



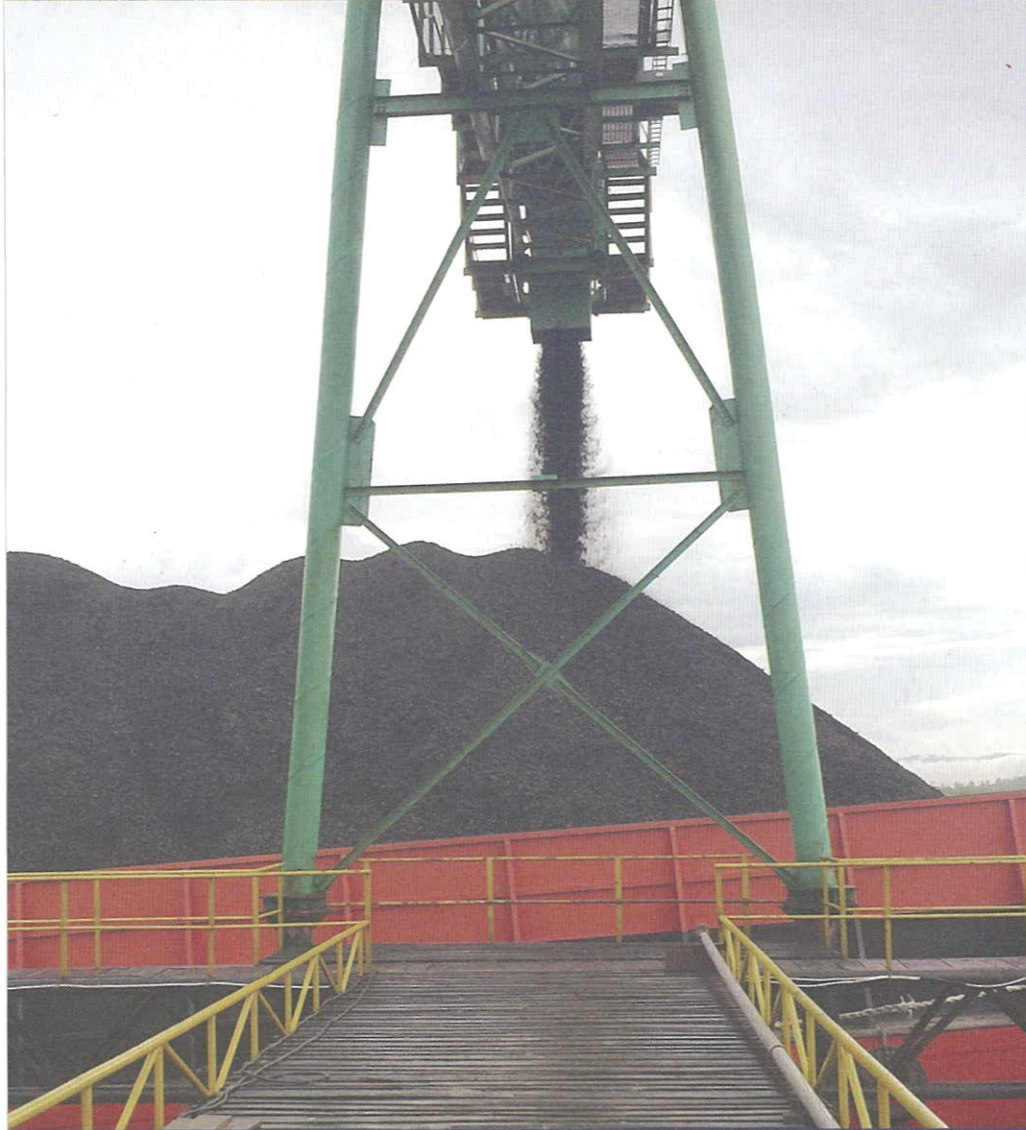
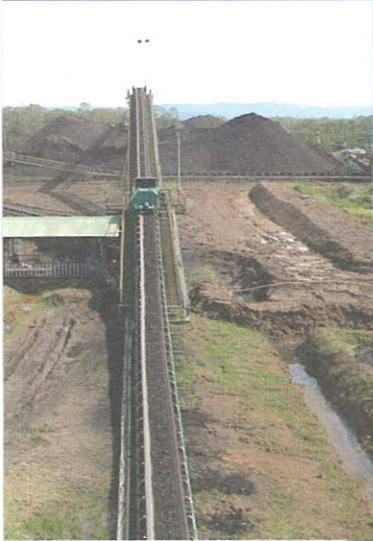
Coal Loading in the old days - Batu Bara

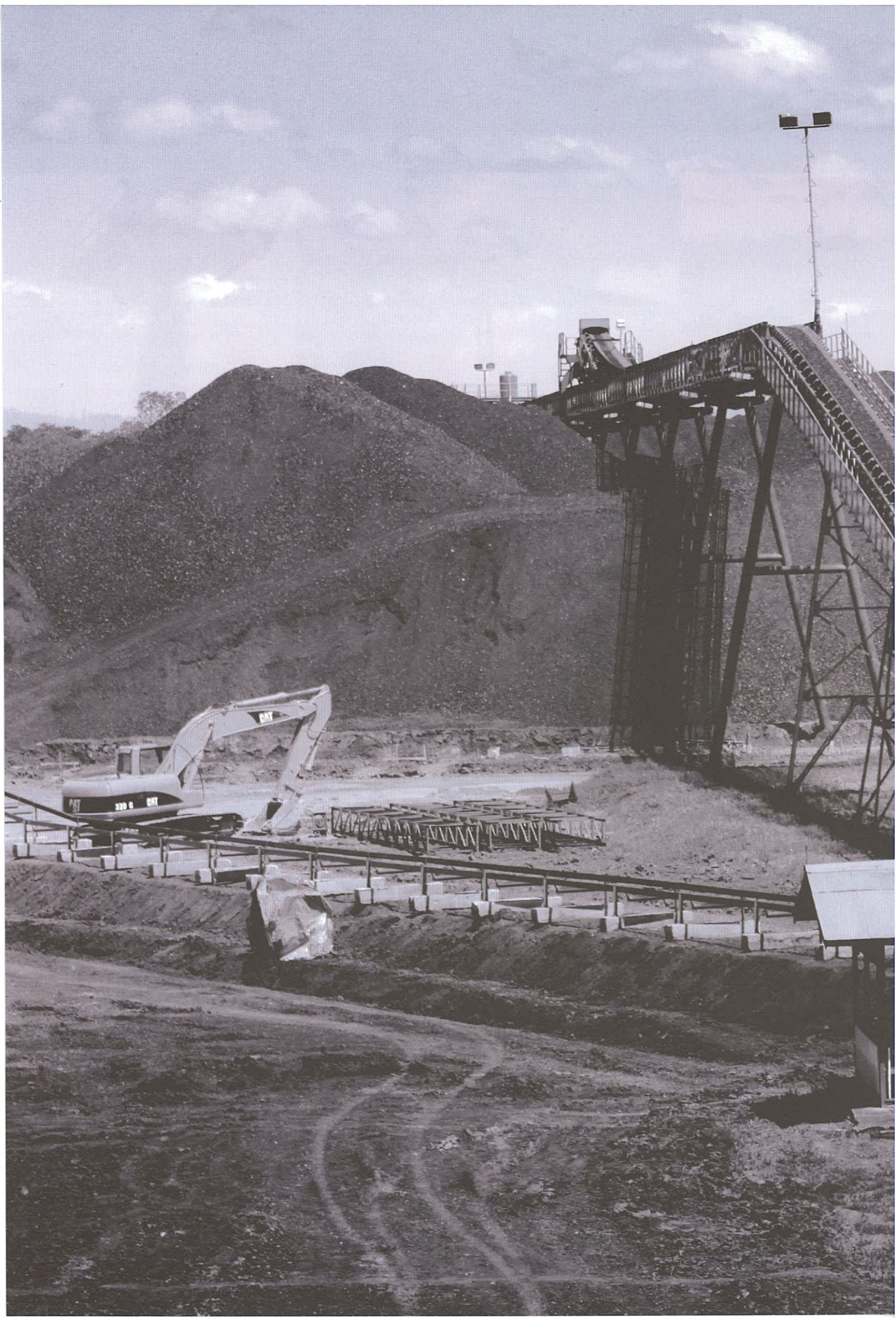


PT. SINGLURUS PRATAMA

Annual Report 2009

Present Coal Loading - PT. Singlurus Pratama - Balikpapan





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On behalf of the Board of Directors of PT. Singlurus Pratama, I would like to take this opportunity to report to the shareholders with regard to the Company's performance and financial results of year 2009. I am pleased to report that even though the production and distribution activities only commenced in June of 2009 and despite the global economic crisis and a deep plunge in seaborne coal prices which started in 2008 and continued on through 2009, the Company was able to achieve a net profit of Rp 66,586,971,589 in year 2009, which is considered to be an excellent performance for a startup company with only 6 months of operation.

By the end of 2009, Indonesia is recognized as one of the six biggest coal producers and the largest thermal coal exporter in the world. Indonesia Coal Mining Association (APBI-ICMA) has predicted that in 2010, Indonesian coal production will reach 280 million tons, significantly higher than the Government's target of 250 million tons.

As for the domestic market, 70 percent of domestic coal consumption was absorbed by Indonesian state electricity firm, PT. Perusahaan Listrik Negara (PLN), 17 percent by cement industry and 13 percent by textile, pulp and paper and other industries. PLN's consumption of coal required for electricity generation was estimated at 43.8 million tons in 2009. In 2010, domestic coal consumption is expected to reach 83 million tons.

It is anticipated that robust economic growth in China, India and Indonesia, the world's three most populated nations will help cushioning the impact of weak global economy and become the growth engine for 2010 and beyond. The Company's Board of Directors is committed to use this opportunity to guide the Company with prudence by adhering to the principles of good corporate governance to achieve a sustainable growth for years to come.

Mr. Pilas Puntakosol

President Director

BOARD OF COMMISSIONERS

Mrs. Yocke Kaseger President Commissioner

Mr. Kraisi Sirirungsi Commissioner

Mr. Toto Iman Dewanto Commissioner

Mr. Prasert Promdech Commissioner

Mrs. Petcharat Chayanon Commissioner

Mr. Saharat Vatanatumrak Commissioner



Mr. Pilas Puntakosol President Director

Mr. Ludi Prasetyo Director

Mr. Sonny Susanto Director

Mr. Anun Louharanoo Director

Mr. Srihasak Arirachakaran Director

Mr. Panot Charoensuk Director / Managing Director

VISION

- To become a world-class coal mining enterprise committed to enhance stakeholders' value whilst adhering to good corporate governance principles based on fairness to all concerned parties.

MISSION

- To optimize the Company's coal resources using state-of-the-art technology and product mix strategy.
- To conduct business in a fair and transparent manner.
- To build sustainable value for all shareholders, employees and local communities while maintaining the highest standards of environmental protection and community development.

AREA WAJIB APD
(ALAT PELINDUNG DIRI)



HELMET



GLASSES



SHOES



Location:

General Office:	Kawasan Bisnis Granadha Veteran Building, 12A Floor unit 002 Jl. Jend. Sudirman Kav. 50, Jakarta 12930, Indonesia Tel. : 62(21) 2553-5034, Fax 62(21) 2553-9821
Mine Site Office:	Ruko Bhumi Nirwana Indah Blok C.38 Jl. Soekarno Hatta Km. 5.5, Balikpapan 76126, Indonesia Tel.: 62(542) 720-8416, Fax: 62(542) 720-8388

Type of Business:

The Company's business is in the coal production and distribution, having coal mining operation under the coal concession of the third generation "Coal Contract of Work" (CCOW III), granted by the Indonesian Government with concession period of 30 years. The coal concession is located in Balikpapan district, Sub-Province Kutai Kartanegara, Sub- Province Penajam Paser Utara, East Kalimantan.

Production Capacity: 2,000,000 metric tons per annum

Registered Capital: 7,950 ordinary shares at Rp.1,000,000 per share totaling Rp.7,950,000,000

Paid-up Capital: 7,950 ordinary shares at Rp.1,000,000 per share totaling Rp.7,950,000,000

Shareholding Structure: *

- Lanna Resources Public Co., Ltd. (Registered in Thailand) holding 5,168 shares (65%) of the paid-up capital
- PT. Indocoal Pratama Jaya (Registered in Indonesia) holding 1,192 shares (15%) of the paid-up capital
- PT. Harita Jayaraya (Registered in Indonesia) holding 954 shares (12%) of the paid-up capital
- PT. Ambhara Karyaperdana (Registered in Indonesia) holding 636 shares (8%) of the paid-up capital

* PT. Harita Jayaraya has become the shareholder since March 29, 2010.

Auditor:

Purwantono, Suherman & Surja, a member of Ernst & Young Global, and Indonesia Public Accountant Firm.

Financial Information



FINANCIAL SUMMARY

FYE December	(Unit : Rupiah)	
	2008	2009
Total Revenue	-	269,389,631,520
Sales Revenue	-	244,414,502,491
EBITDA	-	93,979,862,547
EBITDA margins (%)	-	32.88%
Pretax profit (Loss)	(31,321,338,202)	73,148,738,588
Net Profit (Loss)	(31,321,338,202)	66,586,971,589
Earnings per share (Rupiah/Share)	(3,939,790.97)	8,375,719.70

The Company has not appropriated its earnings for dividend payment as the Company just started to gain revenue from coal sales at end of 2009.

FINANCIAL TABLES

Profit & Loss

FYE December	(Unit : Rupiah)	
	2008	2009
Sales Revenue (net)	0.00	244,414,502,491
Cost of Goods Sold	0.00	(128,966,941,897)
Gross Profit	0.00	115,447,560,594
Operating Expenses	(16,138,332,987)	(56,148,295,462)
Income from Operations	(16,138,332,987)	59,299,265,132
Other Income (Expense)	(8,816,776,834)	24,975,129,029
Interest Expenses	(6,366,228,380)	(11,125,655,573)
Income before Provision For Income Tax	(31,321,338,202)	73,148,738,588
Provision for Income Tax	(0.00)	(6,657,808,501)
Deferred Tax	(0.00)	96,041,502
Net Profit (Loss)	(31,321,338,202)	66,586,971,589

Balance Sheets

FYE December	2008	2009
(Unit : Rupiah)		
Current Assets		
Cash on hand and at banks	793,542,479	49,868,456,236
Trade Receivables	-	8,877,771,890
Inventories	-	25,882,790,842
Prepaid Expenses	124,940,294	144,822,276
Pre- Payments	530,296,500	59,580,000
Prepaid Taxes	7,715,835,093	21,781,676,689
Other Current Assets	-	504,617,534
Non Current Assets		
Deferred Exploration and Development costs (Net)	63,452,131,551	99,942,654,419
Property, Plant and Equipment (Net)	39,836,467,757	44,158,189,883
Deferred Tax Assets	-	96,041,502
Other Non Current Assets	95,769,290	101,769,289
Total Assets	112,548,982,965	251,418,375,560
Liabilities and Shareholders' Equity		
Current Liabilities	157,982,445,931	230,264,866,938
Non Current Liabilities	-	-
Total Liabilities	157,982,445,931	230,264,866,938
Shareholders' Equity		
Share Capital – Rp. 1,000,000 par value – 7,950 shares	7,950,000,000	7,950,000,000
Retained Earnings (Accumulated Deficit)	(53,383,462,966)	13,203,508,622
Total Shareholders' Equity (Capital Deficiency)	(45,433,462,967)	21,153,508,622
Total Liabilities and Shareholders' Equity	112,548,982,964	251,418,375,560

Key Drivers

FYE December	2008	2009
Average Coal Sales prices (Rupiah/Metric Ton)	-	648,575
Production Output (Metric Tons)	-	494,847
Sales Volume (Metric Tons)	-	430,070
Stripping Ratio (Times)	-	7.79

Company's Coal Business

PT. Singlurus Pratama was established as a single-purpose company to carry out coal mining operation and distribution activities as stipulated under the 3rd generation Coal Contract of Work (CCOW III) regulations, granted by the Government of Indonesia. Therefore, the only activity permitted by law is for the Company to develop the coal concession for a period of 30 years without having to divest its shareholding structure. The Company's coal mining operation is in Balikpapan District, East Kalimantan, having current coal production capacity of 2,000,000 tons per year. The mineable reserves have been estimated at 20 to 25 million tons.

Coal Production

Coal is formed in several stages from plant remains that have been compacted, hardened, chemically altered and metamorphosed by heat and pressure over millions of years. Therefore, in order to develop a coalmine, coal exploration works are required for the collection and interpretation of geological data in order to learn about the thickness of coal seams, boundary areas of the coal resource, chemical content and quality, and economic reserve estimation. The development of coal deposit is generally based on the information and data obtained from these exploration programs. Accordingly, the production of coal consists of following 3 major steps:

(1) Coal Exploration: The exploration program begins with the preliminary collection and analysis of the land surface and geological data at the target areas. Subsequently, fieldwork includes scout drilling to study the formation and type of soil and rock, and geological structure of the target areas to ascertain that there exists the coal deposit. After coal deposits have been identified, survey and drilling activities are performed to assess coal quality and reserve estimation for economic analysis to facilitate a decision for further development of the coalmine.

(2) Coal Mining: Before proceeding with coal mining operation, more detail drilling activities are required to collect and interpret necessary information and data of the mining areas; such as, coal reserves and quality for each of the coal seam formations including soil layers. The collected data and information will be used to determine the mine master plan which includes the analysis of mining costs and mining methods, as well as the quantity and areas for overburden removal and coal winning logistics, and also selection of suitable mining equipment and machinery.

(3) Coal Dressing: In order to attain the quality as required by the users or customers, coal extracted from the coalmining operation need to go through coal dressing process which includes crushing, sizing, sorting or washing to remove any contaminations, etc.

Coal Distribution

After the coal has been extracted from the coal mining area, the run-off-mine coal (ROM) is transported via hauling road for further processing and distribution at the Company's port and jetty facilities located within the concession area along Sekambing River. Due to the width and depth of the river, the maximum barging capacity is limited to 9,500 tons per trip, equivalent to a 330-foot barge. After coal loading into the barge has been completed, it is transported down the river for further loading into the vessel, which will transport the coal overseas to the end-users. The majority of the Company's coal products are sold and exported to several Asian countries; namely, China, Hong Kong, India, Korea, Taiwan and Thailand.

Coal Pricing

Coal pricing is mainly determined by the coal quality and specifications, such as the calorific value, total moisture, ash, total sulfur content, etc. Coal sale price for each customer varies depending on certain factors such as order volume, coal specifications such as calorific value, credit term and other conditions specified by the customer. Nonetheless, since 2009, the Indonesian Government has established the Indonesian Coal Price Reference or Indonesian Coal Price Index (ICI) to be used as the reference for the floor price of coal.

Market Strategy

The Company focuses mainly on the service and quality control of the coal products as its marketing strategy to achieve optimum price level. In addition, the Company has continually developed ways to optimize its coal quality by bringing in modern technology for continuing improvement of coal production and operation.

Industrial Trend

The price of coal started to decrease toward the end of 2008 and continued until March 2009 when it started to level off and then move in an upward direction around the end of 2009. It is anticipated that the price of coal in 2010 will gradually increase in the same direction as the oil price due to increasing demand of coal and fuel in accordance with the continuing recovery of global economic condition. Along with the global economic growth, higher thermal coal consumption and demand are expected in the next three years, particularly in the major Asian economies, such as China and India. Indonesia domestic demand for coal will also grow significantly in the next few years due to several coal-fired power plants coming online. Accordingly, it is anticipated that the price of thermal coal for the next few years will remain high due to higher consumption of thermal coal and also the fact that the price of oil and other sources of fuel are still significantly more costly than that of the thermal coal.

SIGNIFICANT CHANGES IN THE PAST YEAR

January 12, 2009: The Indonesian Government has finally enacted the new Law No. 4/2009 concerning mineral and coal mining, replacing the previous Law No. 11/1967, overhauling the country's mining system. The new mining Law No. 4/2009 is intended to provide equal treatment to all mining players, foreign and domestic, creating conducive climate of investment, and to optimize the state revenue and area to be exploited in the existing mining contract. Law No.4/2009 certainly has broad ranging implications for future and existing mining concessions due to introduction of a new mining licensing system, IUPs, to replace the KPs, COWs and CCOWs. Nonetheless, the Law No. 4/2009 is also intended to respect and honor the existing COWs and CCOWs and the impacts on the Company's CCOW should not be extensive. Pursuant to the new Mining Law, the Government has been issuing several implementing regulations that the Company has to observe and comply accordingly. Certain amendments to the Company's CCOW are also required in order to comply with the New Mining Law.



PT. Singlurus Pratama is respectful of its host communities. The Company engages in intensive dialogues with the communities associated with our operations to ensure that their social and economic requirements are entirely addressed. Since our inception, the Company has been active in conducting corporate social responsibility (CSR) activities at all levels. Our CSR focuses on community development, health care education, environmental and agricultural concerns.

The Company adheres to the highest level of environmental standards. Our community service program is reviewed annually with cooperation and participation of local representatives. Mine site rehabilitation and improvement are carried out after the mining operations have been completed to improve environmental surroundings and ecosystem and return to its useful state. The land areas which have been affected by the mining operations are quickly reclaimed and made available to the local communities. The reclaimed land areas are utilized mainly for agricultural, conservation and commercial purposes, such as rubber trees and palm oil plantation. As for the unfilled mine pit areas, they are developed into recreation areas, reservoirs and fish farms.

In 2009, the Company initiated and supported in several social development programs and activities, including education, religious, farming, health, infrastructure development, social contributions and other related activities. These programs and activities were carried out around the villages and communities in the vicinity of the mine site area of the Company.



Donation

Repaired Entrance Road
(5 Trucks of Lateritic Stones)
for High School Duta Bangsa KM 39
Sub District Sungai Merdeka

May 2009



Donation

Billboard Advertising for
Bina Mitra Polda KALTIM

June 2009



Donation

"Welcome Arch"
At Entrance Road
Natural Wisata of Bangkirai Hill

November 2009



Donation

Uniform, Ball and Gate Net
for Young Man Football Club,
Sungai Merdeka dan Karya Merdeka

November 2009



Donation

Building the Buddhist Sunday School and Library at Mahavihara Budhamanggala Complex in Balikpapan, East Kalimantan given by Mr. Suphachai Changsalak and directly accept by Bhikkhu Subhapañño Thera – Head of Vihara.

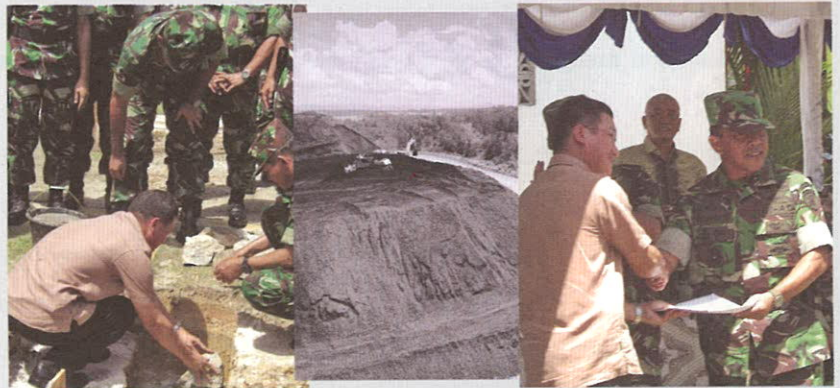
December 2009



Donation

The first stone long of official house KODAM VI/TPR At Sepinggan, Balikpapan, East Kalimantan

January 2010



Donation

The building of Office Room at Elementary School Al Hidayat KM 36, Subdistrict Merdeka Village

January 2010



Donation

Uniform and Fund for KPADK North Sector, Balikpapan

February 2010



The Company conducts coal mining business which possesses the following risk factors that must be taken into consideration.

(1) Coal Mining Operation Risk: The Company routinely performs proper exploration and assessment activities of the coal deposits, including pit design and mine master plan conforming to the international principles and standards prior to investment and commencement of coal mining activities. Hence, risks associated with coal mining operation are mainly due to natural occurrences, such as heavy rain which normally happens every year for coal mines in Indonesia, hampering and delaying coal production and delivery. In order to mitigate such risks, the Company keeps adequate inventory of the finished coals for distribution at the quantity of no less than one month of the projected sales volume for each year.

(2) Coal Price Fluctuation Risk: Coal prices fluctuate similar to other commodities such as the oil prices, subject to market demand and supply. Therefore, the Company has established policy to sell coal in advance, entering into coal sales contracts for certain portion of the coal volume produced each year. Coal sales are normally offered during the time when coal price is on the rise by observing coal pricing trend and movement in the past. The Company closely monitors coal pricing trend, including consideration of risk protection or guarantee instruments or other methods, depending on the appropriateness and anticipated future coal market situation.

(3) Accounts Payable Risk: For the majority of the Company's coal sales, credit terms are normally extended to quality customers. For coal sales and purchase transactions, letter of credit is normally required from customers to minimize risk. The Company has never incurred bad debt from the customers.

(4) Fuel Product Substitutes Risk: Although coal prices during 2009 have fluctuated quite considerably; however, when comparing the price per heat unit to other substituted fuels, such as fuel oil, diesel oil and natural gas, the price per unit heat of coal is still significantly lower. Therefore, the risk from the fuel product substitutes is still considered minor.

(5) Coal Reserves Variation Risk: The Company has continually allocated budget for exploration activities within the concession areas in order to ascertain the amount of remaining mineable coal reserve.

(6) Risk from Mining Contractors' Operation: The Company has hired the mining contractor for coal winning and therefore, if the mining contractor could not perform its operation as agreed with the Company due to problems such as delay in procurement of machinery and equipment, sub-standard maintenance works, etc., which would certainly have adverse impact to the Company's coal production and distribution. Therefore, in order to manage such risk, the Company would only hire the mining contractors that are reliable, experienced and have good work performance history, by entering into a mining contract of at least 3 years term in order to guarantee sufficient work for the financing purpose of the mining contractor.

(1) REVENUES

Description	Year 2009		Year 2008		Increase/(Decrease)	
	Million Rupiah	%	Million Rupiah	%	Million Rupiah	%
• Revenue from Coal	244,415	90.73	-	-	244,415	n/a
• Other Revenue	24,975	9.27	64	100.00	24,911	38,923.44
Total Revenues	269,390	100.00	64	100.00	269,326	420,821.88

In year 2009, the company's total revenues were Rupiah 269,390 million, or an increase from previous year by Rupiah 269,326 million or an increase of 420,821.88 percent. Most of the increase was due to the Company's commencement of coal production and distribution in year 2009.

The Company's other revenue was Rupiah 24,975 million or 9.27 percent of the total revenues which increase from previous year by Rupiah 24,911 million or 38,923.44 percent due to an increase in foreign exchange gain.

(2) EXPENSES

Description	Year 2009		Year 2008		Increase/(Decrease)	
	Million Rupiah	% of sales	Million Rupiah	% of sales	Million Rupiah	%
• Cost of sales	128,967	47.87	-	-	128,967	n/a
• Selling and administrative expenses	56,148	20.84	16,138	25,215.63	40,010	247.92
• Interest Expenses	11,126	4.13	6,366	9,946.88	4,760	74.77
• Corporate income tax	6,562	2.44	-	-	6,562	n/a

1) Cost of sales for year 2009 was Rupiah 128,967 million.

2) Selling and administrative expenses in year 2009 increased from previous year by Rupiah 40,010 million or an increase of 247.92 percent due to more administrative activities as compared to year 2008 when the Company still did not have any production activity.

3) Interest Expenses in year 2009 increased from previous year by Rupiah 4,760 million or an increases of 74.77 percent due to higher amount of loan.

4) Corporate income tax in year 2009 increased from previous year by Rupiah 6,562 million.

(For the Financial Statements of Year 2009)

(3) PROFIT

Gross Profit	Year 2009		Year 2008		Increase/(Decrease)	
	Million Rupiah	%	Million Rupiah	%	Million Rupiah	%
Sale Revenues	244,415	100.00	-	-	244,415	n/a
<u>Less</u> Cost of sales	128,967	52.77	-	-	128,967	n/a
Gross Profit	115,448	47.23	-	-	115,448	n/a

In year 2009, the Company's gross profit was Rupiah 115,448 million or 47.23 percent of the sale revenues. High profit margin was achieved because the Company was able to sell at higher price than the index price.

Net Profit	Year 2009	Year 2008	Increase/(Decrease)	
	Million Rupiah	Million Rupiah	Million Rupiah	%
Net Profit (Loss)	66,586	(31,321)	97,907	312.59
Net Profit (Loss) per Share- million Rupiah per share <i>(Registered par value of Rupiah 1,000,000 per share)</i>	8.38	(3.94)	12.32	312.59

In year 2009, the Company's net profit was Rupiah 66,586 million or Rupiah 8.38 million per share, as compared with net loss of Rupiah 31,321 million or loss of Rupiah 3.94 million per share for year 2008. Net profit increased by Rupiah 97,907 million or an increase of Rupiah 12.32 million per share.

(4) FINANCIAL STATUS

Description (Unit :Million Rupiah)	As at December		Increase/(Decrease)	
	31 st , 2009	31 st , 2008	Million Rupiah	%
Total Assets	251,418	112,549	138,869	123.39
Total Liabilities	230,265	157,982	72,283	45.75
Total Shareholders' Equity (Capital Deficiency)	21,153	(45,433)	66,586	146.56
Book Value-Million Rupiah per Share <i>(Registered par value of Rupiah 1,000,000 per share)</i>	2.66	(5.71)	8.37	146.56

(A) Assets

The Company's total assets at the end of year 2009 increased from the end of year 2008 by Rupiah 138,869 million or an increase of 123.39 percent, consisting of:

(1) Current assets increased by Rupiah 97,955 million from the previous year, or an increase of 1,068.79 percent, due to the following reasons.

(1.1) Cash on hand and at bank increased by Rupiah 49,074 million from previous year, or an increase of 6,180.60 percent, due to the increase in coal sale revenues.

(1.2) Trade receivables increased by Rupiah 8,878 million from the previous year, due to the Company started to sell coal to customers on credit term in 2009.

(1.3) The inventories slightly increased by Rupiah 25,883 million from previous year, due to the Company started coal production and had coal stockpile waiting for sales.

(1.4) Other Current Asset such as prepaid tax, increased by Rupiah 14,120 million from the previous year, or an increase of 168.68 percent, due to the addition overpaid vat during 2009 following vender and contractor

(2) Non-current assets increased by Rupiah 40,914 million from the previous year or an increase of 39.57 percent, due to the following reasons.

(2.1) Property, Plant, Land and Equipment increased by Rupiah 4,322 million from the previous year or and increase of 10.85 percent, due to additional purchase of machinery, plant construction and compensation for land used for mining activities.

(2.2) Deferred Cost and Other Non-Current assets such as exploration & development costs, deferred tax asset etc., increased by Rupiah 36,592 million from the previous year or an increase of 57.58 percent, due to advance payment for overburden removal and payment for upgrading the hauling roads to make them useable.

(B) Liabilities

The Company's total liabilities as at end of year 2009 increased from the end of year 2008 by Rupiah 72,283 million or an increase of 45.75 percent, consisting of:

(1) Current Liabilities increased by Rupiah 72,323 million from the previous year, or an increase of 159.45 percent, due to the following reasons

(1.1) Trade accounts payable increased by Rupiah 5,702 million from the previous year or an increase of 315.38 percent, due to the Company commenced its coal production in 2009.

(For the Financial Statements of Year 2009)

(1.2) Taxes payable increased by Rupiah 7,248 million from previous year or an increase of 188.46 percent, due to the Company's gain from net earnings.

(1.3) Other Current Liabilities such as Accrued expenses, increased by Rupiah 59,373 million from the previous year or an increase of 149.54 percent, due to increased overburden removal corresponding to higher coal production and increased cost of sales according to higher sales volume.

(2) Non-current liabilities slightly decreased by Rupiah 40 million from previous year due to repayment for part of the loan.

(C) Total Shareholders' Equity

The total shareholders' equity of the Company at December 31, 2009 increased from the end of year 2008 by Rupiah 66,586 million or an increase of 146.56 percent, resulting in the increase of share's book value from Rupiah (5.71) million per share to Rupiah 2.66 million per share.





REPORT OF INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

Independent Auditors' Report

Report No. RPC-183/PSS/2010

**The Board of Commissioners and Directors
PT Singlurus Pratama**

We have audited the balance sheet of PT Singlurus Pratama (the "Company") as of December 31, 2009 and the related statements of income, changes in shareholders' equity/(capital deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company for the year ended December 31, 2008, were audited by other auditors, whose report dated February 10, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of PT Singlurus Pratama as of December 31, 2009, the results of its operation and its cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia.

Purwanto, Suherman & Surja



Drs. Hari Purwanto

Public Accountant License No. 98.1.0065

June 30, 2010

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

BALANCE SHEET

December 31, 2009
 With comparative figures for 2008
 (Expressed in Rupiah, unless otherwise stated)

	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash on hand and in bank	3	49,868,456,236	793,542,479
Trade receivables	4	8,877,776,890	-
Inventories	5	25,882,790,842	-
Prepaid tax	9a	21,781,676,689	7,715,835,093
Other current assets	6	709,019,810	655,236,794
TOTAL CURRENT ASSETS		107,119,720,467	9,164,614,366
NON-CURRENT ASSETS			
Property, plant and equipment - net of accumulated depreciation of Rp3,080,803,579 as of December 31, 2009 and Rp570,654,325 as of December 31, 2008	7	44,158,189,883	39,836,467,757
Deferred exploration costs	8	99,942,654,419	63,452,131,551
Deferred tax assets	9f	96,041,502	-
Other non-current assets		101,769,289	95,769,290
TOTAL NON-CURRENT ASSETS		144,298,655,093	103,384,368,598
TOTAL ASSETS		251,418,375,560	112,548,982,964

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

BALANCE SHEET (continued)

December 31, 2009
 With comparative figures for 2008
 (Expressed in Rupiah, unless otherwise stated)

	Notes	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY/ (CAPITAL DEFICIENCY)			
CURRENT LIABILITIES			
Trade payables	10	7,509,903,795	1,808,138,757
Taxes payable	9b	11,094,441,339	3,846,063,032
Sales advance	11	37,600,000,000	39,460,000,000
Other current liabilities	12	61,476,681,319	243,862,146
TOTAL CURRENT LIABILITIES		117,681,026,453	45,358,063,935
LONG-TERM LIABILITIES			
Due to related parties	13	111,670,233,485	112,382,142,502
Provision for employees service entitlement	20	913,607,000	242,239,494
TOTAL LONG-TERM LIABILITIES		112,583,840,485	112,624,381,996
TOTAL LIABILITIES		230,264,866,938	157,982,445,931
SHAREHOLDERS' EQUITY/ (CAPITAL DEFICIENCY)			
Share capital			
Authorized, issued and fully paid - 7,950 shares at par value of Rp1,000,000	14	7,950,000,000	7,950,000,000
Retained earnings/(accumulated deficit)		13,203,508,622	(53,383,462,967)
TOTAL SHAREHOLDERS' EQUITY/ (CAPITAL DEFICIENCY)		21,153,508,622	(45,433,462,967)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(CAPITAL DEFICIENCY)		251,418,375,560	112,548,982,964

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

STATEMENTS OF INCOME

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

	Notes	2009	2008
NET SALES	15	244,414,502,491	-
COST OF GOODS SOLD	16	(128,966,941,897)	-
GROSS PROFIT		115,447,560,594	-
OPERATING EXPENSES			
Selling expenses	17	(32,368,997,524)	-
General and administrative expenses	18	(23,779,297,938)	(16,138,332,988)
Total operating expenses		(56,148,295,462)	(16,138,332,988)
OPERATING INCOME/(LOSS)		59,299,265,132	(16,138,332,988)
OTHER INCOME/(EXPENSES)			
Interest expenses	19	(11,125,655,573)	(6,366,228,380)
Interest income		143,083,821	64,426,977
Foreign exchange gain/(loss), net	2d	24,439,348,974	(8,881,203,811)
Others, net		392,696,234	-
Other income/(expenses), net		13,849,473,456	(15,183,005,214)
INCOME/(LOSS) BEFORE CORPORATE INCOME TAX		73,148,738,588	(31,321,338,202)
CORPORATE INCOME TAX (EXPENSE)/BENEFIT			
Current tax	9d	(6,657,808,501)	-
Deferred tax	9e	96,041,502	-
Corporate income tax expense		(6,561,766,999)	-
NET INCOME/(LOSS)		66,586,971,589	(31,321,338,202)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY/ (CAPITAL DEFICIENCY)

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

	Share capital	Retained earnings/ (Accumulated deficit)	Total
Balance as of December 31, 2007	7,950,000,000	(22,062,124,765)	(14,112,124,765)
Net loss in 2008	-	(31,321,338,202)	(31,321,338,202)
Balance as of December 31, 2008	7,950,000,000	(53,383,462,967)	(45,433,462,967)
Net income in 2009	-	66,586,971,589	66,586,971,589
Balance as of December 31, 2009	7,950,000,000	13,203,508,622	21,153,508,622

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

STATEMENTS OF CASH FLOWS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income/(loss) before corporate income tax		73,148,738,588	(31,321,338,202)
Adjustments to reconcile income/(loss) before corporate income tax to net cash provided by operating activities:			
Depreciation of property, plant and equipment	7	2,510,149,254	302,612,715
Provision for employees service entitlement	20	671,367,506	118,385,761
Amortization of deferred exploration costs	8	7,195,319,132	-
Interest income		(143,083,821)	(64,426,977)
Interest expense		11,125,655,573	6,366,228,380
Changes in operating assets and liabilities:			
Trade receivables		(8,877,776,890)	-
Inventories		(25,882,790,842)	-
Prepaid tax		(14,065,841,597)	(5,964,166,662)
Other current assets		(53,783,016)	(391,529,628)
Other non-current assets		(5,999,998)	(54,451,790)
Trade payable		5,701,765,038	1,135,122,727
Taxes payable		649,879,306	3,649,987,561
Sales advance		(1,860,000,000)	39,460,000,000
Other current liabilities		57,161,215,097	169,885,029
Payment of income tax		(59,309,500)	-
Net cash provided by operating activities		107,215,503,830	13,406,308,914
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	7	(6,831,871,380)	(39,047,164,507)
Increase in deferred exploration costs	8	(43,685,842,000)	(19,827,691,902)
Interest received		143,083,821	64,426,977
Net cash used in investing activities		(50,374,629,559)	(58,810,429,432)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/increase in borrowing from related parties		(711,909,017)	49,948,121,175
Interest paid		(7,054,051,497)	(6,366,228,380)
Net cash (used in)/provided by financing activities		(7,765,960,514)	43,581,892,795
NET INCREASE/(DECREASE) IN CASH ON HAND AND IN BANK		49,074,913,757	(1,822,227,723)
CASH ON HAND AND IN BANK AT BEGINNING OF YEAR		793,542,479	2,615,770,202
CASH ON HAND AND IN BANK AT END OF YEAR		49,868,456,236	793,542,479

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

PT Singlurus Pratama (the "Company") was established based on Notarial Deed No. 15 of Public Notary Soeleman Ardjasmita, S.H., dated February 21, 1992. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in Decision Letter No. C2-14330.HT.01.01-Th.93 dated December 24, 1993 and was published in State Gazette of the Republic of Indonesia No. 70, Supplement No. 6303 dated September 2, 1994.

The Company's Articles of Association have been amended several times and most recently by Notarial Deed No. 161 of Public Notary Sutjipto, S.H., dated April 24, 2008 concerning transfer of shares of PT Indocoal Pratama Jaya to Lanna Singapore (Pte) Ltd., change in the Company's status to Foreign Capital Investment (PMA) and changes in the Company's Articles of Association to comply with Law No. 40 year 2007 regarding "Limited Liability Company". The amendment of Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in Letter No. AHU- 33373.AH.01.02.Year 2008 dated June 16, 2008. Based on the Company's Articles of Association, the purpose and objectives of the Company are mining activities comprising exploration, exploitation and managing mining products and trading such products for local and export markets.

The change of the Company's status to foreign capital investment has been approved by the Capital Investment Coordinating Board in Letter No. 3251A.612006 dated October 20, 2006.

The Company signed a Coal Contract of Work ("CCOW" or "the contract") with the Indonesian Government on November 20, 1997. The contract provides rights and obligations of the Company to explore and exploit the area of Kutai, East Kalimantan, for coal, with the total exploration area of 87,410 ha. The operating period shall continue for 30 years beginning at the commencement of the first mining operation.

Based on Decision Letter No. 414/30/DBM/2007 dated February 28, 2007, the Directorate General of Mineral, Coal and Geothermal approved the Company's application to decrease the total exploration area to 31,400 ha.

Based on Decision Letter No. 61.K/30.00/DJB/2008 dated April 7, 2008, the Minister of Energy and Mineral Resources approved the Company's application to increase the construction activity phase to area of 24,760 ha.

Based on Decision Letter No. SK.380/Menhut-11/2008 dated October 29, 2008, the Minister of Forestry approved the Company's application for the Lend and Use right on the forest area of 1,265 ha for exploitation of coal at the area of Kutai, East Kalimantan.

On March 30, 2009, the Company received Decision Letter No. 276.k/30/DJB/2009 from the Ministry of Energy and Mineral Resources regarding the commencement of production operation in the contract area. Since July 2009, the Company has started their commercial activities.

1. GENERAL (continued)

The composition of the Boards of Commissioners and Directors of the Company for 2009 and 2008 is as follows:

Board of Commissioners:

President Commissioner	:	Mrs. Yocke Kaseger
Commissioners	:	Mr. Kraisi Sirirungsi Mr. Prasert Promdech Mrs. Petcharat Chayanon Mr. Saharat Vatanatumrak Mr. Toto Iman Dewanto

Board of Directors:

President Director	:	Mr. Pilas Puntakosol
Directors	:	Mr. Anun Louharanoo Mr. Srihasak Arirachakaran Mr. Panot Charoensuk Mr. Ludi Prasetyo Hartono Mr. Sonny Susanto

As of December 31, 2009 and 2008, the Company had 179 and 81 permanent employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies adopted by the Company are prepared in conformity with generally accepted accounting principles in Indonesia. The significant accounting principles applied consistently in the preparation of the financial statements for the years ended December 31, 2009 and 2008 are as follows:

a. Basis of preparation of the financial statements

The financial statements have been prepared on the accrual basis except for the statements of cash flows. The historical cost basis is used in the preparation of the financial statements, except as otherwise disclosed in the notes to the financial statements. The statements of cash flows have been prepared using the indirect method and classify cash flows into operating, investing and financing activities.

The accompanying financial statements are expressed in Indonesian Rupiah, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Trade receivables

Receivables are presented at nominal amount net of an allowance for doubtful accounts. Allowance for doubtful accounts are provided based on management's review of the status and condition of the individual accounts receivable at the end of the year. Receivables are written-off in the period when they are determined to be uncollectible.

c. Inventories

Effective January 1, 2009, Statements of Financial Accounting Standards ("PSAK") No. 14 (Revised 2008) on "Inventories", supersedes PSAK No. 14 (1994). The Company's adoption of this revised PSAK does not have a significant impact on the 2009 financial statements.

Inventories are carried at the lower of cost and net realizable value.

Cost is determined based on the average method and comprises all costs of purchase, costs of conversion and appropriate overheads incurred in bringing the inventory to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for obsolete inventories is determined based on the aging analysis of related inventories and its physical condition as of balance sheets dates.

d. Foreign currency transactions and balances

The Company maintains its accounting records in Indonesian Rupiah. Transactions involving foreign currencies are recorded at the prevailing rates of exchange in effect on the date of the transactions. At the balance sheet dates, all monetary assets and liabilities denominated in foreign currencies are translated into Indonesian Rupiah at the current exchange rates quoted by Bank Indonesia at those dates. Exchange gains or losses arising on the translation of foreign currency monetary assets and liabilities into Rupiah are recognized in the current year's statement of income.

The exchange rates used as of December 31, 2009 and 2008 were as follows (in full Rupiah):

	2009	2008
US Dollar 1	9,400	10,950
Thailand Baht 1	282	315

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Property, plant and equipment

The Company's property, plant and equipment, except for land, are stated at cost, less accumulated depreciation. Land is not depreciated. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Plant and machinery	4 - 16 years
Building and structures	10 years
Office equipment	4 years
Furniture and fixtures	4 years
Exploration tools	4 years

The cost of maintenance and repairs is charged to operations as incurred. Significant renewals or betterments are capitalized. When assets are retired or otherwise disposed of, their carrying value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current year's statements of income.

Construction in progress represents the accumulated costs of materials, equipment and other costs related directly to the construction of the Company's property, plant and equipment. These costs are presented under construction in progress and transferred to the property, plant and equipment account when the work is completed and the assets are substantially ready for use.

f. Deferred exploration and development costs

Deferred exploration and development costs are stated at cost less accumulated amortization.

Exploration and development costs incurred in an area of interest are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permit a reasonable assessment of the existence of economically recoverable reserves. When production in an area of interest commences, the accumulated costs for the relevant area of interest are amortized over the life of economically recoverable reserves based on the unit of production method.

The carrying amount of deferred exploration and development cost is reviewed annually to determine whether there is any indication of impairment. Any impairment loss is charged to income currently.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Transactions with related parties

In the ordinary course of business, the Company has transactions with certain parties which they have related party relationship as defined under the Statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures". All significant transactions with related parties either with normal price or with mutually agreed contract prices are disclosed in the financial statements.

h. Revenue and expense recognition

Revenue from sales of coal is recognized when significant risks and ownership of the goods are transferred to the buyer, and there is no significant uncertainty of the revenue inflow or cost from sales of the coal, and the possibility of sales return.

Expenses are recorded as incurred (accrual basis).

i. Corporate income tax

Current tax expense is provided based on estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at balance sheets dates. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are credited or charged to current year operations, except to the extent that they relate to items previously charged or credited to equity.

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

j. Impairment of assets

The Company reviews its long-lived assets at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the greater of an asset's net selling price and value in use. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the current year's statement of income.

The carrying amount of an asset for which an impairment loss has been recognized is increased to its recoverable amount if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount of an asset. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Impairment of assets (continued)

that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k. Provision for employees service entitlements

The Company recognizes its unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("the Law").

Under PSAK No. 24 (Revised 2004) "Employee Benefits", the cost of providing employee benefits under the Law is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan exceed of 10% of the defined benefits obligation at the end of the previous reporting year.

These gains or losses in excess of the 10% threshold are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

l. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts that differ from those estimates.

3. CASH ON HAND AND IN BANK

	2009	2008
Cash on hand	15,000,000	15,000,000
Cash in bank	49,853,456,236	778,542,479
	49,868,456,236	793,542,479

4. TRADE RECEIVABLES

	2009	2008
Third party:		
Glencore International AG	8,877,776,890	-
	8,877,776,890	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

5. INVENTORIES

	2009	2008
Finished coal	22,808,811,074	-
ROM coal	3,073,979,768	-
	<u>25,882,790,842</u>	<u>-</u>

6. OTHER CURRENT ASSETS

	2009	2008
Despatch	462,643,390	-
Prepaid expenses	144,822,276	124,940,294
Operational advances	59,580,000	530,296,500
Others	41,974,144	-
	<u>709,019,810</u>	<u>655,236,794</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Balance December 31, 2008	Additions	Deductions	Reclassifications	Balance December 31, 2009
2009 Movements					
Cost					
Land	286,007,975	-	-	-	286,007,975
Plant and machinery	3,216,461,120	220,272,600	-	31,812,356,256	35,249,089,976
Buildings and structures	147,593,600	1,122,288,915	-	-	1,269,882,515
Office equipment	415,661,892	579,706,601	-	-	995,368,493
Furniture and fixtures	124,387,500	301,908,262	-	-	426,295,762
Exploration tools	474,056,460	1,557,404,163	-	-	2,031,460,623
Transportation and equipment	-	85,659,000	-	-	85,659,000
	<u>4,664,168,547</u>	<u>3,867,239,541</u>	<u>-</u>	<u>31,812,356,256</u>	<u>40,343,764,344</u>
Construction in-progress	35,742,953,535	2,964,631,839	-	(31,812,356,256)	6,895,229,118
	<u>40,407,122,082</u>	<u>6,831,871,380</u>	<u>-</u>	<u>-</u>	<u>47,238,993,462</u>
Accumulated depreciation					
Plant and machinery	49,397,961	1,836,078,068	-	137,500	1,885,613,529
Buildings and structures	9,839,576	68,976,058	-	(137,500)	78,678,134
Office equipment	230,259,300	176,237,225	-	-	406,496,525
Furniture and fixtures	73,195,948	86,793,014	-	-	159,988,962
Exploration tools	207,961,540	328,440,847	-	-	536,402,387
Transportation and equipment	-	13,624,042	-	-	13,624,042
	<u>570,654,325</u>	<u>2,510,149,254</u>	<u>-</u>	<u>-</u>	<u>3,080,803,579</u>
Net book value	<u>39,836,467,757</u>				<u>44,158,189,883</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance December 31, 2007	Additions	Deductions	Reclassifications	Balance December 31, 2008
2008 Movements					
Cost					
Land	286,007,975	-	-	-	286,007,975
Plant and machinery	26,163,000	3,190,298,120	-	-	3,216,461,120
Buildings and structures	-	147,593,600	-	-	147,593,600
Office equipment	339,509,488	76,152,404	-	-	415,661,892
Furniture and fixtures	100,357,500	24,030,000	-	-	124,387,500
Exploration tools	428,247,460	45,809,000	-	-	474,056,460
	<u>1,180,285,423</u>	<u>3,483,883,124</u>	<u>-</u>	<u>-</u>	<u>4,664,168,547</u>
Construction in-progress	179,672,152	35,563,281,383	-	-	35,742,953,535
	<u>1,359,957,575</u>	<u>39,047,164,507</u>	<u>-</u>	<u>-</u>	<u>40,407,122,082</u>
Accumulated depreciation					
Plant and machinery	2,725,313	46,672,648	-	-	49,397,961
Buildings and structures	-	9,839,576	-	-	9,839,576
Office equipment	126,085,331	104,173,969	-	-	230,259,300
Furniture and fixtures	44,366,772	28,829,176	-	-	73,195,948
Exploration tools	94,864,194	113,097,346	-	-	207,961,540
	<u>268,041,610</u>	<u>302,612,715</u>	<u>-</u>	<u>-</u>	<u>570,654,325</u>
Net book value	<u>1,091,915,965</u>				<u>39,836,467,757</u>

Depreciation expenses for the years ended December 31, 2009 and 2008 were charged to:

	2009	2008
General and administrative expenses	340,396,021	302,612,715
Production cost	2,169,753,233	-
	<u>2,510,149,254</u>	<u>302,612,715</u>

8. DEFERRED EXPLORATION COST

	2009	2008
Beginning balance	63,452,131,551	43,624,439,649
Addition	43,685,842,000	19,827,691,902
	<u>107,137,973,551</u>	<u>63,452,131,551</u>
Less: Amortization during the year	(7,195,319,132)	-
	<u>99,942,654,419</u>	<u>63,452,131,551</u>

This account represents expenditures related to the exploration activities which have future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
 With comparative figures for 2008
 (Expressed in Rupiah, unless otherwise stated)

9. TAXATION

a. Prepaid tax

	2009	2008
Value added tax	21,781,676,689	7,715,835,093
	<u>21,781,676,689</u>	<u>7,715,835,093</u>

b. Taxes payable

	2009	2008
Corporate income tax	6,598,499,001	-
Value added tax payable	2,721,965,717	3,269,380,321
Income tax article 23	1,000,916,791	561,243,165
Income tax article 21	617,043,278	12,078,466
Income tax article 26	82,641,620	-
Income tax article 15	71,152,710	-
Income tax article 4 (2)	2,222,222	3,361,080
	<u>11,094,441,339</u>	<u>3,846,063,032</u>

c. Corporate income tax expense/(benefit)

	2009	2008
Current	6,657,808,501	-
Deferred	(96,041,502)	-
	<u>6,561,766,999</u>	<u>-</u>

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

9. TAXATION (continued)

d. Reconciliations between income before corporate income tax as shown in statements of income and the Company's taxable income, and the computation of current corporate income tax expense and the current corporate income tax payable are as follows:

	2009	2008
Income/(loss) before corporate income tax	73,148,738,588	(31,321,338,202)
Add/(deduct):		
Permanent differences:		
Interest income subject to final tax	(143,083,821)	(64,426,977)
Non-deductible expenses	879,633,096	838,550,865
Temporary differences:		
Provision for employees service entitlement	671,367,506	118,385,761
Amortization of deferred exploration costs	(593,468,661)	-
Estimated taxable income/(loss) of the Company	73,963,186,708	(30,428,828,553)
Less: Accumulated tax losses of the Company brought forward from prior years	(51,712,158,372)	(21,283,329,819)
Taxable income/(loss)	22,251,028,336	(51,712,158,372)
Corporate income tax payable:		
Corporate income tax expense at prevailing tax rate	6,657,808,501	-
Less: Prepaid income tax - article 22	(59,309,500)	-
Corporate income tax payable	6,598,499,001	-

Based on CCoW, the Company is subject to calculate the corporate income tax at progressive tax rates up to a maximum of 30% as stipulated in Tax Law No. 10/1994 instead of fixed tax rate of 28% as stipulated in Tax Law No. 36/ 2008. The Company submits tax returns on the basis of selfassessment. The tax authority may assess or amend taxes within 10 years from the date when the tax was payable.

e. Deferred tax benefit

	2009	2008
Temporary difference at marginal tax rate of 30%		
Provision for employees service entitlement	201,410,252	-
Amortization of deferred exploration costs	(178,040,598)	-
	23,369,654	-
Effect of correction on prior years' deferred tax on provision for employees service entitlement	72,671,848	-
Deferred tax benefit, net	96,041,502	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
With comparative figures for 2008
(Expressed in Rupiah, unless otherwise stated)

f. Deferred tax assets

	2009	2008
Provision for employee service entitlements	274,082,100	-
Deferred exploration costs	(178,040,598)	-
	<u>96,041,502</u>	<u>-</u>

The utilization of deferred tax assets recognized by the Company is dependent upon future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences.

10. TRADE PAYABLES

	2009	2008
Related parties: (Note 13)		
Lanna Resources Public Co. Ltd.	2,469,224,790	-
PT Indocoal Pratama Jaya	1,597,153,635	-
Third parties:		
PT Saribumi Prima Utama	566,945,280	737,910,305
CV Tunas Mas Jaya	566,089,150	-
P&H MinePro Australasia Pty. Ltd.	470,905,011	-
PT Cindara Pratama Lines	311,748,000	-
CV Jalur Jasa Niaga	298,831,500	-
PT Flentek Indonesia	287,363,306	-
PT Wijaya Mandiri Perkasa	283,260,000	130,350,000
Others	658,383,123	939,878,452
	<u>7,509,903,795</u>	<u>1,808,138,757</u>

11. SALES ADVANCE

This account represents the advance received from Siam City Cement Public Company Ltd., for the purchase of coal amounting to Rp37,600,000,000 and Rp39,460,000,000 as of December 31, 2009 and 2008, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
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12. OTHER CURRENT LIABILITIES

	2009	2008
Overburden removal and coal delivery	40,143,210,798	-
Royalty and retribution	8,363,497,788	-
Interest (Note 21g)	4,071,604,077	-
Rental	3,504,826,002	-
Coal transshipment	2,893,851,664	-
Reclamation	457,500,000	-
Drilling	439,283,200	-
Professional fees	424,302,041	51,000,000
Fuel	311,748,000	-
Coal surveyor	272,495,028	-
Others	594,362,721	192,862,146
	61,476,681,319	243,862,146

13. RELATED PARTY TRANSACTIONS AND BALANCES

	2009	2008
Trade payables: (Note 10)		
Lanna Resources Public Co. Ltd.	2,469,224,790	-
PT Indocoal Pratama Jaya	1,597,153,635	-
	4,066,378,425	-
Due to related parties:		
PT Lanna Mining Services	109,197,826,000	109,909,735,017
PT Indocoal Pratama Jaya	2,472,407,485	2,472,407,485
	111,670,233,485	112,382,142,502

The Company, in the ordinary course of business, has various transactions with related parties, shareholders of the Company and companies under common control. Such transactions are conducted at terms consistent with transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009
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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with related parties were as follows:

- a. The amounts trade payable to Lanna Resources Public Co. Ltd. and PT Indocoal Pratama Jaya represent sales commission payable to both companies based on the marketing and technical services agreement. On May 20, 2009, the Company entered into marketing and technical service agreement with those companies in which those companies shall provide the Company with marketing and technical assistance and the Company shall pay sales commission and technical fees to both Lanna Resources Public Co. Ltd. and PT Indocoal Pratama Jaya amounting to US\$2.25/MT and US\$0.75, respectively. During 2009, the Company has been charged the fees by Lanna Resources Public Co. Ltd. and PT Indocoal Pratama Jaya amounting to Rp9,302,696,023 and Rp3,100,898,674, respectively, which were recorded as "sales commission and technical fees" as part of selling expense in the statement of income.
- b. The amounts due to PT Lanna Mining Services ("LMS") of Rp109,197,826,000 and Rp109,909,735,017 (2008: or equal to) represent the outstanding loan of US\$11,616,790 and US\$10,037,419 obtained from LMS as of December 31, 2009 and 2008, respectively, for the Company's operational expenses. The loan has no repayment schedule and bears interest at USD LIBOR Rate per annum. The total interest charged to the Company amounted to Rp7,054,051,496 and Rp6,366,228,380 in 2009 and 2008, respectively (Note 19).
- c. The amounts due to PT Indocoal Pratama Jaya ("IPJ") of Rp2,472,407,485 as of December 31, 2009 and 2008 represent outstanding payable regarding licenses and legal expenditure paid in advance by IPJ during the Company's initial operations. The payable bears no interest and has no fixed term of repayment and maximum limit.
- d. The Company entered into management and financial agreement with LMS, in which LMS agrees to provide the Company with management and financial services and the Company shall provide LMS with management fees amounting to US\$4,500 per month. This agreement was commenced on January 1, 2009 and matures on December 31, 2009. The Company has extended this agreement on January 1, 2010 for 12 months period after the effective date. The agreement shall automatically continue unless either party has given written notice to terminate the agreement. The Company has fully paid the 2009 management and financial fees amounting to Rp558,940,500 and was recorded as part of professional fees in general and administrative expenses account (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

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14. SHARE CAPITAL

Based on Notarial Deed No. 117 of Public Notary Sutjipto, S.H. dated December 15, 2009, the Company's shareholders agreed to the change of the Company's share ownership from Lanna Singapore (Pte). Ltd. to Lanna Resources Public Company Ltd. Such change has been approved by The Capital Investment Coordinating Board in its letter dated August 7, 2009. The details of the Company's share ownership as of December 31, 2009 and 2008 are as follows:

Shareholders	Number of shares		Percentage of ownership		Issued and paid-up capital Rupiah	
	2009	2008	2009	2008	2009	2008
Lanna Resources Public Company Ltd.	5,168	-	65.00	-	5,168,000,000	-
Lanna Singapore (Pte). Ltd.	-	5,168	-	65.00	-	5,168,000,000
PT Indocoal Pratama Jaya	1,987	1,987	25.00	25.00	1,987,000,000	1,987,000,000
PT Ambhara Karya Perdana	636	636	8.00	8.00	636,000,000	636,000,000
Mr. Ir. Hittler Singawinata	53	53	0.66	0.66	53,000,000	53,000,000
Mr. Ir. Lukman Kartanegara	53	53	0.67	0.67	53,000,000	53,000,000
Mr. Rusdi Harmayn	53	53	0.67	0.67	53,000,000	53,000,000
Total	7,950	7,950	100.00	100.00	7,950,000,000	7,950,000,000

15. NET SALES

	2009	2008
Sales of coal	278,932,419,659	-
Less: Royalty	(34,517,917,168)	-
Net	244,414,502,491	-

16. COST OF GOODS SOLD

	2009	2008
Production costs:		
Overburden and removal expenses	86,248,505,785	-
Coals hauling	20,721,865,508	-
Rental	11,137,266,733	-
Amortization	7,195,319,132	-
Salary and wages	6,361,750,706	-
Repairs and maintenance	4,746,364,605	-
Per diem and traveling expenses	4,085,957,205	-
Analysis and drilling	3,089,924,403	-
Water and electricity	2,786,184,660	-
Depreciation	2,169,753,233	-
Employee welfare	898,890,334	-
Professional fees	729,204,088	-
Government tax, licences and fees	229,383,983	-
Others	4,449,362,364	-
	154,849,732,739	-

NOTES TO THE FINANCIAL STATEMENTS

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16. COST OF GOODS SOLD (continued)

	2009	2008
Raw coals:		
Beginning balance	-	-
Ending balance	(3,073,979,768)	-
	151,775,752,971	-
Finished coals:		
Beginning balance	-	-
Ending balance	(22,808,811,074)	-
	128,966,941,897	-

17. SELLING EXPENSES

	2009	2008
Coal transhipment	19,965,402,827	-
Sales commission and technical fees (Note 13a)	12,403,594,697	-
	32,368,997,524	-

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2009	2008
Salaries and wages	5,136,758,670	2,338,109,613
Professional fees	4,455,570,891	5,958,689,000
Traveling	3,562,230,789	1,657,803,860
Directors' remuneration	2,917,322,960	-
Tax and licenses	2,518,273,250	335,945,888
Employee welfare	613,755,880	439,417,060
Equipment and furniture	559,696,411	-
Rental	541,432,938	2,174,949,303
Donations	523,800,000	-
Water, electricity and fuel	501,753,445	713,828,954
Entertainment	478,531,994	838,550,865
Communication and postage	386,888,892	317,703,151
Depreciation	340,396,021	302,612,715
Repairs and maintenance	243,527,915	122,627,521
Office supplies	166,190,800	386,014,718
Bank charges	121,963,968	17,248,698
Others	711,203,114	534,831,642
	23,779,297,938	16,138,332,988

Year ended December 31, 2009
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19. INTEREST EXPENSES

	2009	2008
Interest of borrowing to LMS (Note 13a)	7,054,051,496	6,366,228,380
Interest charged from Siam City Cement Public Co., Ltd. (Note 21g)	4,071,604,077	-
	11,125,655,573	6,366,228,380

20. PROVISION FOR EMPLOYEES SERVICE ENTITLEMENT

The provision for employee service entitlements as at December 31, 2009 was determined based on the valuation reports of an independent actuary, PT Sentra Jasa Aktuaria, dated April 19, 2010, while in 2008, the Company performed self-estimation on the provision for employees service entitlement. The significant assumptions used in the calculation of employee service entitlements by the independent actuary for 2009 and 2008 are as follows:

	2009	2008
Discount rate	10.50% per annum	10.00% per annum
Salary increase	10.00% per annum	8.00% per annum
Normal retirement age	55 years of age	55 years of age

The following tables summarize the component of net employee service benefit expense recognized in the Company's statements of income and the amounts were recognized in the Company's balance sheets for the employee service entitlement.

a. Employee service benefits liability

	2009	2008
Present value of employee benefit obligation	1,179,827,000	242,239,494
Unrecognized actuarial gains/(losses)	(120,342,000)	-
Unrecognized past service costs - non-vested	(145,878,000)	-
Net employee service benefits liability	913,607,000	242,239,494

b. Net employee service benefits expense

	2009	2008
Current service cost	425,141,000	118,385,761
Interest cost	68,106,000	-
Actuarial losses	352,000	-
Amortization of unrecognized past service cost	7,505,000	-
Actuarial adjustment	170,263,506	-
Net employee service benefits expense	671,367,506	118,385,761

NOTES TO THE FINANCIAL STATEMENTS

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20. PROVISION FOR EMPLOYEES SERVICE ENTITLEMENT (continued)

c. Movements of employee service benefits liability

The movements of the liability on employee service benefits during the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Beginning balance	242,239,494	123,853,733
Net employee service benefits expense	671,367,506	118,385,761
Benefits payment	-	-
Ending balance	913,607,000	242,239,494

21. COMMITMENTS

- a. Based on CCoW between the Company and the Government of the Republic of Indonesia, the Company will share to the Government the results of the production of clean coal in the agreement area with percentage of 86.5% for the Company and 13.5% for the Government of Indonesia. This arrangement shall continue for 30 years starting from the commencement of the first mining operation. During 2009, the Company has paid the Government portion for the result of July to November 2009 production amounting to Rp26,454,710,953 and accrued for December 2009 production amounting to Rp 7,614,601,788. The Company recorded the government's portion of the result of the clean coal production as royalty, as part of deduction of the sales.
- b. Based on CCoW term, the Company also has an obligation to pay a dead rent and land rent. The amount liable should be measured by the Company's contract area. During 2009, the Company has fully paid the 2009 dead rent and land rent amounting to Rp366,456,667 and was recorded as part of tax and licenses expenses.
- c. The Company entered into consultation agreement for evaluation of coal reserve at Sungai Merdeka with Mr. Santichai Jitapunkul, in which he provides to assist the Company in evaluating the coal reserves at Sungai Merdeka area and the Company shall provide Mr. Santichai Jitapunkul a consultation fees of US\$7,750 per month. This agreement was commenced on January 1, 2009 and was ended on December 31, 2009. This agreement has been extended until December 31, 2010 and automatically renewable unless either party has given written-notice to terminate the agreement. During 2009, the Company paid the consultation fees amounting to Rp1,185,440,001 and was recorded as part of professional fee.
- d. The Company entered into a consultation agreement with PT Indotex Pratama Jaya on January 1, 2009. PT Indotex Pratama Jaya shall provide arrangements and services of lobbying central and local or regional government for various permits, legalities and local issues of CCoW for PT Singlurus Pratama, and also to develop and maintain such CCoW of the Company in good order and updated. PT Singlurus Pratama shall provide consultant fee of Rp90 million per month. This agreement is valid until December 31, 2009 and was extended for another 12 months period. During 2009, the Company paid the consultation fees amounting to Rp1,080,000,000 and was recorded as part of professional fees.

21. COMMITMENTS (continued)

- e. In November 2008, the Company and Glencore International AG entered into a coal supply agreement. The Company obligated to deliver coal amounting to 1,000,000 tons. The shipment period is started from January 1, 2009 to September 30, 2010. This agreement has been amended on June 22, 2009. Based on the addendum, Glencore has to pay in advance amounting to 80% of coal shipment value to the Company. On June 29, 2009, PT Singlurus Pratama received the advance payment from Glencore amounting to US\$2,800,000. As of December 31, 2009, the Company has delivered the coal of 394,668 tons.
- f. On June 27, 2008, the Company and SCT Company Limited ("SCT") entered into a coal supply agreement. The Company obligated to deliver coal amounting to 1,500,000 tons. The shipment period was started from November 2008 to December 2010. As of the date of this report, the shipment has not been delivered. The Company has made an arrangement with SCT to extend the deliveries in 2010. There are no penalties or interests following this arrangement.
- g. In September 2008, the Company and Siam City Cement Public Company Limited (SCCC) entered into a coal supply agreement. The Company obligated to deliver coal amounting to 70,000 tons. The shipment period was started from October 2008 to June 2009. Based on the agreement, Siam City Cement Public Company Limited has to pay in advance of US\$4 million and the Company has received the advance payment in 2008. As of December 31, 2009, the Company has delivered the coal only 35,401 MT. As of December 31, 2009, the Company has accrued the interest on the advance amounting to Rp4,071,604,077 or equal to US\$433,149.37.

22. CONTINGENCY

There are no contingent liabilities as of December 31, 2009.

23. STANDARDS ISSUED WHICH ARE NOT YET EFFECTIVE

Certain Accounting Standards issued by Indonesian Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants which are not yet effective in 2009 are summarized below:

Effective on or after January 1, 2010:

- a. PSAK No. 26 (Revised 2008), "Borrowing Costs".
Prescribes that borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.
- b. PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures".
Contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.
- c. PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".
Establishes the principles for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

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23. STANDARDS ISSUED WHICH ARE NOT YET EFFECTIVE (continued)

Effective on or after January 1, 2011:

- d. PSAK No. 1 (Revised 2009), "Presentation of Financial Statements".
Prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.
- e. PSAK No. 2 (Revised 2009), "Statement of Cash Flows".
Requires disclosure of additional information involving the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.
- f. PSAK No. 25 (Revised 2009), "Accounting Policies, Changes in Accounting Estimates and Errors".
Prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.
- g. PSAK No. 48 (Revised 2009), "Impairment of Assets".
Prescribes the procedures to be applied ensure that assets are carried at no more than their recoverable amounts and if the assets are impaired, that an impairment loss should be recognized.
- h. PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets".
Aims to provide guidance to ensure that appropriate recognition criteria and measurement bases are applied in relation to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to the financial statements to enable users to understand the nature, timing and amounts involving such information.
- i. PSAK No. 58 (Revised 2009), "Non-Current Assets, Held for Sale and Discontinued Operations".
Specifies the accounting for assets held for sale, and the presentation and disclosure of discontinued operations.
- j. ISAK No. 9, "Changes in Existing Decommissioning, Restoration and Similar Liabilities".
Applies to changes in the measurement of any existing decommissioning, restoration or similar liability recognized as part of the cost of an item of property, plant and equipment in accordance with PSAK 16 and as a liability in accordance with PSAK NO. 57.
- k. ISAK No. 11, "Distributions of Non-Cash Assets to Owners".
Applies to types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners, i.e., distributions of non-cash assets and distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

The Company is presently evaluating and has not determined the effects of these revised PSAKs on its financial statements.

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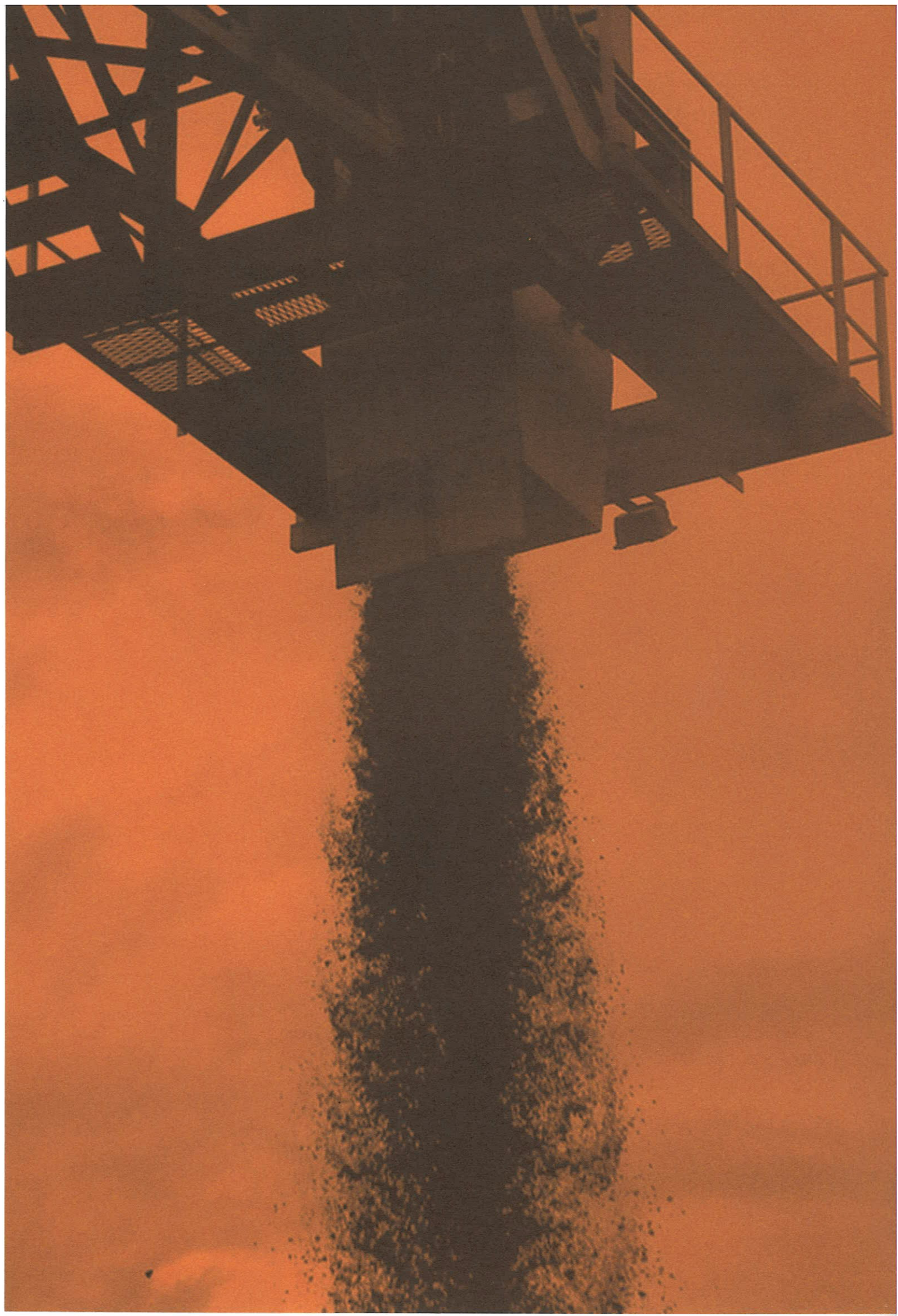
24. RECLASSIFICATION

Certain comparative figures in the 2008 financial statements have been reclassified to conform to the 2009 financial statements presentation.

25. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these financial statements, which were completed on June 30, 2010.







PT. SINGLURUS PRATAMA COAL MINING COMPANY

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