncurrent assets	19	8,454,932	9,393,723	5,250,575
Property, plant and equipment - net of accumulated depreciation of US$ 470,337,539 as of December 31, 2015, US$ 405,769,526 as of December 31, 2014 and US$ 330,538,959 as of January 1, 2014/December 31, 2013 and net of allowance for impairment loss of US$ 4,453,661 as of December 31, 2015	20	596,387,117	659,921,767	696,123,987
Intangible assets - net of accumulated amortization of US$ 168,268,609 as of December 31, 2015, US$ 130,638,849 as of December 31, 2014, US$ 90,946,039 as of January 1, 2014/December 31, 2013 and net of allowance for impairment loss of US$ 30,211,797 as of December 31, 2015	22	218,884,208	284,981,837	321,144,321
Goodwill	23	120,235,296	119,454,101	119,454,101
Refundable deposits		4,122,286	4,137,011	2,488,046
Deferred tax assets	43	432,932	671,157	40,980
Total Noncurrent Assets		1,323,133,520	1,458,891,053	1,556,950,170
TOTAL ASSETS		2,150,445,211	2,290,310,361	2,316,295,728

*) As restated (Note 2)

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

	Notes	December 31, 2015	December 31, 2014 *)	January 1, 2014/ December 31, 2013 *)
		US$	US$	US$
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank loans	24	206,015,295	86,249,677	37,735,393
Trade accounts payable	25			
Related parties	49	273,217	19,995	248,087
Third parties		124,195,804	104,221,448	63,447,977
Billings in excess of estimated earnings recognized	9	33,166,753	33,293,257	33,297,895
Other accounts payable				
Related parties	49	211,835	1,402,711	1,505,453
Third parties		1,888,674	12,343,683	8,610,154
Taxes payable	26	8,025,658	7,071,099	5,558,500
Accrued expenses	27	70,928,113	86,109,922	118,780,781
Advances from customers		7,396,251	493,458	11,145
Dividend payable		378,653	455,000	266,149
Current maturities of long-term liabilities				
Long-term loans	28	18,292,014	15,831,756	12,756,345
Lease liabilities	29	19,074,671	31,631,848	48,014,837
Bonds payable	30	15,765,900	17,165,617	17,165,617
Total Current Liabilities		505,612,838	396,289,471	347,398,333
Liabilities directly associated with assets held for sale	1b	-	446,818	-
Total Current Liabilities		505,612,838	396,736,289	347,398,333
NONCURRENT LIABILITIES				
Long-term liabilities - net of current maturities				
Long-term loans	28	52,386,572	71,194,730	87,933,439
Lease liabilities	29	9,567,165	20,819,823	51,794,506
Bonds payable - net	30	649,115,106	767,837,029	761,974,054
Other long-term liability - third party		1,350,110	1,488,866	194,779
Deferred tax liabilities	43	74,333,754	90,527,388	93,339,536
Advances				
Related party	49	1,729,954	1,729,954	1,729,954
Third party		-	-	91,199
Employment benefits	2,31	24,805,304	26,034,504	21,682,020
Total Noncurrent Liabilities		813,287,965	979,632,294	1,018,739,487
Total Liabilities		1,318,900,803	1,376,368,583	1,366,137,820
EQUITY				
Capital stock - Rp 100 par value per share				
Authorized - 17,000,000,000 shares				
Subscribed and paid-up - 5,210,192,000 shares at December 31, 2015 and 2014 and January 1, 2014/December 31, 2013	32	56,892,154	56,892,154	56,892,154
Additional paid-in capital	33	250,847,921	250,847,921	250,847,921
Other components of equity	1d,34	61,833,711	59,003,335	57,798,775
Retained earnings				
Appropriated		5,312,496	5,312,496	5,312,496
Unappropriated		277,131,887	321,719,765	349,355,146
Total equity attributable to owners of the Company		652,018,169	693,775,671	720,206,492
Non-controlling interest	34	179,526,239	220,166,107	229,951,416
Total Equity		831,544,408	913,941,778	950,157,908
TOTAL LIABILITIES AND EQUITY		2,150,445,211	2,290,310,361	2,316,295,728

*) As restated (Note 2)

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 PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	2015	2014 *)
		US$	US$
REVENUES	35,49	1,097,296,489	1,109,508,311
COST OF CONTRACTS AND GOODS SOLD	36,49	(1,008,966,857)	(948,472,697)
GROSS PROFIT		88,329,632	161,035,614
Equity in net profit of associates and jointly-controlled entities	13,17	72,629,159	73,482,756
Investment income	38,49	9,811,502	10,858,840
General and administrative expenses	37	(103,752,957)	(132,267,653)
Finance cost	39	(71,464,448)	(69,434,593)
Impairment of assets	41	(57,212,802)	-
Amortization of intangible assets	22	(35,213,565)	(36,598,221)
Final tax	42	(15,551,917)	(15,845,653)
Others - net	40	24,550,877	(9,499,112)
LOSS BEFORE TAX		(87,874,519)	(18,268,022)
TAX BENEFIT (EXPENSE)	43	11,027,491	(12,348,953)
LOSS FOR THE YEAR		(76,847,028)	(30,616,975)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	2,31	1,705,547	1,270,704
Items that may be reclassified subsequently to profit or loss:			
Translation adjustments		42,131	(41,946)
Unrealized gain (loss) on derivative financial instrument (hedging reserve)	13	1,082,698	(24,198)
Total other comprehensive income for the current year, net of tax		2,830,376	1,204,560
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(74,016,652)	(29,412,415)
LOSS ATTRIBUTABLE TO:			
Owners of the Company	45	(44,587,878)	(27,635,381)
Non-controlling interest	34	(32,259,150)	(2,981,594)
Total		(76,847,028)	(30,616,975)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		(41,757,502)	(26,430,821)
Non-controlling interests		(32,259,150)	(2,981,594)
Total		(74,016,652)	(29,412,415)
LOSS PER SHARE	45		
Basic		(0.0086)	(0.0053)
Diluted		(0.0086)	(0.0053)

*) As restated (refer to Note 2)

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, 2015 AND 2014

	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 (Note 44)	Other Components of Equity: Cumulative translation adjustments	Other Components of Equity: Remeasurement of defined benefit liability in accordance with PSAK 24, Employee Benefit	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$	US$
Balance as of January 1, 2014 (as previously reported)		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
Adjustments	2	-	-	-	-	-	291,409	-	-	(5,139)	286,270	-	286,270
Balance as of January 1, 2014*)		56,892,154	250,847,921	(6,876,463)	7,816,296	(616,827)	291,409	57,184,360	5,312,496	349,355,146	720,206,492	229,951,416	950,157,908
Net loss for the year (as previously reported)		-	-	-	-	-	-	-	-	(27,514,790)	(27,514,790)	(2,984,139)	(30,498,929)
Adjustments	2	-	-	-	-	-	-	-	-	(120,591)	(120,591)	2,545	(118,046)
Net loss for the year*)		-	-	-	-	-	-	-	-	(27,635,381)	(27,635,381)	(2,981,594)	(30,616,975)
Other comprehensive income (loss)													
Actuarial gain or loss on defined benefit obligation	31	-	-	-	-	-	1,270,704	-	-	-	1,270,704	-	1,270,704
Unrealized loss on derivative financial instrument (hedging reserve)		-	-	(24,198)	-	-	-	-	-	-	(24,198)	-	(24,198)
Cumulative translation adjustments		-	-	-	-	(41,946)	-	-	-	-	(41,946)	-	(41,946)
Total comprehensive loss		-	-	(24,198)	-	(41,946)	1,270,704	-	-	(27,635,381)	(26,430,821)	(2,981,594)	(29,412,415)
Dividend from subsidaries		-	-	-	-	-	-	-	-	-	-	(6,803,715)	(6,803,715)
Balance as of December 31, 2014*)		56,892,154	250,847,921	(6,900,661)	7,816,296	(658,773)	1,562,113	57,184,360	5,312,496	321,719,765	693,775,671	220,166,107	913,941,778
Net loss for the year		-	-	-	-	-	-	-	-	(44,587,878)	(44,587,878)	(32,259,150)	(76,847,028)
Other comprehensive income (loss)													
Actuarial gain or loss on defined benefit obligation	31	-	-	-	-	-	1,705,547	-	-	-	1,705,547	-	1,705,547
Unrealized loss on derivative financial instrument (hedging reserve)		-	-	1,082,698	-	-	-	-	-	-	1,082,698	-	1,082,698
Cumulative translation adjustments		-	-	-	-	42,131	-	-	-	-	42,131	-	42,131
Total comprehensive loss		-	-	1,082,698	-	42,131	1,705,547	-	-	(44,587,878)	(41,757,502)	(32,259,150)	(74,016,652)
Dividend from subsidaries		-	-	-	-	-	-	-	-	-	-	(8,380,718)	(8,380,718)
Balance as of December 31, 2015		56,892,154	250,847,921	(5,817,963)	7,816,296	(616,642)	3,267,660	57,184,360	5,312,496	277,131,887	652,018,169	179,526,239	831,544,408

*) As restated (Note 2)

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, 2015 AND 2014

	December 31, 2015	December 31, 2014
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,138,967,559	983,991,890
Cash paid to suppliers	(943,785,596)	(735,494,644)
Cash paid to directors, commissioners and employees	(177,227,405)	(176,414,535)
Cash generated from operations	17,954,558	72,082,711
Interest received	9,738,644	18,594,779
Receipt of claim for tax refund	4,772,545	9,820,066
Finance cost paid	(64,887,945)	(64,218,670)
Taxes paid	(37,837,470)	(39,557,920)
Placement of claim for tax refund	(3,128,480)	(3,802,522)
Net Cash Used in Operating Activities	(73,388,148)	(7,081,556)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	70,659,435	92,973,304
Settlement of other accounts receivable from related party	6,698,629	5,665,857
Proceeds from sale of property and noncurrent assets held for sale	4,638,997	3,623,729
Withdrawal of other financial assets	4,034,458	2,450,171
Proceeds from sale of investment in subsidiaries	1,176,867	-
Proceeds from advances and other noncurrent assets	703,648	-
Acquisitions of property, plant and equipment	(57,787,828)	(66,732,287)
Provide of other accounts receivable to related parties	(7,020,000)	-
Placement of other financial assets	(6,435,474)	(1,005,539)
Payment for exploration and evaluation assets	(1,621,538)	(1,030,584)
Payment of advances and other non current assets	(1,788,930)	(2,561,235)
Payment of investment in associates	(1,276,296)	(800,000)
Payment of investment in subsidiary	(994,000)	-
Acquisition of intangible assets	(923,819)	(1,841,044)
Proceeds from sale of an investment in a jointly controlled entity	-	1,644,000
Net Cash Provided by Investing Activities	10,064,149	32,386,372
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans, long-term loans and lease liabilities	564,288,818	77,246,000
Proceeds from sale and lease back transaction	7,128,000	-
Proceeds from other payables	1,117,279	177,107
Payments of bank loans, long-term loans of bonds payable	(493,841,926)	(89,646,496)
Partial settlement of bonds payable	(77,143,800)	-
Payments of dividend of subsidiaries	(8,803,185)	(6,428,996)
Payment of transaction cost related to partial settlement of bonds payable	(1,049,993)	-
Net Cash Used in Financing Activities	(8,304,807)	(18,652,385)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(71,628,806)	6,652,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332,697,212	326,567,443
Effects of foreign exchange rate changes	(2,036,205)	(522,662)
CASH AND CASH EQUIVALENTS AT END OF YEAR	259,032,201	332,697,212

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 Notarial Deed No. 94 and 96 dated April 29, 2015 of Aryanti Artisari, SH M.Kn., notary in Jakarta, to conform with (a) Bapepam-LK's Rule No. IX.J.1 pertaining to the changes in the Articles of Association of the Company which Undertakes Public Offering of Equity Securities and Public Company, related to the classification of the Company's business activities into main and supporting activities and to expand its business to include lease of office building and (b) to conform with POJK 32; OJK Regulation No. 33/POJK.04/2014 pertaining to Directors and Board of Commissioners of Public Company; OJK Regulation No. 34/POJK.04/2014 pertaining to Nomination and Remuneration Committee of Public Company and OJK Regulation No. 38/POJK.04/2014 pertaining to Increase in Capital Stock of Public Company without Preemptive Rights. The above Notarial Deed No. 96 was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Letter No. AHU-0935440.AH.01.02.TAHUN 2015 dated May 19, 2015.

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, 2015 and 2014, the Company and its subsidiaries had total number of employees of 7,077 (including 2,300 non-permanent employees) and 7,585 (including 3,747 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, 2015 and 2014, the Company's management consisted of the following:

		December 31, 2015
President Commissioner	:	Wiwoho Basuki Tjokronegoro
Vice President Commissioner	:	Agus Lasmono
Commissioner	:	Indracahya Basuki
	:	Ir. Pandri Prabono-Moelyo
Independent Commissioners	:	Mohammad Chatib Basri
		Dedi Aditya Sumanagara
President Director	:	Wishnu Wardhana
Vice President Director	:	M. Arsjad Rasjid P.M.
Managing Director, Director of Finance, Energy Resources, Business and Project Development	:	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)	:	Richard Bruce Ness

		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

The chairman and members of the audit committee at December 31, 2015 and 2014 are as follows:

	December 31, 2015
Chairman	: Dedi Aditya Sumanagara
Members	: Harry Wiguna
	Subbiah Sukumaran

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

At December 31, 2015 and 2014, the Company's Corporate Secretary is Dian Paramita.

At December 31, 2015 and 2014, 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:

Subsidiaries	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
						US$	US$
PT Indika Inti Corpindo (IIC) and subsidiaries	Jakarta	Investment and general trading	1998	99.99%	99.99%	325,035,789	435,271,124
Asia Prosperity Coal B.V. (APC) *)	Netherlands	Financing	2004	99.99%	99.99%	2,421	359,666
PT Citra Indah Prima (CIP) and subsidiaries *)	Jakarta	Investment	Development stage	99.92%	99.92%	1,476,574	1,486,510
PT Sindo Resources (SR) *)	Jakarta	Mining	Development stage	89.93%	89.93%	463	599
PT Melawi Rimba Minerals (MRM) *)	Jakarta	Mining	Development stage	89.93%	89.93%	-	2
Indika Capital Pte. Ltd. (ICPL) and subsidiary *)	Singapore	Marketing and investment	2009	99.99%	99.99%	93,799,076	87,945,366
Indika Capital Resources Limited (ICRL) *)	British Virgin Islands	Financing	2009	99.99%	99.99%	60,996,713	60,655,434
PT Indy Properti Indonesia (IPY)	Jakarta	Development, services and trading	2015	100%	100%	1,149,516	20,721
PT Indika Indonesia Resources (IIR) and subsidiaries	Jakarta	Mining and trading	Development stage	100%	100%	374,501,831	403,778,714
PT. Mitra Energi Agung (MEA) *)	East Kalimantan	Coal Mining	Development stage	60%	60%	672,304	6,518,192
Indika Capital Investments Pte. Ltd (ICI) *)	Singapore	Coal and mineral trading and general trading activities	2015	100%	100%	144,373,572	128,803,065
PT Indika Energi Trading (IET) *)	Jakarta	Trading	Development stage	60%	60%	1,757,620	142,999

Subsidiaries	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
						US$	US$
PT Multi Tambangjaya Utama (MUTU) *)	Central Kalimantan	Coal Mining	2012	85%	85%	52,749,617	66,508,122
PT Indika Multi Energi (IME) and subsidiary	Jakarta	Trading, development, industrial, agriculture, printing, workshop, transportation and services	Development stage	100%	100%	776,776	910,885
PT Indika Multi Daya Energi (IMDE) *)	Jakarta	Trading, development, services, workshop, industrial, transportation, printing and agriculture	Development stage	100%	100%	465,985	592,159
PT Tripatra Engineers and Constructors (TPEC) and subsidiary	Jakarta	Provision of consultancy services, construction business and trading	1989	100%	100%	393,373,039	311,864,243
Tripatra (Singapore) Pte. Ltd (TS) *) and subsidiary	Singapore	Investment	2006	100%	100%	28,632,596	30,822,143
Tripatra Investment Limited (TRIL) *)	British Virgin Islands	Investment	2007	100%	100%	15,316,831	15,314,724
PT Tripatra Engineering (TPE)	Jakarta	Consultation services for construction, industry and infrastructure	1971	100%	100%	40,179,493	25,599,772

Subsidiaries	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
						US$	US$
PT Petrosea Tbk (Petrosea) and subsidiaries	Jakarta	Engineering, construction, mining and other services	1972	69.80%	69.80%	425,388,337	467,732,191
PTP Investments Pte. Ltd. (PTPI) *)	Singapore	Investment	Dormant	69.80%	69.80%	738,000	897,269
PT Petrosea Kalimantan (PTPK) *)	Balikpapan	Trading and contracting services	Dormant	69.80%	69.80%	39,000	42,231
PT POSB Infrastructure Kalimantan (PTPIK) *)	Balikpapan	Special port management	Dormant	69.80%	69.80%	912,000	181,543
PT Mahaka Industri Perdana (MIP) *)	Jakarta	Trading, mining and other industries	1994	35.77%	-	688,000	-
PT Indika Power Investments Pte. Ltd., Singapore (IPI)	Singapore	Investment	2006	100%	100%	52,483,806	42,296,239
PT Indika Infrastruktur Investindo (III)	Jakarta	Investment	2007	100%	100%	19,032,584	16,732,032
PT Indika Energy Infrastructure (IEI) and subsidiaries	Jakarta	Trading, development and services	2010	100%	100%	425,650,195	480,937,448
PT LPG Distribusi Indonesia (LDI) and subsidiaries *)	Jakarta	Trading, industry, mining and services	2010	100%	100%	2,052,832	2,474,044
PT Wahida Arta Guna Lestari (WAGL) *)	Tasikmalaya	Operations of Station for Gas Filling and Delivery (SPPBE)	2010	-	100%	-	1,016,013
PT Satya Mitra Gas (SMG) *)	Semarang	Operations of Station for Gas Filling and Delivery (SPPBE)	2010	-	100%	-	792,595

Subsidiaries	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
						US$	US$
PT Jati Warna Gas Utama (JGU) *)	Jakarta	Operations of station for Gas Filling and Delivery (SPPBE)	Development stage	100%	100%	18,123	26,371
PT Indika Logistic & Support Services (ILSS) and subsidiaries *)	Jakarta	Port operation	2011	100%	100%	20,781,083	27,160,287
PT Kuala Pelabuhan Indonesia (KPI) *)	Timika, Irian Jaya	Port operation	1995	100%	100%	20,412,811	15,946,332
PT Indika Multi Niaga (IMN) *)	Jakarta	Transportation management services, trading and other services	2015	100%	-	732,149	-
PT Indika Multi Energi Internasional (IMEI) and subsidiary *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	100%	1,464,996	11,103
PT Prasarana Energi Indonesia (PEI) and subsidiary *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	100%	1,477,398	-
PT Prasarana Energi Cirebon (PEC) *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	Development stage	100%	100%	1,439,111	-
PT Mitrabahtera Segara Sejati Tbk (MBSS) and subsidiaries *)	Jakarta	Sea logistics and transhipment	1994	51%	51%	307,783,678	351,616,622

Subsidiaries	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership		Total Assets Before Elimination	
				December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
						US$	US$
PT Mitra Hartono Sejati (MHS) **)	Jakarta	Shipping	Not yet operational	25.50%	25.50%	2,099,695	2,099,698
PT Mitra Swire CTM (MSC) **)	Jakarta	Shipping	2008	35.68%	35.68%	26,490,103	28,390,850
Mitra Bahtera Segarasejati Pte. Ltd. (MBS) **	Singapore	Shipping	Not yet operational	51%	51%	494,026	712,239
Mitra Jaya Offshore (MJO) **)	Jakarta	Shipping	Not yet operational	26.01%	26.01%	869,880	964,630
PT Mitra Alam Segara Sejati (MASS) **)	Jakarta	Shipping	2012	31%	31%	18,626,742	18,290,189
Indo Integrated Energy B.V. (IIE BV)	Netherlands	Financing	1984	100%	100%	4,250,664	4,523,686
Indo Integrated Energy II B.V. (IIE BV II)	Netherlands	Financing	2009	100%	100%	3,907,728	3,798,414
Indo Energy Finance B.V. (IEF BV) and subsidiary	Netherlands	Financing	2011	100%	100%	178,527,198	307,395,681
Indo Energy Capital B.V. (IEC BV) *)	Netherlands	Financing	2011	100%	100%	174,797,056	304,460,919
Indo Energy Finance II B.V. (IEF BV II) and subsidiary	Netherlands	Financing	2012	100%	100%	517,985,660	524,013,125
Indo Energy Capital II B.V. (IEC BV II) *)	Netherlands	Financing	2012	100%	100%	514,805,989	521,341,828

*) Indirect ownership
**) Indirectly acquired through MBSS

Year 2015

a. Disposal of subsidiaries

i. As of December 31, 2014, 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 and cash and cash equivalents of US$ 411,898.

On January 16, 2015, IEI and LDI signed a sale and purchase agreement with a third party to sell all of their share ownership in WAGL at the selling price of Rp 18 billion. Gain recognized from this transaction amounting to US$ 232,880 was recognized in others - net.

ii. As of December 31, 2014, all assets and liabilities of SMG 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 of total assets amounting to US$ 954,227 including cash and cash equivalents of US$ 6,377, and total liabilities of US$ 415,708.

On December 7, 2015, IEI and LDI signed a sale and purchase agreement with third parties to sell all of their share ownership in SMG at the transaction price of Rp 13.5 billion, including settlement of outstanding liabilities and advances from related parties. Assets held for sale consisted of total assets amounting to US$ 663,510 including cash and cash equivalents of US$ 66, and total liabilities of US$ 489,929. Gain recognized from this transaction amounting to US$ 177,160 was recognized in others - net.

b. Establishment of subsidiary

In September 2015, ILSS and IEI established IMN, where ILSS owns 99.99% of share ownership. IMN will be engaged in freight forwarding, trading and other services.

c. Acquisition of subsidiary

On August 6, 2015 Petrosea through its subsidiary, PTPIK, acquired 51.25% equity ownership or 4,100 shares of MIP, a company domiciled in Jakarta. Acquisition is done to strengthen Petrosea's business lines. Goodwill arising from the acquisition amounted to US$ 781,195.

The non-controlling interest 48.75% recognized at acquisition date was measured by reference to the fair value of the non-controlling interest which amounted to US$ 283,227.

As of date of the acquisition of MIP, the fair value of assets acquired and liabilities assumed are as follows:

	US$
Current assets	330,812
Non-current assets	57,645
Intangible asset	222,237
Current liabilities	(293,037)
Non-current liabilities	(19,905)
Fair value of net assets acquired	297,752

Goodwill and net cash outflow arising from such acquisition are as follows:

	US$
Consideration transferred	1,078,947
Add: Non-controlling interest	283,227
Less: Fair value of identifiable net assets acquired	580,979
Goodwill arising from acquisition (Note 23)	781,195
Acquisition cost	1,078,947
Less: Cash and cash equivalents acquired	85,235
Net cash outflow on acquisition	993,712

Goodwill arose in the business combination because the cost of the business combination included a control premium. In addition, the consideration paid for the combination effectively not included amounts in relation to the benefit of epected synergies, revenue growth, future market development, assembled workforce and certain intangible assets. These benefits are recognized separately from goodwill because they meet the recognition criteria for identifiable intangible assets amounting to US$ 222,237.

This subsidiary contributed US$ 819,714 of net sales and US$ 85,235 of net income to the consolidated results of Petrosea in 2015.

Year 2014

Establishment of subsidiaries

i. On January 21, 2014, ICI and PT Mitra Pratama Prima established PT Indika Energy Trading which will be engaged in activities covering trading, development, services, workshop, industrial, transportation, printing and agriculture.

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

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

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

The Company's ownership in IIC, TPE, TPEC, TS, IEC BV, IEF BV, IEC BV II, IEF BV II, and IIE BV II 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 51).

The Company's ownership in IPI was used as collateral in relation to a related party's loan facility (Note 51).

c. Public Offering of Shares of the Company

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, 2015 and 2014, 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 in 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 ha, 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 year

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, 2015.

- 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.

  The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

  Also relevant to the Group is the amendment to PSAK 1 regarding when a statement of financial position as of the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

  In the current year, the Company and its subsidiaries has applied a number of new and revised PSAK (see discussion below), which has resulted in material effects on the information in the consolidated statement of financial position as of January 1, 2014/December 31, 2013. In accordance with the amendments to PSAK 1, the Company and its subsidiaries has presented a third statement of financial position as of January 1, 2014/December 31, 2013 without the related notes except for the disclosure requirements of PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors as detailed below.

- PSAK 24 (revised 2013), Employee Benefits

  In the current year, the Company and its subsidiaries adopted 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 recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

  The Company and its subsidiaries have adopted this revised standard in accordance with the transitional provisions in PSAK 24 (revised 2013).

  There are two key changes to the Company and its subsidiaries' accounting policy as the result of the adoption of PSAK 24 (revised 2013). Firstly, actuarial gains and losses are immediately recognized through other comprehensive income rather than applying corridor approach, where accumulated unrecognized actuarial gains and losses that exceed 10% 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. Secondly, the recognition of past service cost is accelerated, rather than being amortised on a straight-line basis over the average period until the benefits become vested for unvested benefits.

The transitional provisions of PSAK 24 (revised 2013) require that it should be applied from January 1, 2014, being the beginning of the earliest period presented in the condolidated financial statements.

Management of the Company and its subsidiaries have reviewed past service costs and unamortised actuarial gain or loss as at January 1, 2014/December 31, 2013 and December 31, 2014 in line with the requirements of PSAK 24 (revised 2013). As a result of applying the transitional provisions within the revised standard, the Company and its subsidiaries have identified changes in the following items in the consolidated statement of financial position as at January 1, 2014/December 31, 2013 and December 31, 2014:

	January 1, 2014/December 31, 2013		
	Previously reported	Adjustment due to adoption of PSAK 24 (revised 2013)	Balance after adoption of PSAK 24 (revised 2013)
	US$	US$	US$
Noncurrent assets			
Deferred tax asset	68,568	(27,588)	40,980
Noncurrent liabilities			
Employment benefits	21,860,883	(178,863)	21,682,020
Deferred tax liabilities	93,474,531	(134,995)	93,339,536
Equity			
Other components of equity	57,507,366	291,409	57,798,775
Unappropriated retained earnings	349,360,285	(5,139)	349,355,146

	December 31, 2014		
	Previously reported	Adjustment due to adoption of PSAK 24 (revised 2013)	Balance after adoption of PSAK 24 (revised 2013)
	US$	US$	US$
Noncurrent assets			
Deferred tax assets	713,088	(41,931)	671,157
Noncurrent liabilities			
Employment benefits	27,321,396	(1,286,892)	26,034,504
Deferred tax liabilities	90,721,335	(193,947)	90,527,388
Equity			
Other components of equity	57,441,222	1,562,113	59,003,335
Unappropriated retained earnings	321,845,495	(125,730)	321,719,765
Non-controlling interest	220,163,562	2,545	220,166,107

The Company's and its subsidiaries' consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014 which has been restated as follows:

	December 31, 2014		
	Previously reported	Adjustment due to adoption of PSAK 24 (revised 2013)	Balance after adoption of PSAK 24 (revised 2013)
	US$	US$	US$
General and administrative expenses	(132,149,607)	(118,046)	(132,267,653)
Loss before tax	(18,149,976)	(118,046)	(18,268,022)
Loss for the year	(30,498,929)	(118,046)	(30,616,975)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability in accordance with PSAK 24, Employee Benefits	-	1,270,704	1,270,704
Other comprehensive loss after tax for the year	(66,144)	1,270,704	1,204,560
Total comprehensive loss for the year	(30,565,073)	1,152,658	(29,412,415)
Total loss attributable to:			
Owners of the Company	(27,514,790)	(120,591)	(27,635,381)
Non-controlling interest	(2,984,139)	2,545	(2,981,594)
Total comprehensive loss attributable to:			
Owners of the Company	(27,580,934)	1,540,980	(26,430,821)
Non-controlling interest	(2,984,139)	2,545	(2,981,594)
Total	(30,565,073)	1,543,525	(29,412,415)
Loss per share			
Basic	0.0053	-	0.0053
Diluted	0.0053	-	0.0053

- 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.

  The application of PSAK 46 has had no material impact on the disclosures or on the amounts recognized in the consolidated financial statements, except on the reclassification/presentation of final tax as a separate line item from corporate income tax expense, in the consolidated statement of profit or loss and other comprehensive income.

Standards and interpretations that will not have significant impact on presentation and amounts reported in the consolidated financial statements are as follows:

- PSAK 4 (revised 2013), Separate Financial Statements,
- PSAK 15 (revised 2013), Presentation of Financial Statements,
- PSAK 48 (revised 2014), Impairment of Assets,
- PSAK 50 (revised 2014), Financial Instruments: Presentation,
- PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement,
- PSAK 60, (revised 2014) Financial Instruments: Disclosures,
- PSAK 65, Consolidated Financial Statements,
- PSAK 66, Joint Arrangements,
- PSAK 67, Disclosures of Interests in Other Entities,

- PSAK 68, Fair Value Measurement, and
- ISAK 26, Reassessment of Embedded Derivatives.

b. Standards and interpretations in issue not yet effective

Standard and improvements to standards effective for periods beginning on or after January 1, 2016, with early application permitted as are follows:

Standard
- PSAK 110 (revised 2015): Accounting for Sukuk.

Improvements
- PSAK 5: Operating Segments,
- PSAK 7: Related Party Disclosures,
- PSAK 13: Investments Property,
- PSAK 16: Property, Plant and Equipment,
- PSAK 19: Intangible Assets,
- PSAK 22: Business Combination,
- PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors,
- PSAK 53: Share-based Payments, and
- PSAK 68: Fair Value Measurement.

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with retrospective application are as follows:

- PSAK 4: Separate Financial Statements about Equity Method in Separate Financial Statements,
- PSAK 15: Investment Entities: Applying the Consolidation Exception,
- PSAK 24: Defined Benefit Plans: Employee Contributions,
- PSAK 65: Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception,
- PSAK 67: Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30: Levies.

The amendments to standards effective for periods beginning on or after January 1, 2016, with amendments to be applied prospectively are as follows:

- PSAK 16: Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19: Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66: Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation.

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are amendments to PSAK 1: Presentation of Financial Statements about Disclosure Initiative and ISAK 31: Interpretation, Scope Interpretation of PSAK 13: Investment property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are PSAK 69: Agriculture and Amendments to PSAK 16: Property, Plant and Equipment about Agriculture: Bearer Plants.

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 consolidated 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PSAK 53, leasing transactions that are within the scope of PSAK 30, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PSAK 14 or value in use in PSAK 48.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including (i) the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders; (ii) potential voting rights held by the Company, other vote holders or other parties; (iii) rights arising from other contractual arrangements; and (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustment are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company and its subsidiaries's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company and its subsidiaries are eliminated in full 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.

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

When the Company and its subsidiaries losses 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. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company and its subsidiaries had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase option.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another accounting standard.

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

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowing;
- Exchange differences on transaction entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign currency operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Company and its subsidiaries's foreign operations are translated into U.S. Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

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,
- PT Cirebon Power Services,
- PT Cotrans Asia,
- PT Indy Properti Indonesia, and
- PT Mahaka Industri Perdana.

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 49).

h. Financial Assets

All financial assets are recognized and derecognized 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 Receivables

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 recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 48.

Available-for-sale (AFS)

AFS financial assets are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Gains and losses arising from changes in fair value are recognized 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 recognized 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 recognized 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 recognized 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.

For financial asset carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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 recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized 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 recognized, the previously recognized 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 recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized 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 "amortised cost".

Financial Liabilities at Amortised 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 amortised 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. Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company and its subsidiaries entity undertake their activities under joint operations, the Company and its subsidiaries as a joint operator recognise in relation to their interest in a joint operation:

- Their assets, including their share of any assets held jointly;
- Their liabilities, including their share of any liabilities incurred jointly;
- Their revenue from the sale of their share of the output arising from the joint operation;
- Their share of the revenue from the sale of the output by the joint operation; and
- Their expenses, including its share of any expenses incurred jointly.

The Company and its subsidiaries account for the assets, liabilities, revenues and expenses relating to their interest in a joint operation in accordance with the PSAKs applicable to the particular assets, liabilities, revenues and expenses.

When the Company and its subsidiaries transact with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Company and its subsidiaries are considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company and its subsidiaries' consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Company and its subsidiaries transact with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Company and its subsidiaries do not recognise their share of the gains and losses until they resell those assets to a third party.

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, Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company and its subsidiaries's share of the profit or loss and other comprehensive income of the associate. When the Company and its subsidiaries's share of losses of an associate exceeds the Company and its subsidiaries's interest in that associate (which includes any long-term interests that, in substance, form part of the Company and its subsidiaries's net investment in the associate) the Company and its subsidiaries discontinues recognizing it's share of further losses. Additional losses are recognized only to the extent that the Company and its subsidiaries has incurred legal or constructive obligations or made payments on behalf of the associate.

An investmet in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Any excess of the cost of acquisition over the Company and its subsidiaries's 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, which is included within the carrying amount of the investment. Any excess of the Company and its subsidiaries's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of PSAK 55, Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company and its subsidiaries's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PSAK 48, Impairment of Assets, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PSAK 48 to the extent that the recoverable amount of the investment subsequently increases.

The Company and its subsidiaries discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Company and its subsidiaries retains an interest in the former associate and the retained interest is a financial asset, the Company and its subsidiaries measures any retained investment at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with PSAK 55. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Company and its subsidiaries accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company and its subsidiaries reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Company and its subsidiaries reduces its ownership interest in an associate but the Company and its subsidiaries continues to use the equity method, the Company and its subsidiaries reclassifies to profit or loss the proportion of the gain that had previously been recognized in other comprehensive income relating to that reduction in ownership interest (if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.)

When an entity transacts with an associate of the Company and its subsidiaries, profits and losses resulting from the transactions with the associate are recognized in the Company and its subsidiaries' consolidated financial statements only to the extent of its interest in the associate that are not related to the Company and its subsidiaries.

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 amortised over their beneficial periods using the straight-line method.

p. Noncurrent Assets Held for Sale

Noncurrent assets (or disposal groups) 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 asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. 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.

When the Company and its subsidiaries is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company and its subsidiaries will retain a non-controlling interest in its former subsidiary after the sale.

When the Company and its subsidiaries is committed to a sale plan involving disposal of an investment, or a portion of an investmet, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company and its subsidiaries discontinues the use of the equity method in relation to the portion that is classified as a held for sale.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost 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 - 50
Office furniture, fixtures 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 or where shorter, the term of the relevant lease.

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 amortised 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 amortised 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 amortised 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 amortised 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 amortised over 3 to 27 years using the straight-line method.

t. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (Note 1b) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company and its subsidiaries's cash-generating units (or group of cash-generating units) expected to benefit from the synergies of the combination. A cash-generating unit 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 profit or loss and other comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company and its subsidiaries's policy for goodwill arising on the acquisition of an associate is described in Note 3m.

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 amortised 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 are 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 expenditures incurred by or on behalf of the Company and its subsidiaries are accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditures comprise 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 recognized 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 expenditures are incurred on a mining property after the commencement of production, the expenditures are 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 these expenditures are classified as a cost of production.

Mining properties (including exploration, evaluation and development expenditures, and payments to acquire mineral rights and leases) are amortised 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

Stripping costs are recognized 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 consolidated 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 recognized in the consolidated 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. Employee 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 benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected as a separate item under other components of equity and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Company and its subsidiaries present the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

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 tax consequences that would follow from the manner in which the Company and its subsidiaries expects, 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.

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 the case of a business combination, the tax effect is included in the accounting for the business combination.

ff. Final Tax

Tax expense on revenues from construction services, vessels and office rental are subject to final tax which is recognized proportionately based on the revenue recognized in the current year. The difference between the final tax paid and current tax expense in profit or loss is recognized as prepaid tax or tax payable. Prepaid final tax is presented separately from final tax payable.

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 recognized 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 and 49 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. The carrying amounts of inventories are diclosed in Note 10 to the consolidated financial statements.

Reserve Estimates

Coal reserves are estimates of the amounts of coal that can be economically and legally extracted from the Company and its subsidiaries's properties. In order to estimate coal reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratios, production costs, transport costs, commodity demand, commodity prices future capital expenditure, mine closure obligation and exchange rates.

Estimating the quantity and/or calorific value of coal reserves requires the size, shape and depth of coal seam or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

Because the economic assumptions used to estimate reserves change from year to year and because additional geological data is generated during the course of operations, estimates of reserves may change from year to year. Changes in reported reserves may affect the Company and its subsidiaries's consolidated financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in the estimated future cash flows;
- Depreciation, depletion and amortisation charged to profit or loss may change where such charges are determined based on a unit-of-production method or where the economic useful lives of assets change;
- Provision for mine closure may change where changes in estimated reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likelihood of the recoverability of the tax benefits.

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 20 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 13, 15, 16, 17, 19, 20 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. 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. Details of Employment benefit obligations are disclosed in 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 51.

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.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit using an appropriate growth rate and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of goodwill are disclosed in Note 23.

Valuation of financial instruments

As described in Note 48, 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, 2015	December 31, 2014
	US$	US$
Cash on hand		
Rupiah	173,753	321,924
U.S. Dollar	46,552	52,624
Singapore Dollar	706	76
Cash in banks - Third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	8,665,966	6,219,751
The Hongkong and Shanghai Banking Corporation Limited	3,376,313	6,215,996
PT Bank Artha Graha International Tbk	866,628	330,631
Citibank, N.A.	605,297	4,433,479
PT Bank Negara Indonesia (Persero) Tbk	502,611	823,840
PT Bank Panin Indonesia Tbk	210,688	-
PT Bank Maybank Indonesia Tbk	199,740	245,731
Standard Chatered Bank, Jakarta Branch	178,719	586,298
PT Bank CIMB Niaga Tbk	155,262	118,414
PT Bank ANZ Indonesia	115,104	674,353
PT Bank Rakyat Indonesia (Persero) Tbk	58,502	171,996
PT Bank KEB Indonesia	27,390	30,086
PT Bank Central Asia Tbk	20,487	81,526
PT Bank Victoria International Tbk	14,838	17,290
PT Bank Permata Tbk	11,245	19,941
PT Bank UOB Indonesia	10,225	12,443
JP Morgan Chase Bank, N.A.	2,813	3,103
Bank Papua	985	858
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	222	255
PT Bank Danamon Tbk	81	124
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	49,240,597	25,067,362
Citibank, N.A.	46,086,210	65,217,525
DBS Bank Ltd.	9,281,327	3,163,177
Standard Chatered Bank, Jakarta Branch	6,906,111	3,106,321
Bank Oversea-Chinese Banking Corporation Limited	4,574,157	3,271,787
JP Morgan Chase Bank, N.A.	4,440,420	10,488,547
PT Bank Maybank Indonesia Tbk	2,660,396	1,098,472
PT Bank ANZ Indonesia	2,413,789	2,637,122
UBS AG	2,220,101	6,331,166
The Hongkong and Shanghai Banking Corporation Limited	2,144,998	11,998,686
PT Bank Artha Graha International Tbk	2,056,304	2,267,712
PT Bank Negara Indonesia (Persero) Tbk	1,520,473	1,000,376
ING Bank, N.V.	1,438,862	1,652,193
PT Bank Permata Tbk	1,302,985	1,353,460
PT Bank KEB Indonesia	1,071,221	1,071,231
Lembaga Pembiayaan Ekspor Indonesia-Indonesia Eximbank	248,271	355,718
PT Bank CIMB Niaga Tbk	239,244	1,675,914
PT Bank UOB Indonesia	164,930	122,925
PT Bank Permata Syariah	43,305	106,614
PT Bank Panin Tbk	26,172	-
PT Bank Danamon Indonesia Tbk	5,060	734,835
PT Bank Central Asia Tbk	829	23,009
Forward	153,329,889	163,104,891

	December 31, 2015	December 31, 2014
	US$	US$
Forward	153,329,889	163,104,891
Singapore Dollar		
Bank Oversea-Chinese Banking Corporation Limited	405,785	153,022
DBS Bank Ltd.	394,209	901,841
PT Bank Maybank Indonesia Tbk	6,362	9,077
UBS AG		
Australian Dollar		
The Hongkong and Shanghai Banking Corporation Limited	25,722	28,441
Euro		
PT Bank Mandiri (Persero) Tbk	5,475,161	1,382,237
PT Bank Maybank Indonesia Tbk	34,624	5,608
The Hongkong and Shanghai Banking Corporation Limited	6,811	7,585
Citibank, N.A.	5,936	62,774
ING Bank, N.V.	4,844	24,174
Korea Exchange Bank	2,421	15,752
Call deposit - U.S. Dollar		
UBS AG	20,658,597	42,989,379
Time deposit - Third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	6,200,044	18,501,950
PT BPR Bina Dana Cakrawala	983,502	1,023,189
Standard Chartered Bank	738,989	-
PT Bank Artha Graha International Tbk	72,490	80,386
PT Bank ANZ Indonesia	26,705	28,749
PT Bank CIMB Niaga Tbk	-	803,858
PT Bank Negara Indonesia (Persero) Tbk	-	803,860
U.S. Dollar		
PT Bank Permata Tbk	21,000,000	17,000,000
UBS AG	14,529,228	9,837,557
PT Bank Artha Graha International Tbk	12,534,078	11,518,220
PT Bank Rakyat Indonesia (Persero) Tbk	9,793,544	9,884,548
PT Bank Negara Indonesia (Persero) Tbk	6,491,009	-
PT Bank Maybank Indonesia Tbk	4,500,000	5,500,000
PT Bank ANZ Indonesia	1,812,251	8,000,000
PT Bank CIMB Niaga Tbk	-	7,522,993
PT Bank Mandiri (Persero) Tbk	-	28,507,121
PT Bank UOB Indonesia	-	5,000,000
Total	259,032,201	332,697,212
Interest rates per annum on time deposits		
Rupiah	4.25%-10.05%	2.00%-11.00%
U.S. Dollar	0.25% - 2.25%	0.10% - 2.80%
Interest rate on call deposit - U.S. Dollar	0.12%	0.12%

6. OTHER FINANCIAL ASSETS

	December 31, 2015	December 31, 2014
	US$	US$
Guarantee deposit for bank loans		
Time deposits - third parties		
U.S. Dollar		
DBS Bank Ltd.	15,485,412	18,190,946
PT Bank Mandiri (Persero) Tbk	2,150,000	2,150,000
Restricted cash in banks - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	389,198	369,292
PT Bank Negara Indonesia (Persero) Tbk	147,769	163,864
U.S. Dollar		
PT Bank Maybank Indonesia Tbk	150,000	-
PT Bank Mandiri (Persero) Tbk	60,105	32,327
Deposit for bank guarantee		
Time deposits - third parties		
U.S. Dollar		
PT Bank ANZ Indonesia	1,374,829	1,374,829
PT Bank CIMB Niaga Tbk	-	6,431
Rupiah		
PT Bank Mandiri (Persero) Tbk	1,087,351	-
Held-for-trading investments at fair value		
Investments in portfolio - third party		
UBS AG	59,241,118	54,780,796
Total	80,085,782	77,068,485
Interest rates per annum		
Time deposits		
U.S. Dollar	0.25% - 0.50%	0.07% - 2.40%
Rupiah	2.5%	-

Guarantee deposit for bank loans

Time deposits in DBS Bank Ltd. (DBS) were used as collateral for the short-term loan facilities granted by DBS to IIC (Note 51). These time deposits have terms of three months.

Time deposit 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 51).

Held-for-trading investments at fair value

UBS AG

Investment in portfolio (bonds and alternative investments) at UBS AG represent the investment owned by ICRL (subsidiary).

Unrealized loss on investment in portofolio amounting to US$ 506,942 and US$ 115,692 in 2015 and 2014, respectively (Note 38). The fair value measurement were presented in Note 48.

7. TRADE ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014
	US$	US$
a. By debtor		
Related parties (Note 49)	19,780,511	12,562,337
Allowance for impairment losses	-	(1,300,000)
Net	19,780,511	11,262,337
Third parties		
Related to contracts and services revenues		
BUT Eni Muara Bakau B.V.	30,588,930	14,477,053
ExxonMobil Cepu Ltd.	28,712,287	15,497,276
PT Freeport Indonesia	15,198,962	5,972,256
PT Indonesia Pratama	12,728,512	14,397,049
PT Gunung Bayan Pratama Coal	5,893,708	13,236,028
PT Berau Coal	5,832,450	5,874,428
PT Indoasia Cemerlang	4,379,945	113,851
BP Berau Ltd.	4,016,084	-
PT Kaltim Prima Coal	3,689,936	5,066,086
PT Adaro Indonesia	3,225,616	4,486,261
Sebuku Group	2,403,639	1,779,213
JOB Pertamina Medco Tamori Sulawesi	2,316,524	-
PT M.I. Indonesia	1,129,598	1,396,562
Total E&P Indonesie	1,095,898	1,127,448
BHP Billiton - PT Maruwai Coal	1,029,659	-
PT Halliburton Indonesia	941,728	1,000,087
BUT Chevron Indonesia Company	797,093	1,370,566
BUT Niko Resources Limited	713,232	133,728
PT Holcim Indonesia Tbk	431,996	1,642,545
Jhonlin Group	253,572	2,482,699
PT Adimitra Baratama Nusantara	-	22,901,960
PT Indomining	-	7,859,753
PT Borneo Indobara	-	5,999,671
PT Metalindo Bumi Raya	-	1,416,382
PT Trinisyah Ersa Pratama	-	1,040,189
Others (each below US$ 1 million)	13,530,884	10,303,170
Sales of coal		
Foreign customers	10,712,298	21,006,697
Total	149,622,551	160,580,958
Allowance for impairment losses	(2,300,054)	(1,438,586)
Net	147,322,497	159,142,372
Total	167,103,008	170,404,709

	December 31, 2015	December 31, 2014
	US$	US$
b. By age category		
Not yet due	106,527,908	122,819,612
Past due:		
1 - 30 days	8,134,203	28,394,377
31 - 90 days	7,241,906	10,494,004
91 - 180 days	22,384,086	3,708,890
> 181 days	25,114,959	7,726,412
Total	169,403,062	173,143,295
Allowance for impairment losses	(2,300,054)	(2,738,586)
Net	167,103,008	170,404,709
c. Overdue but not impaired		
Overdue		
1 - 30 days	8,134,203	28,394,377
31 - 90 days	7,241,906	10,494,004
91 - 180 days	21,552,052	3,708,890
> 181 days	26,637,358	4,987,826
Total	63,565,519	47,585,097
d. By currency:		
U.S. Dollar	156,418,526	165,847,921
Rupiah	12,932,542	7,196,848
Singapore Dollar	51,994	98,526
Total	169,403,062	173,143,295
Allowance for impairment losses	(2,300,054)	(2,738,586)
Net	167,103,008	170,404,709
Movement in the allowance for impairment losses		
Beginning balance	2,738,586	2,195,289
Impairment losses recognized on receivables	7,725,389	1,699,811
Amounts written off during the year as uncollectible	(6,354,727)	(1,156,514)
Reversal of impairment	(1,809,194)	-
Ending balance	2,300,054	2,738,586

Trade accounts receivables disclosed above include amounts of retention receivables from third parties which were recorded by TPE, TPEC and Petrosea as follows:

	December 31, 2015	December 31, 2014
	US$	US$
TPE		
BP Berau Ltd.	3,413,671	-
TPEC		
PT Perta - Samtan Gas	-	48,962
Petrosea		
PT Indonesia Pratama	1,109,000	842,000
Total	4,522,671	890,962

Management believes that all such retention receivables can be realised.

Trade accounts receivable of TPEC, Petrosea and MBSS, consolidated subsidiaries, with a total carrying amount of US$ 81,642,435 and US$ 85,683,898 as of December 31, 2015 and 2014, respectively, were used as collateral for bank loans, long-term loans and credit facilities (Notes 24, 28 and 51).

At December 31, 2015, Petrosea has written-off receivables from PT Gunung Bayan Pratama Coal and PT Indonesia Pratama amounting to US$ 6,172,909 and US$ 181,818 in accordance with termination and settlement agreement, respectively (Note 51).

The average credit period on sales of goods and services is 60 days. No interest is charged on trade accounts receivable.

Allowance for impairment losses on trade receivables is 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.

Management believes that the allowance for impairment losses on trade accounts receivable from related and third parties is adequate.

8. UNBILLED RECEIVABLES

	December 31, 2015	December 31, 2014
	US$	US$
Related parties (Note 49)	129,785	227,242
Third parties		
BUT Conoco Phillips Indonesia Inc. Ltd.	523,716	1,697,932
PT Pertamina Hulu Energy ONWJ	137,108	790,174
Others (each below US$ 500 thousand)	103,714	42,086
Sub-total	764,538	2,530,192
Total	894,323	2,757,434

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 (Note 51g).

Following are the details of construction costs and billed invoices related to those contracts:

	December 31, 2015	December 31, 2014
	US$	US$
Accumulated construction costs	1,146,866,362	874,220,081
Accumulated recognized profit	65,935,080	80,644,918
Accumulated recognized revenue	1,212,801,442	954,864,999
Less:		
Progress billings	(1,102,237,125)	(894,979,307)
Net	110,564,317	59,885,692
The above consists of:		
Estimated earnings in excess of billings on contracts	143,731,070	93,178,949
Billings in excess of earnings recognized	(33,166,753)	(33,293,257)
Net	110,564,317	59,885,692

10. INVENTORIES

	December 31, 2015	December 31, 2014
	US$	US$
Spare parts and supplies	8,395,142	8,614,745
Diesel and fuels	1,562,688	3,318,131
Lubricants and blasting materials	610,333	259,110
Coal	308,112	2,628,477
Total	10,876,275	14,820,463
Allowance for decline in value	(1,224,180)	(1,224,180)
Net	9,652,095	13,596,283
Changes in the allowance for decline in value are as follows:		
Beginning balance	1,224,180	4,353,991
Additions	-	111,074
Write-off	-	(3,240,885)
Ending balance	1,224,180	1,224,180

As of December 31, 2015 and 2014, inventories of Petrosea amounting to US$ 4,415,583 and US$ 5,012,163, respectively, were insured through a consortium led by PT Asuransi Cakrawala against all risks for US$ 4,837,826 and US$ 5,665,502, respectively. Spareparts and supplies of MBSS as of December 31, 2015 and 2014, amounting US$ 4,001,285 and US$ 5,019,561, respectively, were included in the vessel's insurance (Note 20). Management believes that the insurance coverages are adequate to cover possible losses on inventories.

In 2014, the decline in the value of inventories was recognized as deduction to the cost of inventories and charged to profit and loss.

As of December 31, 2015 and 2014, inventories recognized in expenses and was recorded as cost of contracts and goods sold amounted to US$ 72,298,183 and US$ 127,576,451, respectively.

11. PREPAID TAXES

	December 31, 2015	December 31, 2014
	US$	US$
Excess payment of corporate income tax (Note 43)		
The Company		
2015	260,321	-
2014	131,087	131,087
2013	18,892	18,892
2012	74,338	74,338
Subsidiaries		
2015	10,791,100	-
2014	-	11,313,324
2013	-	7,487,228
Income tax Articles 15, 22 and 23	1,786,487	74,769
Value-added tax (VAT) - net	78,345,700	53,044,492
Total	91,407,925	72,144,130

In 2015, TPEC submitted tax restitution letter of VAT for fiscal year 2012-2014 amounting to Rp 445,808,729,870 (equivalent to US$ 38,870,676). Until the issuance date of the consolidated financial report, the examination of tax restitution is in progress.

On December 17, 2015, TPEC received overpayment tax assessment letter (SKPLB) of VAT for fiscal year 2011 amounting to Rp 5,628,279,597 (equivalent to US$ 490,737). TPEC also received underpayment tax assessment letter (SKPKB) and tax invoice (STP) for fiscal year 2011 amounting to Rp 715,821,020 (equivalent to US$ 51,890) which compensated with VAT overpayment of fiscal year 2011. Until the issuance date of the consolidated financial report, TPEC has not yet received any tax refund from the Tax Office.

On April 23, 2015, Petrosea received an Overpayment Corporate Income Tax Assessment Letter year 2013, amounting to US$ 4,718,363 for the refund request of US$ 7,487,277. This overpayment of US$ 4,718,363 Petrosea has received, the tax refund on May 26, 2015. The difference on the tax refund received and the amount initially recorded as claims are directly charged to profit or loss (Note 43).

12. OTHER CURRENT ASSETS

	December 31, 2015	December 31, 2014
	US$	US$
Prepaid expenses		
Insurance	2,789,904	3,069,395
Rent	1,210,735	2,783,486
Others	1,255,168	2,364,284
Advances		
Purchase of coal	28,609,141	30,523,460
Projects	7,360,534	16,152,838
Vessel maintenance	960,511	1,150,078
Others (each below US$ 1 million)	1,420,035	2,481,740
Total	43,606,028	58,525,281

Advances for the purchase of coal represent advance payments made by ICI.

Advances for projects represent advance payments to subcontractors for projects by TPEC and Petrosea.

13. INVESTMENTS IN ASSOCIATES

Name of associates	Principal activity	Domicile	Percentage of ownership interest and voting power held by the Company and its subsidiaries		Carrying amount	
			December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
			%	%	US$	US$
PT Kideco Jaya Agung (KJA)	Exploration, development, mining and marketing of coal	Jakarta	46%	46%	206,570,481	215,084,749
PT Cirebon Electric Power (CEP)	Coal-fired power plant	Cirebon - West Java	20%	20%	37,569,681	28,720,146
PT Sea Bridge Shipping (SBS)	Domestic goods shipment	Jakarta	46%	46%	21,398,845	18,915,087
PT Cotrans Asia (CTA)	Coal transportation and transhipment service	East Kalimantan	45%	45%	9,639,147	8,016,281
PT Intan Resources Indonesia (IRI)	Coal trading and mining consultancy	Jakarta	43.3%	43.3%	834,565	834,746
PT Cirebon Power Services (CPS)	Operations and maintenance of electrical equipment and facilities	Cirebon - West Java	20%	20%	256,420	195,653
PT Cirebon Energi Prasarana (CEPR)	Coal-fired power plant	Cirebon - West Java	25%	-	1,276,296	-
Total					277,545,435	271,766,662

Changes in investments in associates are as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Carrying amount at beginning of year	271,766,662	286,550,051
Investment additions	1,276,296	800,000
Equity in profit of associates net of amortization	74,049,226	77,403,963
Dividends	(70,629,447)	(92,963,154)
Share in other comprehensive income (loss) of associates	1,082,698	(24,198)
Carrying amount at end of year	277,545,435	271,766,662

Other comprehensive income (loss) of associate represents unrealized income (loss) on derivative financial instruments of CEP (hedging reserve).

Summarized financial information in respect of the Company and its subsidiaries's material associates is set out below. The summarized financial information below represent amounts shown in the associate's financial statements prepared in accordance with Indonesian Accounting Standards.

	December 31, 2015	December 31, 2014
	US$	US$
PT Kideco Jaya Agung		
Current Assets	400,520,599	395,997,915
Non-current assets	182,242,980	206,437,974
Current liabilities	211,504,398	224,260,215
Non-current liabilities	48,046,291	51,551,109

	2015	2014
	US$	US$
Revenue	1,658,247,912	2,059,394,366
Profit before tax	244,522,015	278,119,889
Profit for the year	138,088,325	154,360,596
Other comprehensive income	-	-
Total comprehensive income for the year	138,088,325	154,360,596
Dividends declared by KJA during the year	141,500,000	191,000,000

Reconciliation of the above summarized financial information to the carrying amount of the interest in KJA measured using the equity method recognized in the consolidated financial statements:

	December 31, 2015	December 31, 2014
	US$	US$
Net assets of KJA	323,212,891	326,624,565
Proportion of IIC's ownership interest in KJA	46%	46%
IIC's ownership interest in KJA	148,677,930	150,247,300
Unamortized excess of the cost of acquisition over IIC's share of the net fair value of identifiable assets and liabilities of KJA at acquisition date	57,892,551	64,837,449
Carrying amount of IIC's interest in KJA	206,570,481	215,084,749

Aggregate information of associates that are not individually material:

	December 31, 2015	December 31, 2014
	US$	US$
The Company and its subsidiaries' share of net of profit of associates	17,473,493	13,342,986
The Company and its subsidiaries' share of other comprehensive income of associates	1,082,698	(24,198)
The Company and its subsidiaries' share of total comprehensive income of associates	18,556,191	13,318,788
Aggregate carrying amount of the Company and its subsidiaries' interest in these associates	70,974,954	56,681,913

PT Kideco Jaya Agung

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$ 6,944,897 each, for the years ended December 31, 2015 and 2014.

IIC's investment in KJA was used as collateral on a first priority basis for bonds payable (Note 30).

PT Cirebon Electric Power

The Company's indirect ownership in CEP was used as collateral to a related party's loan facility (Note 51b).

Based on unanimous written resolutions, 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 shareholdings. 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 51b) 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 Cirebon Power Services

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

PT Cirebon Energi Prasarana

On October 2, 2015, PT Prasarana Energi Cirebon (PEC) - a subsidiary, signed a Sale and Purchase Agreement with PT Bayu Inti Permata (BIP), wherein PEC agreed to purchase all the 1,050 shares owned by BIP in CEPR, representing 42% of ownership in CEPR, at a purchase price of Rp 1,280,265,000. CEPR is a limited liability company established in line with the Coal-fired Power Plant development project at the capacity of 1 x 1000 MW, which is the expansion of the current existing Coal-fired Power Plant 1 x 660 MW (Cirebon-1) located at Cirebon, West Java. Thus, majority sponsors in CEPR are sponsors in Cirebon-1 project.

On October 21, 2015, following the participation of other sponsors in CEPR, namely Marubeni Corporation, Samtan Co. Ltd., Korea Midland Power Co. Ltd. and Chubu Electric Power Co. Ltd., PEC's ownership in CEPR has been diluted to 25%.

On October 23, 2015, CEPR signed a Power Purchase Agreement (PPA) with PT PLN (Persero) (PLN) related to coal-fired power plant project with the capacity of 1 x 1000 MW, located at Cirebon, West Java (CEP-2), which is the project under the scheme of Build, Own, Operate and Transfer. Based on the PPA, CEPR will develop and establish the CEP-2 project. PLN will purchase electricity produced by CEPR in the commercial operation period, which is expected to commence in 2020. The PPA also regulates the electricity sales mechanism from CEPR to PLN for 25 years starting from the commercial operation date. Total value of the project is approximately US$ 2,000,000,000.

14. CLAIM FOR TAX REFUND

	December 31, 2015	December 31, 2014
	US$	US$
Company 2011 fiscal year	1,903,986	2,111,373
Company 2010 fiscal year	2,138,167	-
Company 2009 fiscal year	833,812	-
Company 2008 fiscal year	3,359,836	3,725,799
IIC 2011 fiscal year	599,929	665,265
IIC 2010 fiscal year	714,383	792,195
IIC 2006 fiscal year	448,988	497,904
Petrosea 2014 fiscal year	10,453,328	-
Petrosea 2005, 2006 and 2007 fiscal year	1,449,496	1,300,661
KPI 2014 fiscal year	296,093	-
KPI 2007, 2008 and 2009 fiscal year	777,266	777,266
IPI 2014 fiscal year	136,640	-
Total	23,111,924	9,870,463

Tax Assessment Letters

The Company

Below are the Tax Assessment Letters that are still on the process of appeal and objection:

Tax type	Tax period	Overpayment or Underpayment	Total claimed	Total approved by DGT	Total claimed		Current status
					December 31, 2015	December 31, 2014	
			Rp	Rp	US$	US$	
Value-Added Tax (VAT)	January-November 2011	Underpayment	26,266 million	Nil	1,903,986	2,111,373	Appeal
Corporate Income Tax	2008	Underpayment	46,348 million	Nil	3,359,836	3,725,799	Appeal
Income Tax Article 26	June, November and December 2010	Underpayment	29,496 million	Nil	2,138,167	-	Objection
Income Tax Article 26	December 2009	Underpayment	9,830 million	Nil	712,610	-	Objection
Corporate Income Tax	2009	Underpayment	1,672 million	Nil	121,202	-	Objection
Total					8,235,802	5,837,172	

In January 2013, Directorate General of Taxation (DGT) issued Tax Assessment Letter on the Company's Value-added Tax (VAT) pertaining to the month of December 2011. Based on such assessment letter, 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 on appeal.

Under the Tax Assessment Letter 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

This tax case is still under appeal as at December 31, 2015.

Under Tax Assessment Letter 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)

The Company filed an objection against the correction made by DGT.

Management believes that all of the above tax matters will be resolved in favor of the Company and accordingly, no provision was made as of the reporting date.

IIC

Below are Tax Assessment Letters/Tax Collection Letters that are still on the process of appeal:

Tax type	Fiscal year	Overpayment or Underpayment	Total claimed	Total approved by Tax Court	Total claimed December 31, 2015	Total claimed December 31, 2014	Current status
			Rp		US$	US$	
Corporate Income Tax	2006	Underpayment	25,638 million	6,169 million	448,988	497,904	Judicial Review
Income Tax Article 26	June 2011	Underpayment	8,276 million	8,276 million	599,929	665,265	Appeal
Income Tax Article 26	December 2010	Underpayment	9,855 million	9,855 million	714,383	792,195	Appeal
Total					1,763,300	1,955,364	

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.

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 Tax Collection Letter (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 the Tax Court.

Under the Tax Assessment Letter dated December 15, 2015 issued by DGT on IIC's corporate income tax obligation for year 2010, DGT made corrections on IIC's fiscal loss from Rp 233,912 million to Rp 2,446 million. In February 2016, IIC filed an objection letter against the corrections made by DGT.

The appeals and objections 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.

Petrosea

In 2014, Petrosea recorded a tax overpayment for Corporate Income Tax amounting to US$ 10,453,328.

Tax Assessment Letters for Joint Operations

Joint operations	Tax type	Fiscal year	Tax underpayment	Petrosea's portion Tax underpayment	Equivalent to December 31, 2015	Equivalent to December 31, 2014
			Rp	Rp	US$	US$
PC JO	Income Tax art. 26	2005	12,505,239,916	6,252,619,958	540,323	540,323
PC JO	Income Tax art. 26	2006	14,226,200,433	7,113,100,217	614,682	614,682
PC JO	Income Tax art. 26	2007	3,371,062,321	1,685,531,161	145,656	145,656
PC JO	Income Tax art. 26	2005 - 2006	3,852,071,401	1,926,035,701	148,835	-
Total				16,977,287,036	1,449,496	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 2005-2006, stating the rejection of the PC JO's objection and increased the tax underpayment amounting to Rp 3,852,071,401. This underpayment has been paid on April 8, 2015. On April 10, 2015, Petrosea requested for an appeal to the Tax Court, for the objection decision. As of the issuance date of the consolidated financial statements, the appeal is still on-going.

KPI

Below are underpayment Tax Assessment Letters that are on process of appeal:

Tax type	Fiscal year	Total claimed		Total claimed December 31, 2015	Total claimed December 31, 2014	Current status
		US$	Rp	US$	US$	
Corporate Income Tax	2009	113,104	-	113,104	113,104	Appeal
	2008	86,345	-	86,345	86,345	Appeal
	2014	296,093	-	296,093	-	Objection
Corporate Income Tax	2008	436,488	-	436,488	436,488	Appeal
Income tax article 23	2009	-	141,519,308	15,581	15,581	Appeal
Income tax article 25	2007	30,135	-	30,135	30,135	Appeal
Income tax article 21	2008	-	787,860,654	83,239	83,239	Appeal
Value Added Tax	2009	-	116,807,523	12,374	12,374	Appeal
Total				1,073,359	777,266	

As of the issuance date of the consolidated financial statements, KPI has not yet received any response from the Tax Court and no decision has been made regarding the appeal.

On April 30, 2015, KPI filed an overpayment claim proposal to DGT on corporate income tax fiscal year 2014 amounted to US$ 296,093. As of the date of the financial report, the tax audit for KPI's overpayment claim is being carried out.

15. EXPLORATION AND EVALUATION ASSETS

	December 31, 2015		
	Beginning balance	Additions	Ending balance
	US$	US$	US$
Baliem	16,877,646	135,150	17,012,796
MEA	4,317,868	8,131	4,325,999
Kananai and Malintut	5,765,408	1,511,562	7,276,970
Total	26,960,922	1,654,843	28,615,765
Allowance for impairment (Note 41)	-	(21,338,795)	(21,338,795)
Net book value	26,960,922	1,654,843	7,276,970

	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 dan Malintut	4,552,110	1,213,298	5,765,408
Total	24,936,693	2,024,229	26,960,922

16. 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, 2015	Additions	December 31, 2015
	US$	US$	US$
Cost	20,570,524	87,725	20,658,249
Accumulated amortization	(5,180,669)	(2,083,974)	(7,264,643)
Net carrying amount	15,389,855		13,393,606

	January 1, 2014	Additions	Reclassification from property, plant and equipment (Note 20)	December 31, 2014
	US$	US$	US$	US$
Cost	16,477,488	3,160,028	933,008	20,570,524
Accumulated amortization	(3,220,267)	(1,960,402)	-	(5,180,669)
Net carrying amount	13,257,221			15,389,855

Amortization expenses are charged to general and administrative expenses (Note 37).

17. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Domicile	Percentage of Ownership	December 31, 2015	December 31, 2014
		%	US$	US$
PT Santan Batubara (SB)	Kalimantan	50		
Beginning balance			14,487,529	18,484,793
Equity in net loss			(1,420,067)	(3,997,264)
Equity in net comprehensive income			(41,463)	-
Ending balance			13,026,000	14,487,529
PT Tirta Kencana Cahaya Mandiri (TKCM)	Tangerang	47		
Beginning balance			-	2,617,601
Equity in net income			-	76,057
Book value			-	2,693,658
Sale of investment			-	(2,693,658)
Ending balance			-	-
Total			13,026,000	14,487,529

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.

In 2014, Petrosea held 47% interest in TKCM, a company engaged in the water treatment industry.

On March 24, 2014, Petrosea has signed the deed of Sale and Purchase Agreement to transfer all of its shares in PT Tirta Kencana Cahaya Mandiri (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 billion and cash payment in 2014 amounting to Rp 19.1 billion (equivalent to US$ 1,644 thousand), shall be used to Petrosea's working capital requirements. Loss recognized from divestment of TKCM shares amounted to Rp 1,184 million (equivalent to US$ 102 thousand), charged to others-net (Note 40).

The summary of financial information in respect of the jointly-controlled entities is set out below:

	December 31, 2015	December 31, 2014
	US$	US$
Current assets	10,540,811	15,605,712
Non-current assets	12,770,466	13,089,289
Total Assets	23,311,277	28,695,001
Current liabilities	6,286,872	8,287,192
Non-current liabilities	1,043,358	1,502,733
Equity attributable to owners of the Company	15,981,047	18,905,076
Total Liabilities and Equity	23,311,277	28,695,001
Revenue	246,317	32,321,418
Expenses	(3,087,421)	(40,153,880)
Loss for the year	(2,841,104)	(7,832,462)
Other comprehensive income	(81,954)	-
Total comprehensive income for the year	(2,923,058)	(7,832,462)

18. JOINT OPERATIONS

Joint Operators	Method of sharing result	Participating interest %	Duration
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, 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.

In 2013, management of IMDE has internally reviewed the progress of exploration done in relation to its participation interest in the block of Southwest Bird's Head 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. In 2015, TOTAL sent letter to SKK Migas for full relinquishment of the block.

PT Saipem Indonesia and PT Chiyoda International Indonesia

In 2013, TPEC entered into an unincorporated joint operation 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).

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.

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.

The summarized financial information below represents amounts shown in the joint operation's financial statement in accordance with Indonesian Financial Accounting Standards:

	December 31, 2015	December 31, 2014
	US$	US$
Total assets	162,879,329	110,887,562
Total liabilities	119,429,928	96,432,175
Total revenue	293,060,587	126,543,267
Total expenses	264,066,571	112,087,880

Chiyoda Corporation, PT Chiyoda International Indonesia, PT Saipem Indonesia and PT Suluh Ardhi Engineering

On October 27, 2014, TPEC and TPE entered into an unincorporated joint operation 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%, while internally TPE and TPEC agreed to split the portion by 85%:15%, respectively, of the 30% portion.

On October 29, 2014, BP Berau Ltd and CSTS JO signed the contract for Front End Engineering Design (FEED) of Tangguh LNG Expansion Project, effective on December 5, 2014, to deliver FEED, 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.

The summarized financial information below represents amounts shown in the joint operation's financial statement in accordance with Indonesian Financial Accounting Standards:

	December 31, 2015	December 31, 2014
	US$	US$
Total assets	18,302,190	-
Total liabilities	13,270,176	-
Total revenue	41,193,225	-
Total expenses	36,161,211	-

19. ADVANCES AND OTHER NONCURRENT ASSETS

	December 31, 2015	December 31, 2014
	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	4,548,749	5,000,000
PT Intan Cempaka Perkasa	-	3,665,362
Advances for projects	3,116,273	-
Others (each below US$ 500,000)	788,699	727,150
Total	8,454,932	9,393,723

PT Karya Sukses Unggulan (KSU)

In August 2014, IIC entered into Exploration and Development of Coal Concession Area Agreements with 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 above agreement is valid for one year, effective from the signing date. 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.

Following the expiration of the agreement with KSU, the agreement has been amended through agreement dated November 2, 2015, where IIC and KSU agreed to amend amount of advance given by IIC from US$ 5,000,000 to Rp 67,750 million and extend the agreement until October 23, 2016.

In 2015, IIC received refund of advances of Rp 5,000 million.

PT Intan Cempaka Perkasa (ICP)

IIC entered into Exploration and Development of Coal Concession Area Agreements with 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 above agreement is valid for one year, effective from the signing date of each of the above agreements. 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 agreement, 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.

The agreements have been amended several times and several refunds of advances totalling to Rp 184 billion were received by IIC.

In 2015, ICP concluded its work for IIC and the remaining advance was charged to operations to compensate all ICP's expenses related to its obligation under the agreement (Note 40).

Advances for Projects

Advances for projects represent advance payments to subcontractors for projects by Petrosea.

20. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2015	Additions	Deductions	Translation adjustments	Reclassifications	Transfer to assets held for sale (Note 21)	December 31, 2015
	US$	US$	US$	US$	US$	US$	US$
At cost:							
Direct acquisitions							
Land	38,753,335	4,994	-	-	2,337,000	-	41,095,329
Buildings, leasehold and improvements	100,716,694	-	-	-	24,044,105	(23,341,075)	101,419,724
Office furniture, fixtures and other equipment	30,963,229	266,077	(107,684)	(24)	2,995,902	-	34,117,500
Vessels	356,035,562	4,389,035	(17,989,526)	-	7,189,676	-	349,624,747
Motor vehicles and helicopter	17,240,234	688,385	(1,104,415)	-	-	-	16,824,204
Machinery and equipment	5,432,205	-	-	-	1,331,250	-	6,763,455
Plant, equipment, heavy equipment and vehicles	167,523,320	-	(4,146,000)	-	9,748,000	-	173,125,320
Construction in-progress	39,412,984	47,003,083	(37,826)	-	(47,645,933)	-	38,732,308
Leased assets							
Plant, equipment, heavy equipment and vehicles	309,400,602	-	(7,588,000)	-	6,707,000	-	308,519,602
Construction in-progress	213,128	7,450,000	-	-	(6,707,000)	-	956,128
Total	1,065,691,293	59,801,574	(30,973,451)	(24)	-	(23,341,075)	1,071,178,317
Accumulated depreciation:							
Direct acquisitions							
Buildings, leasehold and improvements	43,481,049	7,232,403	-	-	-	(2,061,120)	48,652,332
Office furniture, fixture and other equipment	23,219,292	3,800,738	(17,189)	(18)	-	-	27,002,823
Vessels	107,793,470	26,347,264	(9,076,197)	-	-	-	125,064,537
Motor vehicles and helicopter	8,455,265	2,216,625	(960,890)	-	-	-	9,711,000
Machinery and equipment	1,877,072	948,766	-	-	-	-	2,825,838
Plant, equipment, heavy equipment and vehicles	73,945,141	20,630,631	(6,414,000)	-	-	-	88,161,772
Leased assets							
Plant, equipment, heavy equipment and vehicles	146,998,237	27,168,000	(5,247,000)	-	-	-	168,919,237
Total	405,769,526	88,344,427	(21,715,276)	(18)	-	(2,061,120)	470,337,539
Allowance for impairment (Note 41)	-	4,453,661	-	-	-	-	4,453,661
Net Book Value	659,921,767					(21,279,955)	596,387,117

	January 1, 2014	Additions	Deductions	Translation adjustments	Reclassifications	Transfer to assets held for sale (Note 21)	Reclassification to mining properties (Note 16)	December 31, 2014
	US$	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	408,276	(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	17,347,476	888,901	(661,933)	(4,058)	-	(330,152)	-	17,240,234
Machinery and equipment	7,225,956	2,631	(874,178)	(29,315)	-	(892,889)		5,432,205
Plant, equipment, heavy equipment and vehicles	159,790,471	-	(12,029,440)	-	19,931,272	(168,983)	-	167,523,320
Construction in-progress	16,908,825	48,849,397	-	-	(25,412,230)	-	(933,008)	39,412,984
Leased assets								
Plant, equipment, heavy equipment and vehicles	303,283,768	-	(12,250,290)	-	18,367,124	-	-	309,400,602
Construction in-progress	1,926,117	16,654,135	-	-	(18,367,124)	-	-	213,128
Total	1,026,662,946	69,952,462	(27,233,136)	(136,246)	-	(2,621,725)	(933,008)	1,065,691,293
Accumulated depreciation:								
Direct acquisitions								
Buildings, leasehold and improvements	35,246,109	7,856,212	(187,140)	(4,531)	729,916	(159,517)	-	43,481,049
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	8,137,948	1,942,630	(1,392,791)	(6,907)	-	(225,615)	-	8,455,265
Machinery and equipment	1,404,908	857,152	-	(10,923)	-	(374,065)	-	1,877,072
Plant, equipment, heavy equipment and vehicles	62,693,005	22,621,149	(11,223,556)	-	(9,840)	(135,617)	-	73,945,141
Leased assets								
Plant, equipment, heavy equipment and vehicles	119,281,717	39,966,810	(12,250,290)	-	-	-	-	146,998,237
Total	330,538,959	101,764,104	(25,600,835)	(26,158)	-	(906,544)	-	405,769,526
Net Book Value	696,123,987					(1,715,181)		659,921,767

Depreciation expense was allocated to the following:

	December 31, 2015	December 31, 2014
	US$	US$
Cost of contracts and goods sold (Note 36)	75,711,370	90,591,953
General and administrative expenses (Note 37)	11,800,057	11,172,151
Construction in-progress	833,000	-
Total	88,344,427	101,764,104

At December 31, 2015, depreciation expense amounting to US$ 833,000 was capitalized to construction in-progress. The depreciation expenses were related to the use of Petrosea's heavy equipment in the building construction process.

Details of the (loss) gain on sale of property, plant and equipment are as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Proceeds from sale	4,807,473	2,499,963
Net carrying amounts	(9,258,175)	(1,632,301)
(Loss) gain on sale (Note 40)	(4,450,702)	867,662

Details of constructions in-progress as of December 31, 2015, are as follows:

	December 31, 2015		
	Percentage of Completion	Accumulated Costs	Estimated Year of Completion
		US$	
Buildings, leasehold and improvements	30 - 85%	31,045,783	2016 - 2018
Office furniture, fixtures and other equipment	70 - 80%	1,938,092	2016
Vessels	80 - 90%	3,330,561	2016
Plant, equipment, heavy equipment and vehicles	62%	3,374,000	2018
Total		39,688,436	

Management does not foresee any events that may prevent the completion of the constructions in-progress.

Building Use Rights (HGB)

The Company owns several pieces of land located in Bintaro, South Tangerang measuring 40,343 square meters with Building Use Rights (HGB) for certain periods ranging from year 2020 until 2038.

ILSS owns several pieces of land located in Kariangau, East Kalimantan measuring 406,321 square meters with HGB for a period of 20 to 30 years and maturity dates ranging from year 2021 until 2034.

Petrosea owns several pieces of land located in West Nusa Tenggara, Balikpapan, Kabupaten Paser East Kalimantan and Timika measuring 189,792 square meters with HGB for a period of 20 to 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 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 lands were acquired legally and supported by sufficient evidence of ownership.

Property, plant and equipment used as collateral

Petrosea

As of December 31, 2015, certain heavy equipment of Petrosea with a carrying amount of US$ 6,101 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 20,000 million as of the date of the agreement.

In 2015, Petrosea entered into sale and leaseback agreements for its heavy equipment with a financing company for a period of 4 to 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, 2015 and 2014, MBSS's vessels with carrying amount of US$ 111,034,127 and US$ 124,934,237 are pledged as collateral for bank loans and long-term loans (Notes 24 and 28).

Included in MBSS's property, vessels and equipment, are FC Princesse Rachel and FC Vittoria, which based on Coal Transhipment Agreement for the Provision of Transhipment Services at Adang Bay dated May 4, 2010 and October 12, 2012, KJA has an option to purchase such asset at the 60th month or at the end of the contract period (Note 51).

On October 1, 2015, PT Kideco Jaya Agung exercised the purchase option of FC Princesse Rachel through its nomine, PT Sea Bridge Shipping, with purchase price of US$ 4,450,350.

In 2015, MBSS impaired FC Vittoria amounted US$ 2,799,652 (Note 41).

At December 31, 2015 and 2014, the fair value of MBSS's collateralised property, vessels and equipment is US$ 106,980,283 and US$ 139,897,830. The valuation was performed by independent appraisers registered in OJK, Independent Public Aprraisal (KJPP) Stefanus Tonny Hardi & Rekan. Appraisal method used is market and cost approach (level 3).

TPEC

TS 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 51).

Based on the assessment of independent appraiser KJPP Stefanus Tonny Hardi & Rekan, the fair value of land and buldings owned by TPEC is amounting to Rp 293,651 million or equivalent to US$ 23,932,420 as of December 31, 2015. The valuation was done based on the market value and cost approach (level 3).

Property, plant and equipment, except land, are insured with various insurance companies against fire, theft and other possible risk, as follows:

Insurance company	Currency	Sum insured December 31, 2015
PT Zurich Insurance Indonesia	Rp	47,277,929,600
PT Asuransi AXA Indonesia	Rp	23,127,600,100
PT Asuransi ACE Jaya Proteksi	Rp	13,373,879,000
PT Asuransi Astra Buana	Rp	7,755,000,000
PT AIG Insurance Indonesia	Rp	7,237,000,000
PT Asuransi Cakrawala Proteksi	Rp	3,857,200,000
PT Asuransi Allianz Utama Indonesia	Rp	1,870,000,000
PT Asuransi Raksa Pratikara	Rp	1,547,700,000
PT Asuransi Astra Buana	US$	427,679,917
PT Asuransi Cakrawala Proteksi	US$	246,634,583
PT Asuransi FPG Indonesia	US$	137,977,518
PT Asuransi Mitra Maparya	US$	59,363,000
PT Asuransi MSIG Indonesia	US$	32,409,426
PT Asuransi Wahana Tata	US$	30,171,085
PT Asuransi Jasaraharja Putera	US$	10,178,918
PT Asuransi Rama Satria Wibawa	US$	4,034,217
PT Asuransi Central Asia	US$	4,034,217
PT Asuransi Adira	US$	2,881,584

Management believes that the insurance coverages are adequate to cover possible losses on the related assets insured.

Fair value of property, plant and equipment of the Company and its subsidiaries as of December 31, 2015 and 2014 amounted to US$ 651,599,673 and US$ 717,084,921, respectively.

As of December 31, 2015 and 2014, property, plant and equipment includes assets with acquisition cost of US$ 31,285,647 and US$ 14,052,932, that are fully depreciated but still in use.

21. ASSETS HELD FOR SALE

MBSS intended to sell unused vessel and heavy equipment with carrying amount of US$ 632,759 as of December 31, 2015 and 2014. These assets are reclassified to asset held for sale and with impairment loss of US$ 550,872 booked in the 2014 consolidated statements of profit or loss and other comprehensive income.

Following the intention to sell its office unit under strata title, which is located in Singapore, management of TS has reclassified this asset to asset held for sale. The asset's fair value less cost to sell as at December 31, 2015 amounted to US$ 20,071,406, based on the agreed price in the option to purchase agreement entered with a third party in January 2016. The carrying amount of the asset is US$ 21,279,955 (Note 20). The difference of US$ 1,208,549 was charged to profit and loss (Note 41).

22. INTANGIBLE ASSETS

	January 1, 2015	Additions	December 31, 2015
	US$	US$	US$
At cost			
Acquisition of subsidiaries:			
PT Multi Tambangjaya Utama	205,508,478	-	205,508,478
PT Mitrabahtera Segara Sejati Tbk	131,029,823	-	131,029,823
PT Mitra Energi Agung	65,071,555	-	65,071,555
PT Petrosea Tbk	1,405,622	-	1,405,622
PT Mahaka Industri Perdana (Note 1b)	-	222,237	222,237
Sub-total	403,015,478	222,237	403,237,715
System development and computer software	12,605,208	1,521,691	14,126,899
Total	415,620,686	1,743,928	417,364,614
Accumulated amortization			
Acquisition of subsidiaries:			
PT Multi Tambangjaya Utama	28,194,406	7,178,118	35,372,524
PT Mitrabahtera Segara Sejati Tbk	70,194,548	18,718,546	88,913,094
PT Mitra Energi Agung	25,563,823	9,295,935	34,859,758
PT Petrosea Tbk	1,405,622	-	1,405,622
PT Mahaka Industri Perdana	-	20,966	20,966
Sub-total	125,358,399	35,213,565	160,571,964
System development and computer software	5,280,450	2,416,195	7,696,645
Total	130,638,849	37,629,760	168,268,609
Allowance for impairment (Note 41)	-	(30,211,797)	(30,211,797)
Net Book Value	284,981,837		218,884,208

	January 1, 2014	Additions	December 31, 2014
	US$	US$	US$
At cost			
Acquisition of subsidiaries:			
PT Multi Tambangjaya Utama	205,508,478	-	205,508,478
PT Mitrabahtera Segara Sejati Tbk	131,029,823	-	131,029,823
PT Mitra Energi Agung	65,071,555	-	65,071,555
PT Petrosea Tbk	1,405,622	-	1,405,622
Sub-total	403,015,478	-	403,015,478
System development and computer software	9,074,882	3,530,326	12,605,208
Total	412,090,360	3,530,326	415,620,686
Accumulated amortization			
Acquisition of subsidiaries:			
PT Multi Tambangjaya Utama	21,016,288	7,178,118	28,194,406
PT Mitrabahtera Segara Sejati Tbk	51,476,002	18,718,546	70,194,548
PT Mitra Energi Agung	16,267,888	9,295,935	25,563,823
PT Petrosea Tbk	-	1,405,622	1,405,622
Sub-total	88,760,178	36,598,221	125,358,399
System development and computer software	2,185,861	3,094,589	5,280,450
Total	90,946,039	39,692,810	130,638,849
Net Book Value	321,144,321		284,981,837

Amortization expense was allocated to the following:

	December 31, 2015	December 31, 2014
	US$	US$
Recognized separately in profit or loss	35,213,565	36,598,221
General and administrative expenses (Note 37)	2,416,195	3,094,589
Total	37,629,760	39,692,810

PT Multi Tambangjaya Utama

The intangible assets (mining rights) 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 amortised 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 pertain to the long-term contracts of MBSS (Note 51).

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 are amortised over the estimated useful life of 7 years.

In addition to the long-term contracts of MBSS, intangible assets include 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 amortised over the estimated useful life of 7 years.

In 2015, the intangible assets of MEA were impaired as discussed in Note 41.

PT Mahaka Industri Perdana

The intangible assets resulted from the acquisition of MIP, through Petrosea which mainly pertain to long-term contracts of MIP.

The intangible assets is amortised over the estimated useful life of 4 years.

System Development and Computer Software

The intangible assets mainly relate to the development of the Company's and its subsidiaries integrated computer system.

The intangible asset are amortised over its estimated useful life of 3 to 5 years.

Impairment of Intangible Assets

Management believes that the allowance for impairment of intangible assets is adequate.

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, 2015	December 31, 2014
	US$	US$
PT Multi Tambangjaya Utama	56,745,431	56,745,431
PT Mitrabahtera Segara Sejati Tbk and its subsidiaries	33,730,009	33,730,009
PT Petrosea Tbk	28,978,661	28,978,661
PT Mahaka Industri Perdana	781,195	-
Net carrying amount	120,235,296	119,454,101
Movement of net carrying amount:		
Beginning Balance	119,454,101	119,454,101
Addition (Note 1b)	781,195	-
Ending balance	120,235,296	119,454,101

24. BANK LOANS

	December 31, 2015	December 31, 2014
	US$	US$
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	107,500,000	30,000,000
Citibank, N.A., Indonesia	52,005,831	30,246,290
PT Bank ANZ Indonesia	12,500,000	12,500,000
Syndicated loan (Standard Chartered Bank)	12,346,478	12,346,478
Standard Chartered Bank	11,223,440	-
The Hongkong and Shanghai Banking Corporation Limited	8,960,609	-
PT Bank Maybank Indonesia Tbk	1,000,000	1,000,000
Total loan principal	205,536,358	86,092,768
Accrued interest	478,937	156,909
Total	206,015,295	86,249,677

As of December 31, 2015 and 2014, details of the above facilities are as follows:

Creditors	Entities	Type of facilities	Maximum facility	Agreement date	Maturity date *)	Interest rate per annum	December 31, 2015	December 31, 2014
			US$				US$	US$
PT Bank Mandiri (Persero) Tbk	The Company	Working capital loan	75,000,000	July 18, 2012	April and June 2016	LIBOR + 4.24%	72,500,000	20,000,000
	TPEC	Working capital loan	35,000,000	November 5, 2010	November 4, 2016	6%	35,000,000	10,000,000
Sub-total							107,500,000	30,000,000
Citibank, N.A., Indonesia	The Company	Short term loan	20,000,000	November 15, 2013	May 2016	LIBOR + 2.5%	20,000,000	10,000,000
	IIC	Short term loan	45,000,000	November 15, 2013	January and April 2016	LIBOR + 2.5%	12,500,000	10,000,000
	Petrosea	Working capital loan	20,000,000	October 29, 2012	February 16, 2016	LIBOR + 2.5%	5,381,125	5,164,644
					March 18, 2016	LIBOR + 2.5%	3,136,488	5,081,646
					April 26, 2016	LIBOR + 2.5%	1,671,716	-
					February 4, 2016	LIBOR + 2.5%	7,829,244	-
					May 27, 2016	LIBOR + 2.5%	790,192	-
					June 17, 2016	LIBOR + 2.5%	697,066	-
Sub-total							52,005,831	30,246,290
PT Bank ANZ Indonesia	Petrosea	Working capital loan	22,500,000	May 13, 2011	January 15, 2016	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, 2016	LIBOR + 3%	12,346,478	12,346,478
Standard Chartered Bank	TPEC	Invoice financing	15,000,000	May 21, 2015	January - March 2016	3%	11,223,440	-
The Hongkong and Shanghai Corporated Limited	TPEC	Supplier Financing	25,000,000	May 5, 2014	January - March 2016	6.5%	8,960,609	-
PT Bank Maybank Indonesia Tbk	MSC	Demand loan	1,000,000	February 24, 2011	February 24, 2016	5.75%	1,000,000	1,000,000
Total principal loan							205,536,358	86,092,768
Accrued interest							478,937	156,909
Total							206,015,295	86,249,677

*) Maturity date only for bank loans outstanding as of December 31, 2015

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 others, 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 in the Company's bond indenture existing before or as at the signing date of the credit agreement;
- change the Company's shareholder which results in change of control where PT Indika Mitra Energi is no longer a majority shareholder; and
- guarantee the Company's assets unless permitted under terms and conditions in the Company's bond indenture existing before or as at the signing date of the credit agreement.

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$ 14,296,484 and US$ 181,250,000, time deposit placed at the same bank amounting to US$ 2,150,000 (Note 6), and certain land and building certificate (SHGB) (Note 20) owned by TPEC.

Citibank, N.A., Indonesia

The Company and IIC

The agreement relating to the loan facilities between the Company, IIC and Citibank N.A., Indonesia contain certain covenants, among others:

- any change in the composition of shareholders of the Company and IIC which results in PT Indika Mitra Energi ceasing to own, directly or indirectly, at least 51% (fifty one per cent) of the subscribed 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 the Company and IIC's key management; and
- the Company and IIC does and shall maintain insurance on all its property and assets with, general and normal coverages.

In January 2016, IIC has paid the loan amounting to US$ 6.25 million.

Petrosea

On September 11, 2014, Petrosea and Citibank agreed to amend the interest rate of credit facility become interest rate of LIBOR plus 2.5% per annum.

PT Bank ANZ Indonesia

Petrosea

Based on amendment between Petrosea and PT Bank ANZ Indonesia, any overdue principal and interest shall carry interest at LIBOR plus 2.5% per annum above the stipulated interest rate.

As of December 31, 2015 and 2014, Petrosea has balance of working capital loan from PT Bank ANZ Indonesia amounting to US$ 12.5 million, respectively and used balance of bank guarantees amounting to US$ 4,301 thousand and US$ 3,667 thousand, respectively.

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 20).

The agreement relating to the above loan facilities contain certain covenants, among others, Petrosea avoid the following actions without prior written approval from the bank:

- any change in the shareholders of the parent company; and
- any merger or consolidated with any other company.

In addition, Petrosea shall notify ANZ of the following:

- any changes to the Company's ownership in Petrosea should the Company hold less than 51% of Petrosea's issued and paid-up capital; and
- dividend payment.

Syndicated Loan coordinated by Standard Chartered Bank

MBSS

On May 23, 2013, MBSS obtained a club deal loan facility from PT Bank ANZ Indonesia and Standard Chartered Bank amounting to US$ 59,085,238 which consist of Term Loan Facility amounting to US$ 46,738,760 (Note 28) and Revolving Credit Facility amounting to US$ 12,346,478.

This Revolving Credit Facility was obtained by MBSS to refinance the loan from PT Bank Maybank 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).

Standard Chartered Bank

Standard Chartered Bank requires TPEC to provide a cash margin deposit of 10% of the facility amount on the import letter of credit that was used.

This facility is in the process of extention.

The Hongkong and Shanghai Banking Corporation Limited

The facility shall continue to be applicable until the Bank cancel, cease or discharge in writing TPEC from its obligation.

PT Bank Maybank Indonesia Tbk

This credit facility is secured by:
- One unit of floating crane named Princesse Chloe; and
- Fiduciary warranty over MSC's receivables to PT Berau Coal or other third parties, which used to charter the vessel.

MSC should comply with certain financial ratios as follows:
- EBITDA / debt is not less than 1.0 time;
- Leverage Ratio is not more than 2.5 times; and
- Maintain minimum balance amounting to US$ 150,000 in the account.

This demand loan facility has been paid-up on February 24, 2016.

As of December 31, 2015 and 2014, management believes that the Company and its subsidiaries have complied with all significant covenants required by the banks.

25. TRADE ACCOUNTS PAYABLE

	December 31, 2015	December 31, 2014
	US$	US$
a. By creditor		
Related parties (Note 49)	273,217	19,995
Third parties		
Local suppliers	122,580,431	103,907,266
Foreign suppliers	1,615,373	314,182
Total	124,469,021	104,241,443
b. By age		
Current	105,706,866	85,596,948
Overdue		
1 - 30 days	9,840,993	7,678,058
31 - 90 days	2,000,279	2,620,547
91 - 180 days	1,862,025	1,872,266
181 - 360 days	1,773,469	3,759,737
> 360 days	3,285,389	2,713,887
Total	124,469,021	104,241,443
c. By currency		
United States Dollar	74,935,098	75,684,140
Rupiah	49,026,373	27,154,553
Euro	146,565	478,571
Singapore Dollar	131,243	890,560
Australian Dollar	11,562	3,334
Japanese Yen	-	18,490
Others	218,180	11,795
Total	124,469,021	104,241,443

Trade 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 accounts payable.

26. TAXES PAYABLE

	December 31, 2015	December 31, 2014
	US$	US$
Current tax (Note 43)		
Subsidiaries		
Final		
2015	30,438	-
Non-final		
2015	3,222,378	-
2014	107,763	944,392
2013	-	1,019,228
2012	-	53,817
2011	-	33,290
Income tax		
Article 4(2)	412,082	513,118
Article 15	65,337	121,490
Article 21	2,695,148	3,181,865
Article 23	310,646	374,189
Article 25	-	100,582
Article 26	781,306	54,679
Value-added tax	400,560	674,449
Total	8,025,658	7,071,099

27. ACCRUED EXPENSES

	December 31, 2015	December 31, 2014
	US$	US$
Construction and sub-contractors expenses	37,535,572	30,086,080
Salaries, employees' incentives and bonus	16,710,373	13,436,251
Purchase of materials and spare parts	8,598,925	28,623,983
Professional fees	1,346,798	1,371,210
Vehicle tax	713,226	1,265,607
Tax penalty	-	5,544,759
Others (each below US$ 1 million)	6,023,219	5,782,032
Total	70,928,113	86,109,922

28. LONG-TERM LOANS

	December 31, 2015	December 31, 2014
	US$	US$
Bank loans		
U.S. Dollar		
Syndicated loan		
(Standard Chartered Bank)	36,667,070	42,369,026
PT Bank Permata Tbk	16,827,652	21,071,754
PT Indonesia Eximbank	3,433,707	4,932,920
PT Bank Maybank Indonesia Tbk	575,925	4,031,476
Singapore Dollar		
Bank DBS Ltd., Singapore Branch	12,775,244	14,411,921
Rupiah		
PT Mandiri Tunas Finance	308,594	-
PT Bank Victoria International Tbk	90,394	209,389
Total	70,678,586	87,026,486
Less current maturities	(18,292,014)	(15,831,756)
Long-term loans - net	52,386,572	71,194,730
Schedule of principal repayment		
In the first year	18,292,014	15,831,756
In the second year	22,939,711	18,320,340
In the third year	24,134,300	34,816,556
In the fourth year	5,312,561	12,745,060
In the fifth year	-	5,312,774
Total	70,678,586	87,026,486
Interest rates per annum		
Rupiah	13.5%	13.5%
U.S. Dollar	2.5% - 6%	2.5% - 6%
Singapore Dollar	2.98%	2.98%

As of December 31, 2015 and 2014, details of long-term loan facilities are as follows:

Creditor	Entities	Type of facility	Maximum facility	Agreement date	Maturity date of facility	Interest rate per annum	December 31, 2015	December 31, 2014
			US$				US$	US$
Syndicated loan coordinated by Standard Chartered Bank	MBSS	Term Loan	46,738,760	May 23, 2013	May 2018	LIBOR + 3.25%	36,667,070	42,369,026
PT Bank Permata Tbk	MBSS	Term Loan	18,000,000	June 2012	December 2020	5.75%	11,572,616	13,650,875
	MASS	Term Loan	12,000,000	May 22, 2012	May 2018	6.00%	5,255,036	7,420,879
Sub-total							16,827,652	21,071,754
PT Indonesia Eximbank	MBSS	Financing credit	8,000,000	April 2, 2012	April 2018	6.1%	3,433,707	4,932,920
PT Bank Maybank Indonesia	MSC	Term Loan	19,200,000	February 24, 2011	February 2016	5.50%	575,925	4,031,476
Bank DBS Ltd., Singapore	TS	Long term loan	16,662,800	July 1, 2011	July 2031	Floating rate	12,775,244	14,411,921
PT Mandiri Tunas Finance	IIC	Financing credit	-	January, 2015	January, 2018	5.19%	308,594	-
PT Bank Victoria International	The Company	Financing credit	-	February, 2012	August, 2016	9.03%-9.94%	90,394	209,389
Total							70,678,586	87,026,486

Syndicated Loan coordinated by Standard Chartered Bank

MBSS

On May 23, 2013, MBSS obtained a club deal loan facility from PT Bank ANZ Indonesia and Standard Chartered Bank Indonesia 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 (Note 24).

This Term Loan facility is obtained to refinance loans from PT Bank Permata Tbk amounting to US$ 13,461,775 and all loans from PT Bank Maybank Indonesia Tbk, The Hongkong and Shanghai Banking Corporation Limited and PT Bank Danamon Indonesia Tbk.

This facility has been fully drawn in 2013.

This loan is secured by:

- Fiduciary over MBSS' receivables, with fiduciary collateral value of US$ 12,000,000;
- 20 units of barges named: 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 units of tug boats named: Entebe Emerald 23, Entebe Emerald 25, Entebe Emerald 33, Entebe Emerald 50, Entebe Megastar 72, Entebe Power 10, Entebe Power 8, Entebe Star 30, Entebe Star 57, 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; and
- Floating Crane Nicholas

MBSS is required to comply with several restrictions, among others, 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; and
- Security Coverage Ratio not less than 1.25 : 1.

The facility also requires 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 short-term syndicated loan facility (Note 24).

PT Bank Permata Tbk

MBSS

Such facility to MBSS was secured by:
- 1 unit floating crane with a pledged value of 120%; and
- Receivables at a minimum amount of US$ 750,000.

MBSS is required to comply with several restrictions, among others, to maintain financial ratios as follows:
- Leverage ratio maximum 3 times; and
- Debt service coverage ratio minimum 1.25 times.

MBSS must obtain written approval from the bank if it will obtain borrowings of US$ 10,000,000 and above.

MASS

Such facility to MASS is secured by 1 unit floating crane named FC Blitz.

MASS is required to comply with several restrictions, among others, to maintain financial ratios as follows:
- Debt to equity ratio maximum 4 times; and
- Debt service coverage ratio minimum 1.25 times.

These terms will be effective on the first year after the floating crane commence its operations.

PT Indonesia Eximbank

MBSS

This loan is secured by 3 sets of the related tugboats and barges 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 MBSS;

- Acquire new debt other than in the normal course of business that will result in debt to equity ratio exceeding 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 are not within normal term.

PT Bank Maybank Indonesia Tbk (Maybank)

MSC

The loan collaterials and covenants between Maybank and MSC are same as its bank loans (Note 24).

Bank DBS Ltd. Singapore Branch

TS

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 of 2.38%.

This loan is secured by TS' investment property (Note 21) and a deed of subordination to be executed by Directors/Shareholders/TS in respect of subordination of all existing and future loans.

TS needs to comply with the Loan to Value Ratio (LTV) financial covenants by ensuring that the outstanding loans do not exceed 80% of the market value of the investment property. In the event that the LTV exceeds 80%, TS needs to provide additional collateral acceptable to the bank or reduce the outstanding amount to restore the LTV.

PT Bank Victoria International Tbk (BVI) and PT Mandiri Tunas Finance (MTF)

Loans from BVI and MTF represent long-term loans of the Company and IIC for the financing of new vehicles for a period ranging 2-3 years.

The agreement of the long-term loans contain certain covenants, which the Company and its subsidiaries are required to fulfill, including provision regarding events of default.

As of December 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$	US$	US$
a. By due date				
Not later than one year	19,295,299	32,944,315	19,030,516	31,547,117
Later than one year and not later than five years	11,104,277	22,606,254	10,151,470	22,016,993
Sub-total	30,399,576	55,550,569	29,181,986	53,564,110
Less: future finance charges	(1,217,125)	(1,986,459)	-	-
Less: unamortized lease fees	(583,716)	(1,197,266)	(583,716)	(1,197,266)
Add: accrued interest	-	-	43,566	84,827
Present value of minimum lease payments	28,598,735	52,366,844	28,641,836	52,451,671
Current maturity			(19,074,671)	(31,631,848)
Long-term lease liabilities - Net			9,567,165	20,819,823
b. By lessor				
PT Mitsubishi UFJ Lease and Finance Indonesia			13,981,082	11,955,209
PT Mitra Pinasthika Mustika Finance			9,143,207	32,085,729
PT Orix Indonesia Finance			4,197,664	6,904,167
PT Caterpillar Finance Indonesia			1,677,150	2,348,291
PT Toyota Astra Financial Services			182,883	270,714
Sub-total			29,181,986	53,564,110
Unamortized lease fees			(583,716)	(1,197,266)
Accrued interest			43,566	84,827
Total			28,641,836	52,451,671

Lease liabilities mainly consist of purchases of heavy equipments from Petrosea. These liabilities are secured by the related leased assets. The leases have terms of 4 to 5 years.

Lease liabilities denominated in Rupiah, other than the functional currency of the Company and its subsidiaries, amounted to US$ 156,677 and US$ 270,714 as of December 31, 2015 and 2014, respectively.

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 (twenty four) 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 The Trust Company (Asia) Limited as the facility agents.

PT Mitsubishi UFJ Lease & Finance Indonesia (MUFJ)

On April 18, 2012, Petrosea and MUFJ 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 changed to 3.40% plus LIBOR. The facility is available for 6 (six) months.

On September 1, 2015, Petrosea and MUFJ entered into a Finance Lease Facility Agreement (with option sale and leaseback), whereby Petrosea was granted a finance lease facility with option maximum financing and security deposit amounting to US$ 15 million and US$ 1,389 thousand, respectively. The lease have term of 5 (five) years. As of December 31, 2015, Petrosea has used the facility amounting to US$ 7,128 thousand.

The interest rate on this facility is 3.125% plus LIBOR (3 months) per annum, with clause for 3 months review or fixed interest rate equivalent to the latest LIBOR (3 months) plus 3.125% per annum for 5 years term.

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 changed to 3.50% plus LIBOR. The facility is available for 12 (twelve) 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 Financial Services (TAF)

On October 1, 2014, Petrosea and TAF entered into a consumer finance facility agreement wherein Petrosea was granted a finance lease facility for vehicles amounting to Rp 1.8 billion (equivalent to US$ 150 thousand). The facility is available until October 1, 2017. The interest rate on this facility is 5.5% per annum.

On November 4, 2014, Petrosea and TAF entered into a consumer finance facility agreement wherein Petrosea was granted a finance lease facility amounting to Rp 1.8 billion (equivalent to US$ 148 thousand). The facility is available until November 4, 2017. The interest rate on this facility is 5.5% per annum.

The finance lease interest expense incurred for the years ended December 31, 2015 and 2014 amounted to US$ 1,549,246 and US$ 2,789,642, respectively (Note 39).

30. BONDS PAYABLE

	December 31, 2015	December 31, 2014
	US$	US$
Senior Notes III, year 2011	171,427,000	300,000,000
Senior Notes IV, year 2013	500,000,000	500,000,000
Unamortized bond issuance costs	(22,311,894)	(32,162,971)
Accrued interest - current	15,765,900	17,165,617
Net	664,881,006	785,002,646
Presented in consolidated statements of financial position as:		
Current liabilities	15,765,900	17,165,617
Noncurrent liabilites	649,115,106	767,837,029
Total	664,881,006	785,002,646

Senior Notes III, US$ 300 Million

On May 5, 2011, IEF BV, a direct wholly owned subsidiary of the Company, issued Senior Notes III ("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 13). 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 BV's right under the Intercompany Loans. As of reporting dates, all the Intercompany Loans are fully eliminated for consolidation purposes.

IEF BV 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 BV 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 BV 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 BV 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 BV 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 “B3” with negative outlook by Moody’s and “B” with negative outlook by Fitch.

On December 22, 2015, IEF BV completed a tender offer to repurchase for cash of US$ 128,573,000 in principal amount of its outstanding US$ 300,000,000 7.00% Senior Notes due in 2018.

On December 24, 2015, IEF BV partially settled its Senior Notes III with nominal value of US$ 128,573,000. IEF BV paid for a total amount of US$ 77,143,800 including premium. The gain recognized in profit or loss amounted to US$ 46,836,889 (Note 40) after deducting unamortized bond issue costs and transaction cost amounting to US$ 4,592,311.

Senior Notes IV, US$ 500 Million

On January 24, 2013, IEF II BV, a direct wholly owned subsidiary of the Company, issued Senior Notes IV ("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 BV II, IEC BV II and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 13) 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 BV II's right under the Intercompany Loans. As of reporting dates, all the intercompany loans are fully eliminated for consolidation purposes.

IEF BV II 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 BV II 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 BV II 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 BV II 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 BV II 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 Senior 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 Senior 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 "B3" with negative outlook from Moody's and "B" with negative outlook by Fitch.

As of December 31, 2015 and 2014, management believes 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 the bonds payable in 2015 and 2014 amounted to US$ 52,700,298 and US$ 52,875,000, respectively (Note 39).

31. EMPLOYMENT BENEFITS

	December 31, 2015	December 31, 2014 *)	January 1, 2014/ December 31, 2013 *)
	US$	US$	US$
Post-employment benefits	22,276,090	23,206,748	19,017,633
Long service leave	2,529,214	2,827,756	2,664,387
Total	24,805,304	26,034,504	21,682,020

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 3,027 in 2015 and 3,826 in 2014.

Interest Risk

A decrease in the bond interest rate will increase the plan liability.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

*) As restated (Note 2)

Amounts recognized as expense in the consolidated statements of profit or loss and other comprehensive income in respect of these post-employment benefits are as follows:

	December 31, 2015	December 31, 2014 *)
	US$	US$
Current service cost	4,261,574	5,302,440
Interest cost	1,619,440	1,623,685
Past service cost	(1,378,781)	(2,273,061)
Immediate adjustment of defined benefit	(166,876)	1,077,181
Benefits paid in period excess payment	1,313,031	1,455,314
Gain on foreign exchange	-	149,764
Total	5,648,388	7,335,323
Remeasurement on the net defined benefit liability:		
Actuarial gain arising from changes in demographic and financial assumptions	(1,073,328)	(308,638)
Actuarial gain arising from changes in experience adjustments	(632,219)	(962,066)
Components of defined benefit costs recognized in other comprehensive income	(1,705,547)	(1,270,704)
Total	3,942,841	6,064,619

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 and their movements are as follows:

	December 31, 2015	December 31, 2014 *)
	US$	US$
Opening balance of present value of unfunded obligations	23,206,748	19,017,633
Current service cost	4,261,574	5,302,440
Interest cost	1,619,440	1,623,685
Remeasurement on the net defined benefit liability:		
Actuarial gain arising from changes in demographic and financial assumptions	(1,073,328)	(308,638)
Actuarial gain arising from changes in experience adjustments	(632,219)	(962,066)
Immediate adjustment of defined benefit	(166,876)	1,077,181
Expected benefits paid	(654,192)	(1,513,736)
Past service cost	(1,378,781)	(2,273,061)
Gain (loss) in foreign exchange	(2,906,276)	1,243,310
Closing balance of present value of unfunded obligations	22,276,090	23,206,748

*) As restated (Note 2)

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, 2015	December 31, 2014
Discount rate	8.25% - 9%	8% - 8.75%
Salary increment rate	8% - 10%	8% - 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, 2015	December 31, 2014 *)	December 31, 2013 *)	December 31, 2012	December 31, 2011
	US$	US$	US$	US$	US$
Present value of unfunded obligations	22,276,090	23,206,748	19,017,633	24,063,920	17,882,003
Value of experience adjustment	632,219	962,066	642,127	404,274	1,296,445
Percentage of experience adjustment to present value of unfunded obligations	2.84%	4.15%	3.38%	1.68%	7.25%

Significant actuarial assumptions for the determination of post-employment benefit obligation are discount rate and expected salary increase rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher, the post-employment benefit obligation would decrease by US$ 8.1 million, while decrease by 1% in the discount rate would increase the post-employment benefit obligation by US$ 9.4 million.
- If the expected salary incremental rate is 1% higher, the post-employment benefit obligation would increase by US$ 8.7 million, while decrease by 1% in the salary incremental rate would decrease the post-employment benefit obligation by US$ 7.5 million.

The sensitivity analysis presented above may not be representative of the actual change in the post-employment benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment benefit obligation has been calculated using projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment benefit obligation liability recognized in the consolidated statement of financial position.

The post-employment benefit obligation in the Company and its subsidiaries is unfunded, causing benefit payment in the future when due, which is correlated with the cash availability in the Company and its subsidiaries. Reflecting on the performance in 2014 and the prolonged downturn of the coal industry, the Company and its subsidiaries continue to focus on achieving operational excellence as well as further cost reductions, tightened capital spending and cash preservation efforts. The Company and its subsidiaries will also concentrate on managing risk by focusing on efficient cash flow management and further strengthening the non-coal business holdings.

*) As restated (Note 2)

The average duration of the benefit obligation at December 31, 2015, 2014 and January 1, 2014/December 31, 2013 is ranging from 7 until 16 years, 9 until 17 years and from 10 until 18 years, respectively.

32. CAPITAL STOCK

Name of Stockholders	December 31, 2015		
	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
JP Morgan Chase Bank, NA	271,762,000	5.22%	2,967,477
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%)	1,296,928,000	24.90%	14,161,671
Total	5,210,192,000	100.00%	56,892,154

Name of Stockholders	December 31, 2014		
	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, 2015 and 2014	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.

34. NON-CONTROLLING INTEREST AND OTHER COMPONENTS OF EQUITY

a. Non-controlling interest

	December 31, 2015	December 31, 2014 *)
	US$	US$
Balance at beginning of year	220,166,107	229,951,416
Share of loss for the year	(32,259,150)	(2,981,594)
Dividend	(8,380,718)	(6,803,715)
Total	179,526,239	220,166,107

*) As restated (Note 2)

Summarized financial information in respect of each of the subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	PT Mitra Bahtera Segara Sejati Tbk		PT Petrosea Tbk	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$	US$	US$
Current assets	81,516,715	95,368,567	141,186,513	175,501,194
Noncurrent assets	226,266,963	256,248,055	284,180,587	292,228,914
Total Assets	307,783,678	351,616,622	425,367,100	467,730,108
Current liabilities	39,015,716	38,892,542	90,938,856	107,512,380
Noncurrent liabilities	41,715,247	58,851,549	156,147,974	167,973,127
Total Liabilities	80,730,963	97,744,091	247,086,830	275,485,507
Revenue	89,758,924	135,280,006	206,833,653	347,968,029
Expenses	(99,996,342)	(113,686,225)	(219,524,553)	(345,612,178)
Profit (loss) for the year	(10,237,418)	21,593,781	(12,690,900)	2,355,851
Profit (loss) attributable to:				
Owners of the Company	(12,099,004)	20,101,518	(12,719,184)	2,355,851
Non-controlling interests	1,861,586	1,492,263	28,284	-
Profit (loss) for the year	(10,237,418)	21,593,781	(12,690,900)	2,355,851
Other comprehensive income attributable to:				
Owners of the Company	52,919	128,286	245,863	(282,191)
Non-controlling interests	1,907	2,718	-	-
Total comprehensive income for the year	54,826	131,004	245,863	(282,191)
Total comprehensive income attributable to:				
Owners of the Company	(12,046,085)	20,229,804	(12,473,321)	2,073,660
Non-controlling interests	1,863,493	1,494,981	28,284	-
Total comprehensive income for the year	(10,182,592)	21,724,785	(12,445,037)	2,073,660
Dividends paid to non-controlling interests	7,891,478	4,690,141	489,486	2,114,000
Net cash inflow (outflow) from:				
Operating activities	30,406,315	32,490,771	45,987,000	90,903,000
Investing activities	(4,012,063)	(6,059,807)	(41,057,000)	(38,677,000)
Financing activities	(32,124,037)	(22,115,603)	(16,726,000)	(43,981,000)

b. Other component of equity

i. 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.

ii. Other comprehensive income

	December 31, 2015			December 31, 2014		
	Amount before tax	Tax benefit (expense)	Amount after tax	Amount before tax	Tax benefit (expense)	Amount after tax
	US$	US$	US$	US$	US$	US$
Other comprehensive income:						
Remeasurement of defined benefit liability in accordance with PSAK 24, Employee Benefit	2,274,063	(568,516)	1,705,547	1,694,272	(423,568)	1,270,704
Translation adjustments	56,175	(14,044)	42,131	(55,928)	13,982	(41,946)
Equity portion of unrealized gain (loss) on derivative financial instruments (hedging reserve) of an associate	1,443,597	(360,899)	1,082,698	(32,264)	8,066	(24,198)
Other comprehensive income for the period	3,773,835	(943,459)	2,830,376	1,606,080	(401,520)	1,204,560

35. REVENUES

	2015	2014
	US$	US$
Contracts and service revenues		
Exxon Mobil Cepu Ltd.	211,670,991	189,843,680
PT Kideco Jaya Agung	98,268,223	108,941,860
JOB Pertamina Medco Tomori Sulawesi	97,149,459	147,724,436
Eni Muara Bakau B.V. - Eni Group	95,339,872	48,086,441
PT Freeport	68,720,796	65,780,195
STC Joint Operation	42,165,467	13,519,570
PT Adimitra Baratama Nusantara	38,876,192	97,704,963
PT Indonesia Pratama	25,721,907	18,520,399
PT Adaro Indonesia	14,918,640	22,873,991
PT Berau Coal	14,716,660	14,334,556
BP Berau Ltd.	11,149,843	-
PT Cotrans Asia	10,316,368	11,339,394
PT Indonesia Bulk Terminal	7,999,778	-
PT Maruwai Coal	6,665,624	-
BUT Conoco Phillips Indonesia Inc. Ltd.	6,601,029	4,129,908
PT Metalindo Bumi Raya	6,036,573	6,436,092
CSTS Joint Operation	5,593,194	115,480
Eni Bukat	5,321,705	-
Mi Swaco Indonesia	5,290,127	7,283,347
PT Pertamina Hulu Energi ONWJ	4,825,064	9,933,658
PT Indomining	4,346,515	50,816,000
PT Gunung Bayan Pratama Coal	-	53,420,906
PT Borneo Indobara	-	17,532,533
PT Kaltim Prima Coal	-	15,570,780
Jhonlin Group	-	5,048,004
Others (each below US$ 5 million)	52,247,912	57,520,846
Total	833,941,939	966,477,039
Sales of coal		
Foreign customers	263,354,550	143,031,272
Total	1,097,296,489	1,109,508,311

14.27% in 2015 and 12.45% in 2014 of the above total revenues were made to related parties (Note 49).

In 2015 and 2014, revenue to the following third party customers which represent more than 10% of the total consolidated revenues of the respective years as follows:

	2015	2014
	US$	US$
Exxon Mobil Cepu Ltd.	211,670,991	189,843,680
JOB Pertamina Medco Tomori Sulawesi	97,149,459	147,724,436
Total	308,820,450	337,568,116

All of the above are customers of TPEC of energy services segment.

36. COST OF CONTRACTS AND GOODS SOLD

	2015	2014
	US$	US$
Materials	341,970,154	281,440,507
Sub-contractor, installation, supplies, communication, and other direct costs	233,253,887	131,849,322
Salaries, wages and employee benefit	136,550,448	160,636,160
Depreciation (Note 20)	75,711,370	90,591,953
Rental, repair and utilities	58,978,992	58,986,756
Fuel	49,830,069	77,911,930
Consumables	35,229,535	62,744,076
Travel and transportation	13,632,661	12,794,539
Handling	8,938,302	26,662,251
Catering services	8,396,542	4,489,655
Professional fee	5,864,854	2,938,524
Inventory valuation	2,385,485	5,602,649
Others (each below US$ 5 million)	38,224,558	31,824,375
Total	1,008,966,857	948,472,697

In 2015, purchase of coal from Dynamic Dragon Group International Trading Limited, a third party, accounts for 11.75% of the total cost of contracts and goods sold. In 2014 purchase of coal from Jhonlin Group, a third party, accounts for 12% of the total cost of contracts and goods sold.

37. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Salaries, wages, and employee benefits	55,306,797	66,021,988
Depreciation (Note 20)	11,800,057	11,172,151
Profesional fees	6,245,464	7,372,572
Rental	5,288,049	20,724,395
Amortization (Notes 16 and 22)	4,500,169	5,054,991
Travel and transportaion	2,157,636	3,307,242
Office supplies	1,106,447	1,641,288
Others (each below US$ 1 million)	17,348,338	16,973,026
Total	103,752,957	132,267,653

38. INVESTMENT INCOME

	2015	2014
	US$	US$
Interest income:		
Loans to related parties (Note 49)	6,581,815	4,342,767
Time deposits	2,102,087	3,526,929
Current and other bank accounts	1,634,542	3,104,836
Total interest income	10,318,444	10,974,532
Loss on fair value changes on investment in portfolio (Note 6)	(506,942)	(115,692)
Total	9,811,502	10,858,840

39. FINANCE COST

	2015	2014
	US$	US$
Bonds payable (Note 30)	52,700,298	52,875,000
Bank loans and long-term loans (Notes 24 and 28)	9,932,198	6,897,641
Amortization of bond issuance cost (Note 30)	6,353,221	5,862,975
Lease liabilities (Note 29)	1,549,246	2,789,642
Amortization of transaction cost bank loan	593,615	619,339
Others (each below US$ 500,000)	335,870	389,996
Total	71,464,448	69,434,593

40. OTHERS – NET

	2015	2014
	US$	US$
Gain on partial settlement of bonds payable (Note 30)	46,836,889	-
Vessel insurance claim	1,520,000	-
Loss on foreign exchange - net	(8,771,508)	(4,040,491)
Tax penalties	(5,804,285)	(4,969,683)
(Loss) gain on sale of property, plant and equipment - net (Note 20)	(4,450,702)	867,662
Settlement on advance for investment to third party (Note 19)	(3,240,522)	-
Impairment losses on trade account receivable (Note 7)	(5,916,195)	(1,699,811)
Expense related to the settlement of PT Great Dyke case	-	(3,062,485)
Miscellaneous (each below US$ 1 million)	4,377,200	3,405,696
Total	24,550,877	(9,499,112)

Tax Penalties – MUTU

In 2015 and 2014, MUTU received several Underpayment Tax Assessment Letters (SKPKB) and Tax Collection Notice (STP) from Directorate General of Taxation on its obligation for VAT, among others are:

Tax period	Date of SKPKB and STP	Amount of Tax Underpayment		Current status
		Rp	US$	
January 2011	January 2015	72 million	5,649	Charged to 2015 profit and loss as part of tax provisions and penalties
February 2010	February 2015	6,173 million	468,002	Charged to 2015 profit and loss as part of tax provisions and penalties
March 2010	March 2015	575 million	43,657	Charged to 2015 profit and loss as part of tax provisions and penalties
April-December 2010	April 21, 2015	32,043 million	2,439,310	Charged to 2015 profit and loss as part of tax provisions and penalties
January-November 2011	January 2015	66,554 million	4,969,683	Be accrued and charge to December 2014 profit and loss

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 PKPU 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.

41. IMPAIRMENT OF ASSETS

	2015
	US$
Intangible assets - MEA (Note 22)	30,211,797
Property, plant and equipment (Note 20)	
MBSS	2,799,652
MEA	1,654,009
Asset held for sale - TS (Note 21)	1,208,549
Exploration and evaluation assets (Note 15)	
Baliem	17,012,796
MEA	4,325,999
Total	57,212,802

In the view that its coal assets in MEA and Baliem project are not economically viable at the current coal market condition, management of IIR has decided to provide full provision for impairment on those assets. Total impairment loss charged to profit and loss for these two assets in 2015 amounted to US$ 53,204,601, including intangible assets, property, plant and equipment as well as exploration and evaluation assets.

42. FINAL TAX

Final tax is derived from the Company, IPY, MBSS, TPE, TPEC which related to income from operation office rental, charter of vessel and construction contract.

43. INCOME TAX

Income tax of the Company and its subsidiaries consists of the following:

	2015	2014 *)
	US$	US$
Current tax	2,709,426	6,411,896
Deferred tax	(16,387,601)	(3,180,296)
Adjustment recognized in the current year in relation to the current tax of prior years corporate income tax	2,650,684	9,117,353
Total	(11,027,491)	12,348,953

*) As restated (Note 2)

Current Tax

A reconciliation between loss before tax per consolidated statements of profit or loss and other comprehensive income and taxable income (fiscal loss) is as follows:

	2015	2014 *)
	US$	US$
Loss before tax per consolidated statements of profit or loss and other comprehensive income	(87,874,519)	(18,268,022)
Less: (Loss) profit before tax of the subsidiaries	(71,656,802)	54,231,586
Loss before tax - Company	(16,217,717)	(72,499,608)
Temporary differences:		
Post-employment benefits	1,552,015	1,818,709
Difference between commercial and fiscal depreciation	517,392	918,338
Total	2,069,407	2,737,047
Nondeductible expenses (nontaxable income):		
Interest expense	39,884,536	46,940,807
Salary and benefit	2,323,878	2,208,645
Entertainment and representation	377,192	293,832
Income subject to final tax - net	876,255	-
Final tax expense	88,965	-
Interest income subjected to final tax	(148,044)	(280,815)
Others	169,244	1,291,984
Total	43,572,026	50,454,453
Taxable income (fiscal loss) before fiscal losses carryforward	29,423,716	(19,308,108)
Fiscal losses		
2009	-	(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)	(45,562,113)
2014	(19,308,108)	-
Accumulated fiscal losses	(215,531,288)	(255,896,698)

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.

*) As restated (Note 2)

Excess payment of corporate income tax is computed as follows:

	2015	2014 *)
	US$	US$
Current tax expense		
The Company	-	-
Subsidiaries	2,709,426	6,411,896
Total	2,709,426	6,411,896
Less prepaid taxes		
The Company	260,321	131,087
Subsidiaries		
Pasal 22	258,536	320,149
Pasal 23	9,038,871	15,799,184
Pasal 25	980,741	661,495
Total prepaid taxes	10,538,469	16,911,915
Excess payment of corporate income tax	(7,829,043)	(10,500,019)
Excess payment of corporate income tax (Note 11)		
The Company	(260,321)	(131,087)
Subsidiaries	(10,791,100)	(11,313,324)
Current tax payable (Note 26)		
Subsidiaries	3,222,378	944,392
Total	(7,829,043)	(10,500,019)

Fiscal loss of the Company for 2014 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$ 432,932 and US$ 671,157, as of December 31, 2015 and 2014, respectively.

*) As restated (Note 2)

Deferred Tax Liabilities

This account represents deferred tax liabilities of subsidiaries after deducting the deferred tax asset of the same business entity as follows:

	2015	2014 *)
	US$	US$
Subsidiaries		
Tax loss compensation	1,300,000	-
Post-employment benefits	2,662,498	2,936,967
Accrued expenses	464,699	680,000
Trade accounts receivable	156,000	367,000
Inventories	164,000	164,000
Intangible assets	(51,058,455)	(68,798,142)
Property, plant and equipment	(26,659,641)	(24,503,797)
Investment in associates	(1,258,750)	(1,258,750)
Interest receivable from CEP	(104,105)	(114,666)
Deferred tax liabilities - net	(74,333,754)	(90,527,388)

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 profit or loss and other comprehensive income is as follows:

	2015	2014 *)
	US$	US$
Loss before tax - Company	(16,217,717)	(72,499,608)
Tax at applicable tax rate	(4,054,429)	(18,124,902)
Tax effect of nondeductible expenses (nontaxable income):		
Interest expense	9,971,134	11,735,202
Salary and benefit expense	580,970	552,161
Entertainment and representation	94,298	73,458
Income subject to final tax - net	219,064	-
Final tax expense	22,241	-
Interest income subjected to final tax	(37,011)	(70,204)
Others	42,311	322,996
Total	10,893,007	12,613,613
Tax effect of the unrecognized temporary differences and	(6,588,577)	5,511,289
Tax expense - Company	-	-
Tax (benefit) expense - subsidiaries	(11,027,491)	12,348,953
Total tax (benefit) expense	(11,027,491)	12,348,953

*) As restated (Note 2)

Petrosea

On January 29, 2014, Petrosea received Overpayment Tax Assessment Letter for October, November and December 2011 Value Added Tax, amounting to Rp 11,568,571,180, Rp 17,500,249,487, and Rp 9,656,468,024, respectively, from total claims of Rp 11,569,238,802, Rp 17,603,372,697 and Rp 10,322,424,094, respectively. The difference between the recorded claim and the amount in the Tax Assessment Letter was recorded as expense on the 2014 consolidated statements of profit or loss and other comprehensive income. The refund of this overpayment of Rp 38,574,004,531, after deducting with tax penalty, was received on March 10, 2014.

Petrosea recorded a tax overpayment for 2012 Corporate Income Tax amounting to US$ 7,863 thousand. On March 10, 2014, the Company received Underpayment Tax Assessment Letter for 2012 Corporate Income Tax, amounting to US$ 1,224 thousand (including tax penalty amounting to US$ 282 thousand). Payment for such underpayment tax assessment letter was made on April 2, 2014.

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 and Rp 11,691,202,153, respectively. These underpayment taxes for a total amount of Rp 16,331,426,331 were all paid by the Company on April 7, 2014.

On November 27, 2014, Petrosea made correction and paid underpayment for 2010 Corporate Income Tax, 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 the Company on December 16, 2014.

On November 27, 2014, Petrosea made correction and paid underpayment for 2011 Corporate Income Tax amounting to US$ 201,154. For this correction, the Company was charged with interest penalty, amounting to US$ 124,715. The interest penalty payment was paid by the Company on December 16, 2014.

On February 2, 2015, Petrosea received Underpayment Tax Assesment Letter for 2010 Value Added Tax, amounting to Rp 1,448,644,006. Payment for such underpayment tax assessment letter was made by Petrosea on February 24, 2015.

On July 28, 2015, Petrosea received Underpayment Tax Assessment Letter for Withholding tax art 26 year 2011, amounting to Rp 5,801,600,000. Payment for such underpayment tax assessment letter was made on August 25, 2015. On October 26, 2015, Petrosea requested for an appeal to the Tax Court, for the objection decision. As of the issuance date of the consolidated financial statements, the appeal is still on-going.

44. 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 non-transferable 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, 2015 and 2014
Risk - free interest rate	9.67%
Option period	5 years
Expected stock price volatility	69.80%
Expected dividend	5.30%

Outstanding option as of December 31, 2015 and 2014 was 101,092,000.

There are no compensation expenses for employee and management stock option during 2015 and 2014.

As of December 31, 2015 and 2014, other components of equity for employee stock option amounted to US$ 7,816,296.

45. LOSS PER SHARE

Net Loss

Below is the data used for the computation of basic and diluted earnings per share:

	2015	2014
	US$	US$
Loss for the year attributable to the owners of the Company	(44,587,878)	(27,635,381)

Number of Shares

The weighted average number of shares outstanding for the computation of earnings per share are as follows:

	2015	2014
	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	(0.0086)	(0.0053)
Diluted	(0.0086)	(0.0053)

In 2015 and 2014, the Company did not compute diluted earnings per share since the potential shares from employee and management stock option is antidilutive.

46. CATEGORIES AND CLASSES 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, 2015					
Current Financial Assets					
Cash and cash equivalents	259,032,201	-	-	-	259,032,201
Other financial assets	20,844,664	59,241,118	-	-	80,085,782
Trade accounts receivable					
Related parties	19,780,511	-	-	-	19,780,511
Third parties	147,322,497	-	-	-	147,322,497
Unbilled receivables					
Related parties	129,785	-	-	-	129,785
Third parties	764,538	-	-	-	764,538
Estimated earnings in excess of billings on contracts	143,731,070	-	-	-	143,731,070
Other accounts receivable - current maturities					
Related parties	3,705,409	-	-	-	3,705,409
Third parties	7,940,557	-	-	-	7,940,557
Noncurrent Financial Assets					
Restricted cash	291,657	-	-	-	291,657
Other accounts receivable					
Related parties	35,712,307	-	-	-	35,712,307
Third parties	1,950,460	-	-	-	1,950,460
Advances and other noncurrent assets					
Investment in shares of stock	-	-	1,211	-	1,211
Refundable deposits	4,122,286	-	-	-	4,122,286
Current Financial Liabilities					
Bank loans	-	-	-	206,015,295	206,015,295
Trade accounts payable					
Related parties	-	-	-	273,217	273,217
Third parties	-	-	-	124,195,804	124,195,804
Billings in excess of estimated earnings recognized	-	-	-	33,166,753	33,166,753
Other accounts payable					
Related parties	-	-	-	211,835	211,835
Third parties	-	-	-	1,888,674	1,888,674
Accrued expenses	-	-	-	70,928,113	70,928,113
Dividend payable	-	-	-	378,653	378,653
Current maturities of long-term debts					
Long-term loans	-	-	-	18,292,014	18,292,014
Lease liabilities	-	-	-	19,074,671	19,074,671
Bonds payable - net	-	-	-	15,765,900	15,765,900
Noncurrent Financial Liabilities					
Long-term debts					
Long-term loans	-	-	-	52,386,572	52,386,572
Lease liabilities	-	-	-	9,567,165	9,567,165
Bonds payable - net	-	-	-	649,115,106	649,115,106
Other long-term liabilities - Third party	-	-	-	1,350,110	1,350,110
Total	645,327,942	59,241,118	1,211	1,202,609,882	

	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					
Related parties	227,242	-	-	-	227,242
Third parties	2,530,192	-	-	-	2,530,192
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 party	-	-	-	1,488,866	1,488,866
Total	673,934,063	54,780,796	1,211	1,250,065,362	

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. 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 currency risk, interest rate risk, price 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 52). Therefore, the impact of foreign currency fluctuation is considered manageable.

Details of monetary assets and liabilities denominated in foreign currencies are disclosed in Note 52.

Foreign currency sensitivity analysis

The Company and its subsidiaries' sensitivity against the relevant foreign currencies is 9% in 2015 and 6% in 2014. Had the U.S. Dollar weakened/strengthened by 9% in 2015 and 6% in 2014 with all other variables held constant, net income or loss after tax for the periods then ended would have been US$ 6,468,063 and US$ 3,638,579 higher/lower, respectively. 9% and 6% 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.

The management believes that 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 intends 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 or loss for the years ended December 31, 2015 and 2014 would increase/decrease by US$ 702,550 and US$ 899,869, 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 faces 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 places 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 manages 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 maintains 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.

Liquidity and interest risk tables

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$	US$
December 31, 2015							
Non-interest bearing							
Trade accounts payable		3,285,389	5,635,773	115,547,859	-	-	124,469,021
Other accounts payable		-	-	2,100,509	-	-	2,100,509
Accrued expense		70,928,113	-	-	-	-	70,928,113
Billings in excess of estimated earnings		-	-	33,166,753	-	-	33,166,753
Dividend payable		378,653	-	-	-	-	378,653
Variable interest rate instruments							
Bank loans	2.75% - 6%	-	-	214,402,388	-	-	214,402,388
Lease liabilities	3.125% - 3.5%	-	-	19,746,099	842,170	-	20,588,269
Long-term loan	2.5% - 13.5%	-	-	19,063,172	81,572,319	-	100,635,491
Fixed interest rate instruments							
Bonds payable	6.38% - 7%	-	-	15,765,900	-	849,598,494	865,364,394
Total		74,592,155	5,635,773	419,792,680	82,414,489	849,598,494	1,432,033,591
December 31, 2014							
Non-interest bearing							
Trade accounts payable		2,620,547	8,345,890	93,275,006	-	-	104,241,443
Other accounts payable		-	-	13,746,394	-	-	13,746,394
Accrued expense		86,109,925	-	-	-	-	86,109,925
Billings in excess of estimated earnings		-	-	33,293,257	-	-	33,293,257
Dividend payable		455,000	-	-	-	-	455,000
Variable interest rate instruments							
Bank loans	2.75% - 6%	-	-	89,245,713	-	-	89,245,713
Lease liabilities	3.125% - 3.5%	-	-	33,321,970	29,935,656	-	63,257,626
Long-term loan	2.5% - 13.5%	-	-	16,514,807	-	-	16,514,807
Fixed interest rate instruments							
Bonds payable	6.38% - 7%	-	-	17,165,617	-	1,004,417,555	1,021,583,172
Total		89,185,472	8,345,890	296,562,765	29,935,656	1,004,417,555	1,428,447,338

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$	US$
December 31, 2015							
Non-interest bearing							
Cash		221,011	-	-	-	-	221,011
Estimated earnings in excess of billings		-	-	143,731,070	-	-	143,731,070
Trade accounts receivable		114,187,610	13,901,351	39,014,047	-	-	167,103,008
Other accounts receivable		-	-	7,940,558	3,960,387	-	11,900,945
Refundable deposit		-	-	-	4,249,406	-	4,249,406
Unbilled Receivable		-	-	894,323	-	-	894,323
Advance and other noncurrent assets		-	-	-	1,211	-	1,211
Variable interest rate instruments							
Cash in bank	1.00% - 2.50%	159,470,753	-	-	-	-	159,470,753
Other accounts receivable	9.00% - 11.00%	-	-	3,509,800	11,905,204	85,590,516	101,005,520
Restricted cash	1.00% - 2.50%	-	-	-	291,657	-	291,657
Other financial assets		20,844,664	59,241,118	-	-	-	80,085,782
Fixed interest rate instruments							
Deposits	4.25% - 10.05%	99,340,437	-	-	-	-	99,340,437
Total		394,064,475	73,142,469	195,089,798	20,407,865	85,590,516	768,295,123
December 31, 2014							
Non-interest bearing							
Cash		374,624	-	-	-	-	374,624
Estimated earnings in excess of billings		-	-	93,178,949	-	-	93,178,949
Trade accounts receivable		122,819,612	28,394,377	21,929,306	-	-	173,143,295
Other accounts receivable		-	-	5,568,346	1,639,265	-	7,207,611
Refundable deposit		-	-	-	4,137,011	-	4,137,011
Unbilled Receivable		-	-	2,757,434	-	-	2,757,434
Advance and other noncurrent assets		-	-	-	1,211	-	1,211
Variable interest rate instruments							
Cash in bank	1.00% - 2.50%	165,320,778	-	-	-	-	165,320,778
Other accounts receivable	9.00% - 11.00%	-	-	3,447,125	7,019,600	85,712,182	96,178,907
Restricted cash	1.00% - 2.50%	-	-	-	1,341,408	-	1,341,408
Other financial assets		22,287,689	54,780,796	-	-	-	77,068,485
Fixed interest rate instruments							
Deposits	2.00% - 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

b. Capital risk management

The Company and its subsidiaries manages 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 (Note 5) and equity attributable to equity holders of the parent, comprising issued capital (Note 32), additional paid-in capital (Note 33), retained earnings and other components of equity.

The gearing ratio as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Debt		
Bank loans	206,015,295	86,249,677
Long-term loans	70,678,586	87,026,486
Lease liabilities	28,641,836	52,451,671
Bonds payable - net	664,881,006	785,002,646
Total debt	970,216,723	1,010,730,480
Cash and cash equivalents	259,032,201	332,697,212
Net debt	711,184,522	678,033,268
Equity	652,018,169	693,775,671
Net debt to equity ratio	109%	98%

48. FAIR VALUE MEASUREMENTS

Fair value of financial instruments carried at amortized cost

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, 2015			December 31, 2014	
	Carrying amount	Fair value	Hierarchy level	Carrying amount	Fair value
	US$	US$		US$	US$
Assets					
Other accounts receivable	49,308,733	51,132,282	Level 3	47,129,651	49,862,747
Liabilities					
Long-term loans	70,678,586	70,628,353	Level 3	87,026,486	86,930,319
Bonds payable - net	649,115,106	291,110,760	Level 1	767,837,029	547,809,029
Total Liabilities	719,793,692	361,739,113		854,863,515	634,739,348

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 exchange.

Fair value measurements recognised 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 and alternative investments fall into level 1 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).

There was no transfer between level 1 and 2 within the period.

49. 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
   - PT Cirebon Energi Prasarana

d. PT Santan Batubara (SB) is an entity wherein Petrosea has joint control (Note 17).

e. STC Joint Operation and CSTS Joint Operation are joint ventures between TPEC and third party (Note 18).

f. 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, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Commissioners		
Short-term benefits	1,030,251	976,768
Directors		
Short-term benefits	2,185,578	1,817,620
Total	3,215,829	2,794,388

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 floating crane and voyage 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 (Note 7)

	Amount		Percentage to total assets	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$		
PT Kideco Jaya Agung	12,218,125	9,806,002	0.60%	0.43%
STC Joint Operation	2,329,151	-	0.11%	-
CSTS Joint Operation	2,103,827	-	0.10%	-
PT Santan Batubara	1,786,668	1,786,667	0.08%	0.08%
PT Cotrans Asia	1,121,663	775,321	0.05%	0.05%
PT Indo Turbine	221,077	194,347	0.01%	0.01%
Total	19,780,511	12,562,337	0.95%	0.57%
Allowance for impairment loss	-	(1,300,000)	-	(0.06%)
Net	19,780,511	11,262,337	0.95%	0.49%

Unbilled Receivables (Note 8)

	Amount		Percentage to total assets	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$		
PT Indo Turbine	129,785	125,562	0.01%	0.01%
PT Kideco Jaya Agung	-	101,680	-	0.00%
Total	129,785	227,242	0.01%	0.01%

Contracts and Service Revenues (Note 35)

	Amount		Percentage to total revenues	
	2015	2014	2015	2014
	US$	US$		
PT Kideco Jaya Agung	98,268,223	108,941,860	8.95%	9.82%
STC Joint Operation	42,165,467	13,519,570	3.84%	1.22%
PT Cotrans Asia	10,316,368	11,339,394	0.94%	1.02%
CSTS Joint Operation	5,593,194	115,480	0.51%	0.01%
PT Indo Turbine	297,759	302,241	0.03%	0.03%
PT Santan Batubara	-	3,903,156	-	0.35%
Total	156,641,011	138,121,701	14.27%	12.45%

c. Details of the transactions purchases and trade payable and balances with related parties are as follows:

Trade Accounts Payable (Note 25)

Trade accounts payable to related party pertained to payable to PT Indo Turbine for engineering and construction support services. As of December 31, 2015 and 2014, payable to PT Indo Turbine amounted to US$ 273,217 and US$ 19,995, respectively.

Other Accounts Payable

	Amount		Percentage to total liabilities	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$		
PT Sea Bridge Shipping	206,714	86,657	0.02%	0.01%
PT Santan Batubara	5,121	1,316,054	0.00%	0.09%
Total	211,835	1,402,711	0.02%	0.10%

Cost of Contracts and Good Sold (Note 36)

TPEC engaged PT Indo Turbine as one of engineering service provider who providing detailed engineering and construction support services. As of December 31, 2015 and 2014, service used from PT Indo Turbine amounted to US$ 266,581 and US$ 3,737,817, respectively. As of December 31, 2015 and 2014, percentage total cost of contracts and good sold are 0.02% and 0.34%, respectively.

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 payments of expenses for related parties, as follows:

	Amount		Percentage to total assets	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	US$	US$		
PT Cirebon Electric Power	30,482,380	26,785,057	1.42%	1.17%
PT Sea Bridge Shipping	6,440,000	9,602,500	0.30%	0.42%
PT Power Jawa Barat	1,839,712	2,035,681	0.13%	0.12%
Employee loans	2,009,927	3,341,906	0.09%	0.15%
Others (each below US$ 100,000)	485,409	192,577	0.02%	0.01%
Total	41,257,428	41,957,721	1.96%	1.87%
Less current maturities	(3,705,409)	(3,355,077)	(0.65%)	(0.15%)
Non-current maturities	37,552,019	38,602,644	1.31%	1.72%
Less allowance for impairment losses	(1,839,712)	(2,035,681)	(0.13%)	(0.12%)
Non-current maturities of other accounts receivable from related parties - net	35,712,307	36,566,963	1.18%	1.60%

Management believes that the allowance for impairment losses on trade other receivable from related parties is adequate.

Shareholder Loan

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, 2015	December 31, 2014
	US$	US$
• Shareholder Loan Agreement dated October 6, 2008		
IPI	2,822,903	5,475,000
III	940,968	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	612,382	451,229
III	204,127	151,828
Total	23,462,380	26,785,057

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 capital stock.

Based on Unanimous Written Resolutions of the Boards of Directors of CEP, it is resolved that CEP will repay part of its loans and interest to the shareholders in September 2015. Allocation of payment to IPI and III are as follows:

Name of shareholders	Payments of principals of shareholder loans	Payments on interest of shareholders loans (before tax)	Total payment (before tax)
	US$	US$	US$
IPI	2,652,097	4,254,462	6,906,559
III	884,032	1,413,982	2,298,014
Total	3,536,129	5,668,444	9,204,573

In 2015, the Company paid US$ 7,020,000 to Mizuho Bank Ltd. to secure the Debt Service Reserve Requirement for CEP's project financing facility, as a replacement for the SBLC issued by PT Bank ANZ Indonesia (Note 51c). Such transaction was recorded as part of other account receivables from CEP.

PT Sea Bridge Shipping

Represents working capital loan with interest at 9% per annum and is paid quarterly. The loans were granted in several times.

For loan received prior to 2010, the principal loan will be paid in 16 quarterly installments starting March 10, 2011 and June 10, 2011. For additional subsequent working capital loan in 2010, the principal will be fully paid on April 21, 2016. On March 7, 2016, the agreement was amended to extend principal payment until October 31, 2017.

The loans granted to SBS is proportionate with the percentage of ownership of each shareholders of SBS.

The carrying amount of other accounts receivable from SBS as of December 31, 2015 and December 31, 2014 based on maturity as follows:

	December 31, 2015	December 31, 2014
	US$	US$
One year	3,220,000	3,162,500
Two years	3,220,000	6,440,000
Total	6,440,000	9,602,500

Employee Loans

Employee loans represent receivables arising from the commencement of "Employee/ Management Stock Allocation" Program (ESA).

The loans have term of 36 months, with a grace period of 6 months. 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 of the Commissioners 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.

Since 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		Percentage to total investment income	
	2015	2014	2015	2014
	US$	US$		
PT Cirebon Electric Power	5,881,896	3,248,327	59.95%	29.91%
PT Sea Bridge Shipping	699,919	1,094,440	7.13%	10.08%
Total	6,581,815	4,342,767	67.08%	39.99%

Advance Received from a Related Party

PT Intan Resource Indonesia granted an advance to CIP in relation with the coal marketing agreement (Note 51f). As of December 31, 2015 and 2014, advance received from PT Intan Resource Indonesia amounting to US$ 1,729,954.

Office Space Rental

The Company and several subsidiaries rent office building from related parties. As of December 31, 2015 and 2014, office space rental expense paid to PT Marmitria Land amounted to US$ 1,017,373 and US$ 979,273, respectively

50. 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.

	December 31, 2015				
			US$		
	Energy Services	Energy Resources	Energy Infrastructure	Elimination	Consolidated
Revenues					
External Sales	681,127,723	264,478,935	151,689,831	-	1,097,296,489
Inter-segment Sales	17,405,219	802,988	2,057,525	(20,265,732)	-
Total Revenues	698,532,942	265,281,923	153,747,356	(20,265,732)	1,097,296,489
Segment result	47,569,417	19,570,891	24,873,262	(3,683,938)	88,329,632
Equity in net profit of associates and jointly-controlled entities	-	28,882,334	17,455,749	26,291,076	72,629,159
Investment income	2,243,872	50,963,018	6,674,924	(50,070,312)	9,811,502
General and administrative expenses	(34,641,386)	(57,246,703)	(18,211,529)	6,346,661	(103,752,957)
Finance cost	(10,151,395)	(106,643,931)	(4,187,234)	49,518,112	(71,464,448)
Impairment of assets	(1,208,549)	(53,204,601)	(2,799,652)	-	(57,212,802)
Amortization of intangible assets	-	(16,495,019)	(18,718,546)	-	(35,213,565)
Final tax	(10,896,654)	(88,965)	(4,566,298)	-	(15,551,917)
Others - net	(12,479,178)	46,925,412	(9,037,982)	(857,375)	24,550,877
Loss before Tax	(19,563,873)	(87,337,564)	(8,517,306)	27,544,224	(87,874,519)
Tax benefit (expense)	(7,079,603)	12,191,317	6,878,831	(963,054)	11,027,491
Loss for the year					(76,847,028)
Attributable to:					
Owners of the company					(44,587,878)
Non-controlling interest					(32,259,150)
Total Consolidated Loss					(76,847,028)
Segment Assets	819,012,705	2,659,987,082	525,952,755	(1,854,507,331)	2,150,445,211
Segment Liabilities	(265,724,494)	(641,712,870)	(72,239,173)	(7,847,040)	(987,523,577)
Unallocated Liabilities	(294,590,388)	(834,907,586)	(31,393,142)	829,513,890	(331,377,226)
Total Consolidated Liabilities	(560,314,882)	(1,476,620,456)	(103,632,315)	821,666,850	(1,318,900,803)
Other information					
Addition to property, plant and equipment and intangible assets					60,902,790
Depreciation expense					87,511,427
Amortization on bond issuance cost					6,353,221

	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)	(75,227,652)	(18,704,134)	2,453,272	(132,267,653)
Finance cost	(13,010,583)	(109,784,553)	(5,018,531)	58,379,074	(69,434,593)
Amortization of intangible assets	(1,242,095)	(16,486,401)	(18,867,706)	(2,019)	(36,598,221)
Final tax	(11,653,076)	(2,546,200)	(1,646,377)	-	(15,845,653)
Others - net	(5,064,793)	2,951,107	(2,472,452)	(4,912,974)	(9,499,112)
Loss before Tax	38,338,738	(77,995,988)	21,747,363	(358,135)	(18,268,022)
Tax Expense	(21,482,312)	6,397,416	3,603,919	(867,976)	(12,348,953)
Loss for the period					(30,616,975)
Attributable to:					
Owners of the company					(27,635,381)
Non-controlling interest					(2,981,594)
Total Consolidated Loss					(30,616,975)
Segment Assets	768,755,968	3,063,368,579	566,977,275	(2,108,791,461)	2,290,310,361
Segment Liabilities	218,590,237	914,469,403	85,850,111	(211,108,613)	1,007,801,138
Unallocated Liabilities	255,235,841	818,799,564	49,862,302	(755,330,262)	368,567,445
Total Consolidated Liabilities	473,826,078	1,733,268,967	135,712,413	(966,438,875)	1,376,368,583
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

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.

Customers which represent more than 10% of the total consolidated revenues are disclosed in Note 35.

*) As restated (Note 2)

51. 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 to finance 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 is to change the facility to Revolving Uncommitted facility. Subsequently, the facility has been amended several times, latest in July 2015, with changes among others as follow:

1. Extension of the Revolving Uncommitted Working Capital facility up to July 17, 2016. Interest rate on the used facility will be determined on the drawdown of the loan.

2. To provide the Company with Non Cash Loan Bank Guarantee/ Standby LC sublimit facility at the amount of US$ 5 million. This facility can also be used by MUTU, MEA, IET and IIC.

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 Bank ANZ Indonesia, which has been extended several times, most recently by agreement dated December 2, 2015 which effective from September 30, 2015. 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 13 Months
Availability period	:	September 30, 2015 until September 30, 2016
Issuance Fee	:	1.35% per annum plus correspondence ANZ's fee among others, 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, 2015 until September 30, 2016
Issuance Fee	:	1.35% per annum plus correspondence ANZ's fee among others 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, 2015 and 2014 the amount of facility was utilized were each US$ 2,465,449 and US$ 9,485,449, respectively.

d. On November 15, 2013, the Company and IIC obtained credit facility from Citibank N.A. with combined limit amounting to US$ 25 million. This facility has been amended several times, most recently on April 1, 2015, wherein combined limit of the facility was increased to US$ 50 million, with details as follows:

Type of facilities	Maximum facility US$	Tenor	Interest rate per annum
Short Term Loan			
Maximum facility:	45,000,000	12 months	2.5% p.a. above LIBOR
Allocated to the respective boundary:			
Company	20,000,000	12 months	2.5% p.a. above LIBOR
IIC	45,000,000	12 months	2.5% p.a. above LIBOR
Trust Receipt	5,000,000	6 months	2.25% p.a. above LIBOR
Trade Payable Financing	5,000,000	6 months	2.25% p.a. above LIBOR
Trade Receivables Financing	5,000,000	6 months	2.25% p.a. above LIBOR

e. IIC obtained the following credit facilities:

Entities	Effective date	Grantor facilties	Credit limits	Guarantee	Valid Date
PT Indika Inti Corpindo	July 11, 2008	DBS Bank Ltd.	US$ 50,000,000	Time deposit guarantee	2019
	October 20,2008	DBS Bank Ltd.	US$ 9,090,969	Time deposit guarantee	2019

As of December 31, 2015, the Company and IIC 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. TPEC has construction work and construction consultant services commitments with several customers as follows:

No.	Name of 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	April 30, 2016
2	Engineering, Procurement, and Construction	US$ 519,921,000	JOB Pertamina - Medco E&P Tomori Sulawesi	September 17, 2012	March 31, 2016
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

h. TPEC obtained credit facilities from PT Bank Mandiri (Persero) Tbk as follows:

Facilities	Information	Amount
Working Capital Loan	● Maximum facility	US$ 35,000,000
	● Interest rate per annum	6%
	● Structuring fee	US$ 50,000
Non cash loan	● Maximum facility	US$ 145,000,000
	● Type	Bank guarantee, Letter of credit
	● Structuring fee	US$ 40,000
	● Provision for bank guarantee	0.5% - 1.25%
	● Provision for bank guarantee	0.125% flat
Account Receivable Financing	● Maximum facility	US$ 30,000,000
	● Structuring fee	0.125% per transcation
	● Interest	5.75% per annum
	● Tenor	Maximum 6 months
Supply Chain Financing	● Maximum facility	US$ 5,000,000
	● Tenor	Maximum 180 days
		Bank guarantee, Letter of credit

The used credit facilities at the reporting date amounted to US$ 35 million of working capital loan.

TPEC is restricted to, among other things: 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.

i. TPEC obtained the following credit facilities from The Hongkong and Shanghai Banking Corporation Limited:

Facility	Information	Amount
1. Documentary Credit	● Maximum facility	US$ 20,000,000
	● Commissions	0.25% per quarter, minimum US$ 50
Deferred Payment Credit	● Maximum facility	US$ 20,000,000
	● Commissions	0.25% per quarter, minimum US$ 50
Supplier Financing	● Maximum facility	US$ 25,000,000
	● Interest	6.5% per annum
Bank Guarantee	● Maximum facility	US$ 100,000,000
	● Commissions	0.75% per annum, minimum US$ 50
consist of:		
(i) Tender Bonds	● Maximum facility	US$ 100,000,000
	● Commissions	0.75% per annum, minimum US$ 50
(ii) Performance bonds	● Maximum facility	US$ 100,000,000
	● Commissions	0.75% per annum, minimum US$ 50
(ii) Advance Payment Bonds	● Maximum facility	US$ 100,000,000
	● Commissions	0.75% per annum, minimum US$ 50

2. Treasury Facility with expose risk limit amounting to US$ 5 million

The above credit facilities were subject for review at any time and in any event not later than October 31, 2015 and shall continue to be applicable until the Bank cancel, cease, or discharge in writing TPEC from its obligation.

TPEC shall maintain its current ratio at a minimum of 1.0 times and gearing ratio at a maximum of 1.0 times. TPEC shall also maintain a minimum cash balance of US$ 5 million at the end of the fiscal year.

j. TPEC obtained credit facilities from Standard Chartered Bank as follows:

1. Credit facilities

Facility	Information	Amount
Bond and Guarantee	• Maximum facility	US$ 15,000,000
	• Commissions	0.20% per quarter, maximum tenor up to 45 months
consist of:		
(a) Import Letter of Credit	• Maximum facility	US$ 15,000,000
	• Commissions	0.20% per quarter
(b) Import loans	• Maximum facility	US$ 15,000,000
	• Interest	3% per year
(c) Bill Discount Against Buyer Risk	• Maximum facility	US$ 15,000,000
	• Interest	3% per year
(d) Import invoice financing	• Maximum facility	US$ 15,000,000
	• Interest	3% per year, above bank's cost of fund
(e) Export invoice financing	• Maximum facility	US$ 15,000,000
	• Interest	3% per year, above bank's cost of fund
(f) Shipping guarantee	• Maximum facility	US$ 10,000,000
	Fee	US$ 25 per item

The import letter of credit facility, import loans facility, bill discount against buyer risk facility, import and export invoice financing facility and shipping guarantees facility are treated as a sub-limit of the bond and guarantee facility. Therefore, the combined loan outstanding are not to exceed US$ 15 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.

The above credit facilities were due on February 29, 2016 and currently in the process of extension.

TPEC shall maintain its current ratio at a minimum of 1.0x and debt to equity ratio at a maximum of 1.0x.

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.

k. TPEC entered into several guarantee agreements with several financial institutions in relation to the performance and bank guarantees issued by those financial institutions for TPEC's projects, as follows:

Date	Counter parties	Project owner	Amount	Valid date
August 5, 2011	PT Bank Mandiri (Persero) Tbk	Mobil Cepu Ltd	US$ 98,981,070	February 26, 2017
September 26, 2012	PT Bank Mandiri (Persero) Tbk	JOB Pertamina-Medco E&P Tomori Sulawesi	US$ 25,996,050	January 11, 2017
September 27, 2014	PT Bank Mandiri (Persero) Tbk	Eni Muara Bakau B.V.	US$ 33,050,303	March 31, 2017
April 4, 2014	Hongkong and Shanghai Banking Corporation Limited	Eni Muara Bakau B.V.	US$ 19,351,180	August 31, 2017
October 29, 2014	PT Bank Mandiri (Persero) Tbk	BP Berau Ltd.	US$ 1,547,266	March 3, 2017
July 29, 2015	PT Bank Mandiri (Persero) Tbk	PT PLN (Persero)	US$ 1,750,000	January 26, 2016
December 16, 2015	PT Bank Mandiri (Persero) Tbk	Premier Oil Natuna Sea B.V.	US$ 21,747	April 19, 2016

l. TPE has consultant services commitment for construction work as follows:

Name of project	Contract value		Owner	Project period	
				Start of project	End of project
Offshore and Subsea Engineering	US$	16,241,677	BUT Conoco Phillips Indonesia Inc. Ltd.	July 16, 2012	January 15, 2016
Front End Engineering Design for Aset Integrity Program	Rp	74,350,358,670	PT Chevron Pacific Indonesia	December 3, 2012	December 3, 2017
Technical Service Contract for Project Engineering & CMS	US$	21,835,778	PT Pertamina Hulu Energi ONWJ	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.	812,084	April 14, 2016
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
May 28, 2015	PT Bank Mandiri (Persero) Tbk	Petrochina International Jabung Ltd.	5,000	March 31, 2016
October 19, 2015	PT Bank Mandiri (Persero) Tbk	Genting Oil Kasuri Pte. Ltd.	9,061	February 20, 2016
December 1, 2015	PT Bank Mandiri (Persero) Tbk	ConocoPhillips Indonesia Inc. Ltd, ConocoPhillips (Grissik) Ltd. ConocoPhillips (South Jambi) Ltd.	36,245	May 31, 2016

m. 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 until 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 that will be exhausted by the end of 2014, in the area which Petrosea operates, thus making difficult to continue the operations and GBP also informed that it will be unable to comply with the volumes under the agreement. 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 on December 31, 2017.

Petrosea and GBP are committed to continue discussion with good faith to attain the settlement of the OB Contract termination. On December 28, 2015, termination agreement has been reached and signed by both parties.

n. As of December 31, 2015 and 2014, Petrosea had various outstanding used bank guarantee facilities for Petrosea operations amounting to US$ 20,133 thousand and US$ 4,926 thousand, respectively. As of December 31, 2015 and 2014, the bank guarantees 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., ExxonMobil Cepu Limited, Pearloil (Sebuku) Limited, and PT Saka Indonesia Sesulu, PT Indonesia Bulk Terminal, Direktorat Jenderal Bea dan Cukai and Krisenergy Kutaei B.V.

o. 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 ton 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, commecing 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 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.

p. 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 Rental Agreement of Heavy Equipment and Personnel at ABN Site, Sanga-Sanga, East Kalimantan. Commencing on January 1, 2012.

On September 2, 2013, certain clauses in the Overburden Removal Agreement were amended, which among 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 of Heavy Equipments and Personnel at ABN site was amended regarding rise and fall clause 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 an agreement to reduce production capacity and additional discount on rates for all areas.

On May 29, 2015, Petrosea has received notification from ABN to early terminate the Overburden Removal Contract on May 31, 2015, prior to the expiration of the OB Contract which is going to be expired on December 31, 2018.

On July 27, 2015, termination agreement has been reached and signed by both parties.

q. 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, Tambang Pasir, 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.

r. 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 rents an 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 February 1, 2016, wherein Pertamina has in principle agreed to enter into a new agreement to extend Tanjung Batu land rental which is up for expiry on February 1, 2021.

s. 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, 2015 and December 31, 2014, balance of down payment from PT Indonesia Pratama for this construction contract amounted to US$ 471 thousand and US$ 1,005 thousand, respectively.

As of December 28, 2015, Petrosea has completed the contract, settlement agreement has been reached and signed by both parties.

t. 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.

u. 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 amounted to US$ 7 million. On March 22, 2014, Petrosea has completed the contract.

v. On June 22, 2015, Petrosea and PT Indonesia Bulk Terminal have signed an agreement for the repair and construction of a damaged inloading coal sea conveyors at IBT Terminal Pulau Laut Kalimantan with a project value of US$ 7.8 million. On December 10, 2015, Petrosea has completed the contract earlier from schedule.

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 five years until year 2018.

x. On April 30, 2015, Petrosea and PT Maruwai Coal (BHP Billiton) have signed a contract for the construction of an Lampunut Coal Project in Central Kalimantan. The contract value is US$ 21.5 million for a period of one year.

y. 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.

On August 10, 2015, Petrosea and HSBC, Jakarta agreed to extend the facility until June 30, 2018.

As of December 31, 2015 and December 31, 2014, Petrosea had outstanding used balance of bank guarantees from HSBC, Jakarta amounting to US$ 895 thousand and US$ 1,259 thousand, respectively.

The facility above requires Petrosea to maintain certain covenants.

z. On December 29, 2014, PT Bank Mandiri (Persero) Tbk agreed to provide the Non Cash Loan Facility with the aim to support oil and gas projects. Non-Cash Facility of up to US$ 30 million can be used in the bank guarantee opening Standby Letter of Credit (SBLC) opening, opening of Letter of Credit import and Letter Credit Local (SKBDN) both denominated in U.S. Dollar or in Rupiah.

On December 29, 2015, PT Bank Mandiri (Persero) Tbk provides Treasury Line facility with a limit of US$ 5 million to Petrosea. This facility has no collateral and have maturity of 1 years to December 29, 2016.

As of December 31, 2015 and 2014, Petrosea had outstanding used balance of bank guarantees from PT Bank Mandiri (Persero) Tbk, amounting to US$ 1,141 thousand and US$ 1,565 thousand, respectively.

aa. Petrosea has commitments under non-cancellable operating leases for land and buildings as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Due :		
Less than 1 year	2,015,000	1,210,000
Within 1 - 2 years	3,828,000	54,000
Within 2 - 5 years	3,328,000	-
> 5 years	254,000	-
Total	9,425,000	1,264,000

bb. On March 09, 2015, Petrosea and Eni Muara Bakau B.V. entered into Storage Rental and Shore Base Services Contract. This contract is to support Eni Muara Bakau B.V. as an operator of Production Sharing Contract of Muara Bakau Block with SKK Migas and this contract will be executed through Petrosea Offshore Supply Base (POSB) facility at Tanjung Batu, East Kalimantan. Estimated value of the contract is US$ 10 million and effective for three years until year 2018.

cc. On June 30, 2015, Petrosea and Eni East Sepinggan Limited entered into Provision of Shorebase Services Contract. This contract is to support Eni East Sepinggan Limited as an operator of Production Sharing Contract of East Sepinggan Block with SKK Migas and this contract will be executed through Petrosea Offshore Supply Base (POSB) facility at Tanjung Batu, East Kalimantan. Estimated value of the contract is US$ 5 million and effective for three years until year 2018.

dd. On June 30, 2015 Petrosea and PT Freeport Indonesia have signed a Construction Service Agreement to provide PT Freeport Indonesia in Papua with assistance for the construction of levees. The contract has a value of up to US$ 158 million and effective for four years until year 2019. The first stage of the works to be undertaken is for US$ 109 million.

ee. On October 16, 2015, Petrosea and PT Indoasia Cemerlang have entered into Overburden Removal Agreement at a site adjacent to Kintap in South Kalimantan. The contract value is Rp 313 billion for a period of one year.

ff. MBSS has commitments of coal transhipment service. Barging services shall be further subreclassified 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	Coal Transportation to Load and Transported from Tanjung Kepala, Pulau Sebuku	PT Bahari Cakrawala Sebuku	April 1, 2014	March 31, 2017
3	Contract for The Affreightment and Transhipment of Sebuku Coal	PT Bahari Cakrawala Sebuku	December 1, 2002	Remaining life of coal mine
4	Coal Transportation Contract	PT Cotrans Asia (Related party, Note 49)	March 1, 2014	February 28, 2017
5	Coal Transportation Agreement	PT Baramulti Sugih Sentosa	March 4, 2014	March 31, 2016
6	Coal Barging Contract	PT Kideco Jaya Agung (Related party, Note 49)	June 28, 2012	June 28, 2017
7	Coal Freight Services	PT Kaltim Prima Coal	August 1, 2014	June 30, 2017
8	Coal Barging Service Agreement	PT Pelayaran Sanditia Perkasa Maritim	January 1, 2015	December 31, 2017
9	Perjanjian Pengangkutan Batubara	PT Indonesia Cemerlang	November 1, 2014	October 31, 2017
10	Charter Party Barging Service	PT Arutmin Indonesia	June 29, 2015	February 29, 2016 *)

*) 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
	FLOATING CRANE			
1	Coal Transhipment for the Provision of Transhipment Service at Adang Bay	PT Kideco Jaya Agung (Related party, Note 49)	January 1, 2013	December 31, 2017
2	Transhipment Services	PT Bahari Cakrawala Sebuku	April 1, 2014	March 31, 2017

gg. 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

hh. 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

ii. In relation with 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, 2015, only Management and Employee Stock Option Program (MESOP) remains unrealized in relation with the abovementioned resolution.

jj. On October 2, 2013, MEA, 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.

kk. On June 15, 2015, KPI entered into an amandement to service agreement with Freeport, which will be matured on December 31, 2021. 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 reimbursable 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.

II. On June 30, 2015, ICI obtained credit facility from Standard Chartered Bank, Singapore Branch, with combined credit limit of US$ 30 million and details as follows:

Facility	Maximum facility	Interest rate or commission	Period
Import Invoice Financing	US$ 30 million	2.7% p.a above LIBOR per annum	12 months
Letter of Credit Facility	US$ 10 million	1 % per year	90 days
Import Loan	US$ 10 million	2.7% p.a above LIBOR per annum	45 days
Loans against Trust Receipt	US$ 10 million	2.7% p.a above LIBOR per annum	45 days

The above facility was secured by non-standard Comfort or Letter of Awareness provided by the Company.

The agreement covering the above facility contained certain covenants which required ICI to fulfill, among other things, are:

- ICI will not create or permit to subsist any security interest over any of its assets, other than those mentioned in the agreement.
- ICI will not dispose all or part of its assets or make acquisitions or investments in assets, except when made in ordinary course of trading.
- ICI will procure that no substantial change is made which will have an effect on the general nature of its business or that of its Group from the date of this agreement.

As of the date of financial statements, this facility has not yet been used.

This facility was amended in February 2016 as disclosed in Note 55f.

52. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At December 31, 2015 and 2014, the Company and its subsidiaries had monetary assets and liabilities in foreign currencies as follows:

		December 31, 2015		December 31, 2014	
		Foreign Currency	Equivalent in US$	Foreign Currency	Equivalent in US$
Assets					
Cash and cash equivalents	IDR	320,300,573,205	23,218,599	516,882,634,440	41,550,031
	SGD	1,141,590	807,062	1,404,820	1,064,016
	EUR	5,062,057	5,529,797	1,231,508	1,498,130
	AUD	35,257	25,722	34,625	28,441
Other financial assets	IDR	7,407,459,765	536,967	6,632,460,640	533,156
Trade accounts receivable	IDR	178,404,416,890	12,932,542	89,528,789,120	7,196,848
	SGD	73,542	51,994	130,084	98,526
Other accounts receivable	IDR	85,815,652,983	6,220,779	89,023,277,280	7,156,212
Other current assets	IDR	16,702,084,911	1,210,735	4,862,308,120	390,861
	SGD	96,680	68,349	1,303	987
	AUD	7,663	5,591	-	-
Advances and other noncurrent assets	IDR	62,749,992,455	4,548,749	45,701,970,234	3,749,444
Prepaid taxes	IDR	1,260,972,325,375	91,407,924	897,472,977,200	72,144,130
Claim for tax refund	IDR	318,828,991,580	23,111,924	122,788,559,720	9,870,463
Total Assets			169,676,734		145,281,245

		December 31, 2015		December 31, 2014	
		Foreign Currency	Equivalent in US$	Foreign Currency	Equivalent in US$
Liabilities					
Bank loans	IDR	33,700,975,934	2,442,985	-	-
	SGD	18,076,970	12,775,244	19,023,736	14,411,921
Trade accounts payable	IDR	676,318,815,535	49,026,373	337,802,639,320	27,154,553
	SGD	185,643	131,243	732,067	890,560
	EUR	134,168	146,565	631,857	478,571
	AUD	15,848	11,562	22,510	18,490
	JPY	-	-	397,846	3,334
	GBP	98,113	145,453	3,000	4,672
	MYR	312,288	72,727	7,869	2,253
	PHP	-	-	218,030	4,870
Other accounts payable	IDR	22,397,934,465	1,623,627	14,037,145,600	1,128,388
	SGD	-	-	292,566	221,591
	EUR	-	-	5,197	6,322
Taxes payable	IDR	110,713,952,110	8,025,658	87,964,469,570	7,071,099
Accrued expenses	IDR	319,398,861,081	23,153,234	409,720,480,737	32,935,730
	SGD	19,485	13,775	38,643	29,268
	EUR	272,382	297,550	548,478	667,224
	AUD	-	-	42,569	34,966
	GBP	-	-	211,973	330,063
Dividend payable	IDR	3,159,055,000	229,000	5,660,200,000	455,000
Long-term loans	IDR	5,504,041,601	398,988	2,064,799,160	209,389
Lease liabilities	IDR	2,165,815,000	157,000	3,367,682,160	270,714
Employment benefits obligation	IDR	342,189,168,680	24,805,304	323,869,229,760	26,034,504
Total Liabilities			123,456,288		112,363,482
Total Net Assets			46,220,446		32,917,763

The conversion rates used by the Company and its subsidiaries on December 31, 2015 and 2014 and the prevailing rates on March 16, 2016 are as follows:

	March 16, 2016	December 31, 2015	December 31, 2014
	US$	US$	US$
Foreign currency			
IDR 1	0.0001	0.0001	0.0001
SGD 1	0.7250	0.7070	0.7574
AUD 1	0.7460	0.7296	0.8214
EUR 1	1.1102	1.0924	1.2165
GBP 1	1.4138	1.4825	1.5571
MYR 1	0.2418	0.2329	0.2863
PHP 1	0.0214	0.0213	0.0223
JPY 1	0.0088	0.0083	0.0084

In relation with fluctuation of US$ against foreign currencies, the Company and its subsidiaries recorded net loss on foreign exchange of US$ 8,771,508 in 2015 and US$ 4,040,491 in 2014.

53. 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, 2015 and 2014 with detail as follows:

	December 31, 2015	December 31, 2014
	US$	US$
Addition to exploration and evaluation assets through:		
Accrued expenses	33,305	-
Other payables	-	993,645
Addition to mining properties through:		
Other payables	87,725	3,160,028
Addition to property, plant and equipment through:		
Other payables	3,995,746	3,220,176
Advances	-	4,394,217
Addition to intangible assets through:		
Other payables	177,398	715,882

54. CURRENT ECONOMIC CONDITION

The global economic growth has been slowing down for the past few years 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. SUBSEQUENT EVENTS

a. In 2016, the Company paid Rp 14.4 billion and filed objection on the tax assessment letter issued by DGT on the Company's corporate income tax year 2010. Management believes that the above tax matter will be resolved in favor of the Company, and accordingly, no provision was made as of reporting date.

b. The Company received the following Decision Letters in relation to its tax objections:

Date	Tax type	Fiscal year	Overpayment or Underpayment	Total amount on tax assessment letter	Government authority	Current status
				Rp		
February 4, 2016	Corporate Income Tax	2009	Underpayment	1,658 million	DGT	In process for appeal
February 4, 2016	Income Tax Article 26	2009	Underpayment	9,830 million	DGT	In process for appeal
February 25, 2016	Value Added Tax	January - November 2011	Underpayment	26,265 million	DGT	To be raised to Supreme Court
February 25, 2016	Value Added Tax	December 2011	Overpayment	12,942 million	Tax Court	To be raised to Supreme Court

c. On February 11, 2016, IIR and Tenstars Pte. Ltd., a third party, established Indika Energy Trading Pte. Ltd. (IETP) with ownership of 60% by IIR. IETP will be engaged in coal and mineral trading, general trading activities.

d. In February 2016, MUTU received overpayment tax assessment letters (SKPLB) for request of Value Added Tax (PPN) refund period December 2014 amounted to Rp 50,972 million. The amount of PPN refund is aggregate of period 2012 to 2014 and the refund has been received in March 2016.

e. In February 2016, TS entered into an option to purchase agreement with a third party in connection with the sale of its office unit located in Singapore as discussed in Note 21.

f. In February 2016, ICI obtained an amendment to the working capital facility from Standard Chartered Bank Singapore with combined limit amounting to US$ 30 million (Note 51), with details as follows:

Facility	Maximum facility	Interest rate or commission	Period
Import Invoice Financing	US$ 30 million	3.25% above LIBOR per annum	12 months (February 28, 2017)
Import LCs - Unsecured	US$ 10 million	1 % per year	90 days
Import LCs - Secured	US$ 10 million	1 % per year	90 days
Import Loan	US$ 10 million	3.25% above LIBOR per annum	45 days
Loans against Trust Receipt	US$ 10 million	3.25% above LIBOR per annum	45 days
Acceptence against Trust Receipt	US$ 10 million	1 % per year	45 days

In March 2016, ICI had drawdown from the working capital facility amounting to US$ 20 million.

g. On March 7, 2016, the agreement between TPEC and PT Sea Bridge Shipping was amended in regard with extending the period of principal payment of loan until October 31, 2017.

h. On January 11, 2016, Petrosea and PT Anzawara Satria entered into overburden removal in Tanah Bumbu, South Kalimantan amounting to Rp 622 billion. The scope encompasses overburden removal, hire of mobile plant and personnel and coal hauling in Tanah Bumbu, South Kalimantan.

i. On March 8, 2016, the government has officially inaugurated Petrosea Offshore Supply Base (POSB) located at Tanjung Batu, Balikpapan as the operator in Bonded Logistics Center (PLB). This will be the first PLB in Indonesia and is the pilot project.

56. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2014 consolidated financial statements were reclassified to conform with the 2015 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	660,415,384	(493,617)	659,921,767
Mining properties - net of accumulated amortization	14,456,847	933,008	15,389,855
Advance and other noncurrent asset	9,833,114	(439,391)	9,393,723

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.

57. SUPPLEMENTARY INFORMATION

The supplementary information the parent company only on pages 135 to 139 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.

58. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 3 to 134 were the responsibilities of the management, and were approved by the Company's Directors and authorized for issue on March 16, 2016.

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PT. INDIKA ENERGY Tbk
STATEMENTS OF FINANCIAL POSITION
(PARENT COMPANY ONLY)
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014/DECEMBER 31, 2013

	December 31, 2015	December 31, 2014 *)	January 1, 2014 December 31, 2013 *)
	US$	US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	29,618,713	36,842,758	52,703,423
Other financial assets	1,087,351	-	-
Trade accounts receivable			
Related parties	231,309		
Third parties	3,407	46,421	1,055
Other accounts receivable - related parties	40,315,087	58,732,396	74,228,972
Loan to related party	40,495,363	30,083,004	-
Dividend receivable	8,745,611	25,000,000	-
Prepaid taxes	4,865,774	4,619,158	2,935,554
Other current assets	399,393	269,563	189,259
Total Current Assets	125,762,008	155,593,300	130,058,263
NONCURRENT ASSETS			
Other accounts receivable			
Related parties	9,029,927	3,341,906	3,408,511
Third parties	1,050,753	625,620	3,454,261
Claim for tax refund	8,235,802	5,837,172	2,334,204
Investment in subsidiaries	758,118,638	176,211,868	172,394,755
Advances and other noncurrent assets	26,626,277	577,176,241	553,374,353
Property, plant and equipment - net of accumulated depreciation of US$ 19,031,490 as of December 31, 2015, US$ 15,790,440 as of December 31, 2014 and US$ 12,671,382 as of January 1, 2014/ December 31, 2013	48,853,313	46,697,773	33,430,687
Intangible assets	1,373,666	1,885,129	3,454,250
Refundable deposits	397,074	444,945	346,499
Total Noncurrent Assets	853,685,450	812,220,654	772,197,520
TOTAL ASSETS	979,447,458	967,813,954	902,255,783
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	92,620,438	30,022,411	-
Trade accounts payable			
Third parties	56,305	-	-
Other accounts payable			
Related parties	18,050	384,928	363,972
Third parties	481,153	2,467,332	1,503,794
Taxes payable	320,480	426,657	926,296
Accrued expenses	1,287,542	785,039	1,065,167
Accrued interest	10,408,475	16,557,626	14,552,751
Advances from customers	88,965	-	-
Total Current Liabilities	105,281,408	50,643,993	18,411,980
NONCURRENT LIABILITIES			
Loan from related parties	411,074,597	529,642,053	520,993,684
Long-term loans	90,394	209,389	282,798
Employment benefits obligation	5,731,303	5,592,101	4,342,145
Advance on deposits	266,896	-	-
Total Liabilities	522,444,598	586,087,536	544,030,607
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 17,000 million shares			
Subscribed and paid-up - 5,210,192,000 shares at December 31, 2015 and 2014 and January 1, 2014/December 31, 2013	56,892,154	56,892,154	56,892,154
Additional paid-in capital	250,847,921	250,847,921	250,847,921
Other components of equity	65,864,656	65,471,505	65,311,156
Deficit			
Appropriated	5,312,496	5,312,496	5,312,496
Unappropriated	78,085,633	3,202,342	(20,138,551)
Total Equity	457,002,860	381,726,418	358,225,176
TOTAL LIABILITIES AND EQUITY	979,447,458	967,813,954	902,255,783

*) As restated

PT. INDIKA ENERGY Tbk
STATEMENTS OF COMPREHENSIVE INCOME
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014 *)
	US$	US$
REVENUES	1,110,672	330,343
COST OF REVENUES	1,879,561	228,488
GROSS PROFIT (LOSS)	(768,889)	101,855
Dividend income	91,101,008	95,840,501
Investment income	2,537,715	294,337
Finance cost	(42,546,939)	(47,011,145)
General and administrative expenses	(23,866,341)	(29,726,291)
Final tax	(88,965)	-
Others - net	48,515,702	3,841,636
NET PROFIT	74,883,291	23,340,893
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit program	393,151	160,349
TOTAL COMPREHENSIVE INCOME	75,276,442	23,501,242

*) As restated

PT. INDIKA ENERGY Tbk
STATEMENTS OF EQUITY
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

			Other Components of Equity			Retained earnings		
	Capital stock	Additional paid-in capital	Other capital - employee stock option	Remeasurement of defined benefit liability in accordance with PSAK 24, Employee Benefit	Other equity	Appropriated	Unappropriated	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2014 (as previously reported)	56,892,154	250,847,921	7,816,296	-	57,184,360	5,312,496	(20,138,551)	357,914,675
Adjustments	-	-	-	310,500	-	-	-	310,501
Balance as of January 1, 2014 *)	56,892,154	250,847,921	7,816,296	310,500	57,184,360	5,312,496	(20,138,551)	358,225,176
Net profit for the year	-	-	-	-	-	-	23,340,893	23,340,893
Other comprehensive income								
Actuarial gain on defined benefit obligation	-	-	-	160,349	-	-	-	160,349
Total comprehensive income	-	-	-	160,349	-	-	23,340,893	23,501,242
Balance as of December 31, 2014 *)	56,892,154	250,847,921	7,816,296	470,849	57,184,360	5,312,496	3,202,342	381,726,418
Profit for the year	-	-	-	-	-	-	74,883,291	74,883,291
Other comprehensive income								
Actuarial gain on defined benefit obligation	-	-	-	393,151	-	-	-	393,151
Total comprehensive income	-	-	-	393,151	-	-	74,883,291	75,276,442
Balance as of December 31, 2015	56,892,154	250,847,921	7,816,296	864,000	57,184,360	5,312,496	78,085,633	457,002,860

*) As restated

PT. INDIKA ENERGY Tbk
STATEMENTS OF CASH FLOWS
(PARENT COMPANY ONLY)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015 US$	2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,722,347	4,834,705
Cash paid to suppliers	(8,169,109)	(10,680,642)
Cash paid to directors and employees	(10,593,854)	(11,587,383)
Cash used in operations	(15,040,616)	(17,433,320)
Interest received	1,916,618	172,204
Payment of finance cost	(42,116,197)	(39,212,394)
Payment of taxes	(3,384,570)	(4,618,311)
Placement of claim for tax refund	(3,128,480)	(3,802,522)
Receipt from claim for tax refund	-	191,698
Net Cash Used in Operating Activities	(61,753,245)	(64,702,645)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	107,355,397	70,840,501
Receipt of payment of loan to related party	75,000,000	-
Proceeds from related parties	7,103,183	16,653,220
Proceeds from sale of property	78,405	518,071
Loan to related parties	(85,000,000)	(30,000,000)
Payment of advances and other noncurrent assets	(19,592,403)	(10,664)
Payment to related parties	(7,020,000)	(24,703,517)
Acquisition of property and equipment	(5,736,938)	(14,813,812)
Placement of other financial assets	(1,087,351)	-
Acquisition of intangible assets	(88,350)	(28,041)
Net Cash Provided by Investing Activities	71,011,943	18,455,758
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	192,500,000	35,000,000
Payment of bank loans and long-term loans	(130,102,331)	(5,000,000)
Payment of loan to related party	(77,143,800)	-
Payment for transaction cost related to loan	(1,049,993)	-
Net Cash Provided by (Used in) Financing Activities	(15,796,124)	30,000,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,537,426)	(16,246,887)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	36,842,758	52,703,423
Effects of foreign exchange rate changes	(686,619)	386,222
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,618,713	36,842,758

PT INDIKA ENERGY Tbk
SUPPLEMENTARY INFORMATION
NOTES ON INVESTMENT IN SUBSIDIARIES
DECEMBER 31, 2015 AND 2014

Details of investment in subsidiaries at cost are as follows:

Subsidiaries	Domicile	Nature of Business	Percentage of Ownership		Acquisition cost	
			31/12/2015	31/12/2014	31/12/2015	31/12/2014
					US$	US$
PT Indika Indonesia Resources (IIR)	Jakarta	Mining and trading	90.00%	90.00%	387,700,722	624,689
PT Indika Inti Corpindo (IIC)	Jakarta	Investment and general trading	99.99%	99.99%	51,532,960	51,532,960
PT Indika Infrastruktur Investindo (III)	Jakarta	Investment	99.97%	99.60%	12,474,452	27,169
PT Indika Power Investments Pte. Ltd., Singapore (IPI)	Singapore	Investment	100.00%	100.00%	63,056	63,056
Indo Integrated Energy B.V. (IIE BV)	Netherlands	Financing	100.00%	100.00%	2,595,811	2,595,811
Indo Integrated Energy II B.V. (IIE BV II)	Netherlands	Financing	100.00%	100.00%	2,321,853	2,321,853
Indo Energy Finance B.V. (IEF BV)	Netherlands	Financing	100.00%	100.00%	3,921,719	3,642,077
Indo Energy Finance II B.V. (IEF BV II)	Netherlands	Financing	100.00%	100.00%	3,007,307	2,967,848
PT Indika Multi Energi (IME)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, transportation and services	99.60%	99.60%	25,613	25,613
PT Tripatra Engineering (TPE)	Jakarta	Consultation services for construction, industry and infrastructure	99.99%	99.99%	60,241	60,241
PT Tripatra Engineers and Constructors (TPEC)	Jakarta	Provision of consultancy services, construction business and trading	99.99%	99.99%	40,683,740	40,683,740
PT Indika Energy Infrastructure (IEI)	Jakarta	Trading, development	99.99%	99.60%	182,070,590	26,875
PT Petrosea Tbk (Petrosea)	Jakarta	Engineering, construction, mining and other services	69.80%	69.60%	71,639,936	71,639,936
PT Indy Properti Indonesia (IPY)	Jakarta	Development, services and trading	99.60%	99.60%	20,638	-
					758,118,638	176,211,868

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CATERPILLAR
M0575
PETROBRA

CORPORATE INFORMATION





Corporate Information

COMPANY NAME

PT INDIKA ENERGY TBK.

DATE OF ESTABLISHMENT

19 October 2000

SHAREHOLDERS COMPOSITION
(AS OF 31 DECEMBER 2015)

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
Publik	1.511.030.500	29.00

DOMICILE

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Jl. Jendral Gatot Subroto Kav. 21
Jakarta 12930
Indonesia
E-mail: corporate.secretary@indikaenergy.co.id
investor.relations@indikaenergy.co.id



TICKER CODE

INDY

LISTED EXCHANGE

Indonesia Stock Exchange (IDX)

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

RATING 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

Company 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**

ICI

INDIKA CAPITAL INVESTMENTS PTE. LTD.

8 Robinson Road #06 - 00
ASO Building
Singapore 048544

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
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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)

Indy Bintaro Office Park, Building A
Jl. Boulevard Bintaro Jaya Blok B7/A6
Sektor VII, CBD Bintaro Jaya
Tangerang Selatan 15224
Indonesia

Tel.: +62 21 2977 0700
Fax: +62 21 2977 0701
Website: www.tripatra.com

PETROSEA

PT PETROSEA TBK.

Indy Bintaro Office Park, Building B
Jl. Boulevard Bintaro Jaya Blok B7/A6
Sektor VII, CBD Bintaro Jaya
Tangerang Selatan 15224
Indonesia

Tel.: +62 21 2977 0999
Fax: +62 21 2977 0988
Website: www.petrosea.com

Ticker Code: **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

Ticker Code: **MBSS**

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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

M. CHATIB BASRI
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

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