

PROSPECTUS

Effective Date : November 9, 2011
Offering Period : November 10 – 11, 2011
Allotment Date : November 15 2011
Refund Date : November 16, 2011
Electronic Distribution Date : November 16, 2011
Date of Listing on Jakarta Stock Exchange : November 17, 2011

BAPEPAM-LK OFFERS NO OPINION ON THESE SECURITIES OR ON THE VALIDITY OR COMPREHENSIVENESS OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. ANY REPRESENTATIONS TO THE CONTRARY CONSTITUTE A VIOLATION OF THE LAW.

PT GOLDEN ENERGY MINES Tbk. (THE "COMPANY") AND THE MANAGING UNDERWRITER ARE FULLY RESPONSIBLE FOR THE VALIDITY AND ACCURACY OF ALL MATERIAL INFORMATION AND FACTS AND THE SINCERITY OF THE OPINIONS EXPRESSED IN THIS PROSPECTUS.



PT GOLDEN ENERGY MINES Tbk

Main Business Activities:

Engaged in Mining Sector through Subsidiaries and Coal Trading

Based in Central Jakarta, Indonesia

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A PUBLIC OFFERING

A number of 882,353,000 (eight hundred eighty-two million three hundred fifty three thousand) new Registered Common Shares with a par value of Rp100 (one hundred Rupiah) per share, which will be offered to the public at a price of Rp2,500 (two thousand five hundred Rupiah) per share, which must be fully paid at the time of submitting the Share Subscription Forms, hence the total value is Rp2,205,882,500,000 (two trillion two hundred and five billion eight hundred and eighty two million five hundred thousand Rupiah).

MANAGING UNDERWRITER



PT SINARMAS SEKURITAS (AFFILIATED)

UNDERWRITERS

PT Aldiracita Corpotama, PT Amantara Securities,
PT Bapindo Bumi Sekuritas, PT Bumiputera Capital Indonesia,
PT Ciptadana Securities, PT Erdikha Elit Sekuritas,
PT Equity Securities Indonesia, PT HD Capital Tbk.,
PT Indomitra Securities, PT Minna Padi Investama,
PT NC Securities, PT Recapital Securities,
PT Valbury Asia Securities, PT Yulie Sekurindo Tbk.

The Managing Underwriter and the Underwriters hereby guarantee their full commitment to the Company's Initial Public Offering.

MAIN BUSINESS RISK FACED BY THE COMPANY IS THE SIGNIFICANT FLUCTUATION OF COAL PRICE. OTHER BUSINESS RISKS OF THE COMPANY COULD BE SEEN IN CHAPTER VI REGARDING BUSINESS RISKS IN THE PROSPECTUS OF THE INITIAL PUBLIC OFFERING OF THE COMPANY.

THE RISKS FACED BY SECURITIES EMISSION BUYER INVESTORS ARE THE UNLIQUID SHARES OFFERED IN THIS PUBLIC OFFERING WHICH AMONG OTHERS ARE CAUSED BY THE NUMBER OF SHARES OFFERED IN THIS PUBLIC OFFERING IS RELATIVELY LIMITED.

THE COMPANY DOES NOT PROPOSE TO ISSUE THE SHARES RESULTING FROM THIS INITIAL PUBLIC OFFERING IN THE FORM OF PUBLIC COLLECTIVE SHARE CERTIFICATES, BUT RATHER THE SAID SHARES BE DISTRIBUTED ELECTRONICALLY AND SHALL BE ADMINISTERED IN COLLECTIVE CUSTODY BY PT KUSTODIAN SENTRAL EFEK INDONESIA ("KSEI")

All the shares offered will be listed at PT. Bursa Efek
Indonesia

This Prospectus is published in Jakarta on November 10, 2011.

The Company has submitted its Statement of Listing of Securities in connection with this Public Offering to the Chairman of the Capital Market Supervisory Agency and Financial Institutions (Bapepam-LK) in Jakarta on August 16, 2011 through letter No.006/GEMS-CS/VIII/2011, in accordance with the requirements specified in the Capital Market Law (as defined below) and its ancillary regulations.

By letter of Bapepam-LK No.S-12171/BL/2011 dated November 9, 2011, the Company's Statement of Registration in order to conduct an Initial Public Offering of 882,353,000 (eight hundred and eighty two million three hundred and fifty three thousand) of Registered Common Shares derived from the portfolio with par value of Rp100 (one hundred Rupiah) per share has become effective.

The shares offered in this Public Offering, will be listed at PT Bursa Efek Indonesia (BEI) in line with the Preliminary Stock Listing Agreement that was made and signed by the Company and PT Bursa Efek Indonesia on June 20, 2011. Should the Company fail to fulfill the requirements for the listing as set by BEI, then this Public Offering shall be aborted and the subscription payments that are already received shall be returned to the subscriber in accordance with provisions of applicable laws and regulations.

The Company, the Managing Underwriter, and the Capital Market Supporting Institutions and Professionals in this Public Offering is fully responsible for the accuracy of all

data, fairness opinions, statements or reports presented in this Prospectus in accordance with their respective functions under the provisions applicable in the jurisdiction of the Republic Indonesia, as well as their professionals ethical code, norms and standards.

With respect to this public offering, each affiliated parties are not allowed to give information, explanations and make any representations concerning matters not set forth in this prospectus without prior written approval of the Company and PT Sinarmas Securities as the Managing Underwriter.

Except PT Sinarmas Securities and PT Sinartama Gunita, the Underwriters and other Capital Market Supporting Institutions and Professionals firmly stated that they are not affiliated to the Company either directly or indirectly in accordance with the definition of Affiliate in the Capital Market Law.

Public Offering is not registered under the Act or other regulations other than those prevailing in the Republic of Indonesia. Should a person outside the jurisdiction of the Republic of Indonesia receives this Prospectus, the document is not intended as an offer of shares, unless the bid Shares are not contrary to or are not constitute a violation of the prevailing law and regulations in that country.

The Company has made full disclosure of all information required to be known by the public and there is no information that has not been disclosed so as not to mislead the public.

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DEFINITIONS AND ABBREVIATIONS

"Adb" acronym from *air-dried basis* that is the basis measurement of coal calorie where the coal moisture content is almost the same as surrounding humidity.

"Affiliate" means (a) family relationships by marriage and descendants up to the second generation, either horizontally or vertically, (b) the relationship between one party with the employee, director or commissioner of such party; (c) the relationship between 2 (two) companies where there is one or more same directors or board of commissioners, (d) the relationship between a company with another party, either directly or indirectly, either controlling or being controlled by the company; (e) the relationship between the 2 (two) companies which are controlled by the same party, either directly or indirectly, or (f) the relationship between a

	company and their major shareholders.
"AMDAL"	means Environmental Impact Assessment, which consists of Environmental Impact Analysis (AMDAL), Environmental Management Plan (RKL) and Environmental Supervision Plan (RPL).
"Subsidiary"	means the company of which more than 50.00% (fifty percent) of all issued shares is owned by the Company and its financial statements is consolidated with the Company in accordance with the standards of financial accounting prevailing in Indonesia.
"BAE"	means the Registrar of Securities, i.e. the party conducts shares administration in order for the Initial Public Offering appointed by the Company, in this case PT Sinartama Gunita, based in Jakarta.
"Bapepam" or "Bapepam-LK"	means Capital Market and Financial Institution Supervisory Agency or its successor and the recipient of the rights and obligations, as

referred to in Decision of Minister of Finance of the Republic of Indonesia No.606/KMK.01/2005 regarding Organization and Operations of the Capital Market Supervisory Agency dated December 30, 2005.

"Thermal Coal " means coal used in combustion processes to generate steam for electricity and heat.

"BBM" means fuel oil.

"BCM" means the Bank Cubic Meter, unit of volume.

"BNRI " State Gazette of the Republic of Indonesia.

"Stock Exchange" means the Stock Exchange as defined in Article 1 number 4 of Capital Market Law, i.e. the party that conducts and provides a system and/or facilitation to bring together buy and sell securities offer of other parties with a purpose to trade Securities between them, which in this case is PT BURSA EFEK INDONESIA, based in South Jakarta,

	or its successor and the recipient of the rights and obligations.
"Coal Reserves"	means coal deposits of known size, shape, distribution, quantity and quality and which economically, technically, legally, environmentally and socially can be mined at the time calculation is performed.
"Coking Coal"	means coal that is used to make coke and also called metallurgical coal.
"Crusher"	means a crushing tool to reduce the size of the coal.
"Danmar Explorindo"	means PT Danmar Explorindo, an independent mining consultant based in Jakarta, which is designated by the Company to estimate the potential coal resources and reserves based on the JORC in TKS concession area, which is one of the Company's subsidiary.
"DPS"	means the Register of Shareholders issued by the Indonesian Central Securities Depository (KSEI) which contains information about the

ownership of securities by the securities Holders in Collective Custody at KSEI based on data provided by the Account Holder to KSEI.

"DJMBP" means Directorate General of Mineral, Coal and Geothermal.

"DPPS" means Shares Subscription Order Form.

"Effect" means securities as defined in Article 1 number 5 of UUPM, i.e. Securities, i.e. Letter of Debt Admission, Commercial Papers, stocks, bonds, proof of debt, units of Collective Investment Contract, futures Securities contracts and any derivatives securities.

"Effective" means fulfillment of all registration statement procedures and requirements specified in UUPM and Provisions Number 4 Rule Number: IX.A.2 of Attachment to Chairman of BAPEPAM-LK Decision Number: KEP-122/BL/2009 dated May 29, 2009 regarding public offering registration procedures.

"FKP"	means Form of Confirmation regarding the share allotment.
"FPPS"	means Share Subscription Order Form.
"Bank Day"	means Bank working day which are days on which Bank of Indonesia Head Office in Jakarta conducts clearing activities between banks.
"Offering Price"	means price per share offered through the Public Offering in the amount to be determined and agreed by the Company and Managing Underwriter in the Underwriting Agreement Addendum.
"Exchange Day"	means any day of securities trading held in the Stock Exchange, i.e. Monday through Friday, except on day of national holiday or otherwise declared as a holiday by the Stock Exchange.
"Calendar Day"	means each day in 1 (one) year in accordance with the Gregorian calendar without exception, including Sundays and national holidays set from time to time by the Government;

"Working Day" means days from Monday to Friday, except national holidays set by the Government of the Republic of Indonesia and the ordinary working days whichever by certain conditions determined by the Government not as a normal working day.

"IUP" means the Mining Permit as referred in the Mining Law.

"JORC" the abbreviation of the *Joint Ore Reserves Committee* which is a coal reserves reports in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources* (2004 edition) (*the 2004 JORC Code*), published by the *Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientist and Mineral Council of Australia*.

"Kementrian ESDM" means the Ministry of Energy and Mineral Resources of the Republic of Indonesia.

"KP" means of Mining Authorization given by Government (Central or Local) to conduct mining business to companies that meet requirements specified under prevailing provisions of legislation. Types of KP are General Investigation, Exploration, Exploitation, Processing and Refining and Shipping and Selling.

"KSEI" means PT. KUSTODIAN SENTRAL EFEK INDONESIA or its successors and recipient of rights and obligations, located in South Jakarta which conducts business activities as the Securities Depository and Settlement as defined in UUPM, which in Stock Emissions is in charge of registering the shares based on the Securities Registration Agreement in KSEI in collective custody.

"Allotment Manager" means those who conduct the allotment in accordance with BAPEPAM Regulation No. IX.A.7 Attachment to BAPEPAM Decision No.

KEP-45/PM/2000 dated October 27, 2000 regarding the Responsibilities of Allotment Manager in the framework of Securities Submission and Allotment in a Public Offering, which in this Public Offering is conducted by the Managing Underwriter.

"Offering Period"

means the period of time permitted for subscription of shares which may be submitted by public by submitting Share Subscription Form to the Managing Underwriter and the Underwriters as described in this Prospectus and Share Subscription Form, except if the offering period is closed at an earlier date in accordance with the prevailing regulations.

"The Public"

means Individuals, either Indonesian citizen or foreign citizen and/or legal entities, either Indonesian legal entities or foreign legal entities that are resident or domiciled within the territory of the Republic of

	Indonesia or outside the territory of the Republic of Indonesia.
"Minister of Law"	means the Minister of Law and Human Rights of Republic of Indonesia (formerly called the Ministry of Justice of the Republic of Indonesia)
"mt"	acronym for metric ton.
"mtpa"	acronym for million metric ton per annum.
"Shareholders"	mean people who have the benefit of the shares stored and registered in: 1) The Company's shareholder list; 2) Securities Account in KSEI, or 3) Securities Account in KSEI through a securities company.
"Government"	means the Government of the Republic of Indonesia.
"Book building"	means an invitation either directly or indirectly by using the Preliminary Prospectus in accordance with applicable laws and regulations in the Capital Market which, among others, aims to determine the prospective investor demand for the share to be offered

and or approximate price of the share offered.

"Public Offering"

means shares offering activity conducted by the Company to sell shares to the Public under procedures set forth in UUPM its implementing regulations.

"Collective Custody"

means collective custody as defined in the Article 1 Number 16 UUPM, that is the custodian service for securities owned jointly by more than one party whose interests are represented by the custodian.

"Underwriter"

means parties who execute a public offering on behalf of the Company and make payment of the outcome from the public offering to the Company under the Securities Underwriting Agreement, through the Managing Underwriter.

"Managing Underwriter"

means the party who will be responsible for implementation of the Public Offering, which in this case is PT Sinarmas Sekuritas, a limited liability company incorporated under the laws of the

Republic of Indonesia and domiciled in Jakarta, in accordance with the terms and provisions of the Securities Underwriting Agreement.

"Regulation of Bapepam-LK No. IX.E.1" means Regulation of Bapepam-LK Number IX.E.1, Attachment to Decision of Chairman of Bapepam-LK Number KEP-412/BL/2009 dated November 25, 2009 concerning Affiliate Transactions and Conflicts of Interest on Certain Transactions.

"Regulation of Bapepam-LK No. IX.E.2" means Regulation of Bapepam-LK Number IX.E.2, Attachment to Decision of Chairman of Bapepam-LK Number KEP-413/BL/2009 dated November 25, 2009 concerning Material Transactions and Main Business Activity Changes.

"Regulation of Bapepam-LK No. IX.J.1" means Regulation of Bapepam-LK Number IX.J.1, Attachment to Decision of Chairman of Bapepam-LK Number KEP-179/BL/2008 dated May 14, 2008 concerning the Principles of the Articles of Association of the

Company that Conducts Public Offering of Equity Securities and Public Companies.

"Statement of Registration" means document that must be submitted to Bapepam-LK by the Company and the Managing Underwriter together for a Public Offering in accordance with the provisions in the UUPM and its implementing regulations.

"The Company" means the party that conducts the emission in this case is PT Golden Energy Mines Tbk, a limited liability company established by and under the laws and regulations applicable in the territory of the Republic of Indonesia and located in Central Jakarta.

"Securities Company" means securities company as defined in Article 1 Number 21 UUPM that is the party that conducts business activities as a securities underwriter, intermediary for securities traders and/or investment manager.

"PKP2B"

means *Coal Contract of Work* (CCOW) that is the Agreement between PT Tambang Batubara Bukit Asam and the Government of the Republic of Indonesia (in this case represented by the Department of Mining and Energy of the Republic of Indonesia, which now has turned into Ministry of Energy and Mineral Resources of the Republic Indonesia) on August 15, 1994 as amended on June 27, 1997.

"Prospectus"

means any written information with respect to emissions of shares with the goal of inviting the public to buy shares as stipulated in article 1 number 26 UUPM in conjunction with Regulation Number IX.C.2 Attachment to the Decision of Chairman of Bapepam Number: KEP-51/PM/1996 dated January 17, 1996 concerning Guidelines for Form and Content of Prospectus and Summary Prospectus for a Public Offering.

"RUPS"

means Shareholders' General Meeting held in accordance with the

	provisions of the Company's Articles of Association.
"RUPSLB"	means Extraordinary General Meeting of Shareholders held in accordance with the provisions of The Company's Articles of Association.
"SMGC"	means PT SMG Consultants, an independent mining consultant based in Jakarta who was appointed by the Company to provide an independent technical report JORC regarding coal resources in concessions owned by the subsidiaries other than TKS.
"Stripping Ratio"	means comparison between 1 (one) ton of generated coal with soil volume in BCM unit which is stripped.
"Coal Resources"	means coal deposits which are expected can be utilized significantly with certain geological conviction can turn into reserves after a feasibility study of mining is conducted and fulfilling the appropriate mining criteria.

"Registration Date"	means date of registration of shares in the Stock Exchange.
"The 1967 Mining Law"	means Law of the Republic of Indonesia Number 11 Year 1967 regarding Mining Basic Provisions as published in the Additional State Gazette of the Republic Indonesia Number 2831, State Gazette of the Republic of Indonesia Year 1967 Number 22, and its implementing regulations and any amendments thereto.
"The 2009 Mining Law"	means Law of the Republic of Indonesia Number 4 Year 2009 regarding Mineral and Coal Mining as published in the Additional State Gazette of the Republic of Indonesia Number 4959, State Gazette of the Republic of Indonesia Year 2009 Number 4, and its implementing regulations and any amendments thereto.
"UUPM"	means Law of the Republic of Indonesia Number 8 Year 1995, regarding the Capital Market as published in the Additional State

Gazette of the Republic of Indonesia Number 3608, State Gazette of the Republic of Indonesia Year 1995 Number 64, and its implementing regulations and any amendments or renewals made at a later the day.

"UUPT"

means Law of the Republic of Indonesia Number 40 Year 2007 regarding Limited Liability Company as published in the additional State Gazette of the Republic of Indonesia Number 4756, State Gazette of the Republic of Indonesia Year 2007 Number 106, and its implementing regulations and any amendments or renewals made at a later date.

"UUWDP"

means Law of the Republic of Indonesia Number 3 Year 1982 regarding Company Registration Requirement as published in the Additional State Gazette No. 3214, State Gazette of the Republic of Indonesia Year 1982 Number 7, and its implementing regulations and

any amendments or renewals made at
a later date.

COMPANY NAMES ABBREVIATIONS

ASC PT Andalan Satria Cemerlang
BBU PT Bungo Bara Utama
BHBA PT Bara Harmonis Batang Asam
BIB PT Borneo Indobara
BNP PT Berkat Nusantara Permai
DSS PT Dian Swastatika Sentosa Tbk
DSSP PT DSSP Power Sumsel
KCP PT Karya Cemerlang Persada
KIM PT Kuansing Inti Makmur
MAL PT Manggala Alam Lestari
NIP PT Nusa Indah Permai
RCI PT Roundhill Capital Indonesia
SMC PT Sinar Mas Cakrawala
SMT PT Sinar Mas Tunggal
TBA PT Tanjung Batang Asam
TBBU PT Tanjung Belit Bara Utama
TKS PT Trisula Kencana Sakti

SUMMARY

This summary contains material facts and considerations which are inseparable part of this Prospectus and must be read in conjunction with the more detailed information provided herein, including the financial statements together with notes

to the financial statements stated in this Prospectus. All financial information of the Company which is domiciled in Indonesia is prepared in Rupiah currency and in accordance with the generally accepted accounting principles in Indonesia.

1. A Brief History of the Company

The Company, based in Center Jakarta, is a Limited Liability Company, established under and based on existing regulations in the Republic of Indonesia, with the name of PT Bumi Kencana Eka Sakti by the Deed of Establishment No. 81 dated March 13, 1997, made before Imam Santoso, SH, Notary in Jakarta. The Deed of Establishment was approved by the Minister of Justice based on a Decision No. C2-7922.HT.01.01-TH.98 dated June 30, 1998 and was submitted for registration in the Company Register in accordance with UUWDP No. TDP 090515142049 in the Company Registration Office of Center Jakarta Municipality under No. 2178/BH 09.05/XI/2000 dated November 7, 2001 as well and was published in Official Gazette of the Republic of Indonesia No. 30 dated April 12, 2002, Supplement No. 3667.

The Company altered its name which initially named PT Bumi Kencana Sakti Eka into PT Golden Energy Mines Tbk., based on the decision of the shareholders of the Company as set forth in the Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta.

Articles of Association have been amended several times and last modified in accordance with the Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta, the aforementioned Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43 dated November 16, 2010 has obtained approval from the Ministry of Justice pursuant to Decision No. AHU-54931.AH.01.02.Year 2010 dated November 23, 2010, has been registered in the Company Register No. AHU-0084940.AH.01.09. Year 2010 dated November 23, 2010 and has been received and noted in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-30717 dated November 30, 2010 and has been registered in the Company Register No. AHU-0086853.AH.01.09.Year 2010 dated November 30, 2010, of which contents among others are the approval of the Company's status alteration from a Closely Held Company to a Publicly listed Company, alteration of all provisions of the Company's Articles of Association within the framework of adjustment with the regulation of Bapepam-LK No. IX.J.1, and alteration of the Company's name as mentioned above.

In accordance with the provisions of its Articles of Association, the purpose and objectives of the Company at this time is to perform business in Mining Products Trading and Mining Services.

o **The Company's Business Activities**

The Company is the holding company of 12 subsidiaries with 10 subsidiaries engaged in thermal coal mining with caloric value ranges between 5,200-6,100 kcal / kg (adb), with mining projects are entirely located in the territory of Indonesia which spread in South Sumatra, Jambi, South Kalimantan and Central Kalimantan. The entire mining project area of each subsidiary is 47,500 hectares.

Since it was established, the Company is only engaged in mining business through its subsidiaries and Coal Trade.

Based on the independent technical reports of PT SMG Consultants on February 2011 and March 2011 and of PT Danmar Explorindo on February 2011, in accordance with the JORC standard methodology, the Company and its subsidiaries own coal resources for more than 1.93 billion tons of thermal coal, with coal reserves of approximately 849 million tons. The Company plans to continue exploration and drilling program in 2011 to increase the amount of coal reserves.

The following is a summary of the independent technical reports of PT SMG Consultants and PT Danmar Explorindo:

No.	Area	Resources (in Million Tons)				Reserve (in million Tons)		
		Measured	Indicated	Probable	TOTAL	Proven	Probable	TOTAL
1	BIB – Kusan*)	330.1	215.3	318.8	864.3	239.0	97.0	336.0
2	BIB – Girimulya*)	260.1	284.2	173.6	717.9	176.0	234.0	410.0
3	BIB – Batulaki*)	10.9	7.8	7.5	26.2	0	0	0
4	BIB – Sebamban*)	19.1	6.4	2.1	27.6	0	0	0
5a	KIM Barat*)	66.3	26.9	8.7	102.0	37.6	11.0	48.6
5b	KIM Timur*)	80.8	43.2	35.4	159.4	23.8	7.2	31.0
6	TKS**)***)	26.6	2.3	1.3	30.3	21.4	1.8	23.1
TOTAL		793.9	586.3	547.5	1,927.7	497.8	351.0	848.8

Note:

**) Based on the Independent Technical Reports of PT SMG Consultants*

****) Based on the Independent Technical Reports of PT Danmar Explorindo*

****)) 70% of the total reserves, in accordance with the percentage of ownership of the Company in TKS*

2.1 The amount of production has increased from year to year. In 2008, the Company through its subsidiaries produced as much as 1.3 million tons of coal. The total production increased to 1.5 million tons in 2009, 1.8 million tons in 2010 and 1.8 million tons in period of 6 (six) months ended on June 30, 2011.

2.2 The following is a summary of production data history within last 3 (three) years:

Block	Production (in Tons)			
	Period of 6 (six) months Year 2011	2010	2009	2008
BIB	1,167,117	1,118,046	1,182,669	1,252,305
KIM	615,367	638,206	353,834	-
TKS	53,383	8,569	-	-
TOTAL	1,835,867	1,764,821	1,536,503	1,252,305

Note:

** KIM was acquired by the Company on May 2009.*

Through the mining supervision cooperation, the Company obtained additional coal production as much as 265 thousand tons of coal in 2010 and 543 thousand tons of coal during the period of 6 (six) months ended on June 30, 2011 from mining area of TBA, a third party. Company has a long-term Sales and

Purchase Agreement of coal and Mining Supervision Cooperation Agreement between the Company and ASC, to conduct off-take of coal and mining supervision in the area of TBA. ASC is a third party that has Sales and Purchase Agreement of coal with TBA. By doing mining supervision, the total production performance of the Company is as much as 2.0 million tons in 2010 and 2.4 million tons in the period of 6 (six) months ended on June 30, 2011. In the Company's financial statements, the coal produced from the mining area of TBA is recognized as coal sales and purchase transactions.

Open cut mining methods, relatively low stripping ratio and the proximity of the mine location with the port facilities, has made operating costs in the Company's mining concession become competitive. BIB, a Subsidiary of the Company has a low stripping ratio i.e. 1:4 to 1:5.

The following is the data of mining location permit:

No	Nama Perusahaan	Alamat		Kegiatan Usaha	Persentase Kepemilikan	Cadangan batubara	Tahun Mulai Penyerahan	Tahapan	No. SK	Periode	Status Operasional
		Kabupaten	Provinsi								
1	PT. Bawakandik Pratama Indonesia	Jakarta Barat	DKI Jakarta	Pengembangan dan eksploitasi batubara	99,91%		2006				
2	PT. DSB Power of Sumatra	Jakarta Pusat	DKI Jakarta	Pengembangan dan eksploitasi batubara	9,99%		2011				
KMBLOCK											
3	PT. Kusaning Inti Makmur 1	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2009	IUP-UP	261/DESDM Tahun 2010	25 Apr 10 s/d 22 Apr 20	Belum beroperasi
4	PT. Kusaning Inti Makmur 2	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	252/DESDM Tahun 2010	23 Apr 10 s/d 22 Apr 18	Belum beroperasi
5	PT. Kusaning Inti Makmur 3	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	250/DESDM Tahun 2010	22 Jul 09 s/d 21 Jul 19	Belum beroperasi
6	PT. Tugu Bera Utama	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	243/DESDM Tahun 2010	23 Apr 10 s/d 22 Apr 18	Belum beroperasi
7	PT. Bungo Bera Utama	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	250/DESDM Tahun 2010	23 Apr 2010 s/d 22 Apr 18	Belum beroperasi
8	PT. Bungo Bera Utama	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	341/DESDM Tahun 2009	09 Jul 10 09 s/d 08 Jul 2029	Belum beroperasi
9	PT. Berkas Nusantara Pemai	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	492/DESDM Tahun 2009	30 Des 09 s/d 29 Des 19	Belum beroperasi
10	PT. Berkas Nusantara Pemai	Bungo	Jambi	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	492/DESDM Tahun 2009	30 Des 09 s/d 29 Des 19	Belum beroperasi
TKS											
11	PT. Trisula Kenca Sakti 2	Banjo Utara	Kalteng	Pengembangan dan eksploitasi batubara	70,00%		2010	IUP-OP	188/AS/20/02/010	26 Apr 10 s/d 25 Apr 28	Belum beroperasi
12	PT. Trisula Kenca Sakti	Banjo Utara	Kalteng	Pengembangan dan eksploitasi batubara	70,00%		2010	IUP-OP	188/AS/20/02/010	26 Apr 10 s/d 25 Apr 28	Belum beroperasi
13	PT. Trisula Kenca Sakti	Banjo Utara	Kalteng	Pengembangan dan eksploitasi batubara	70,00%		2010	IUP-OP	188/AS/20/02/010	26 Apr 10 s/d 25 Apr 28	Belum beroperasi
BB											
14	PT. Bawakandik Pratama	Jakarta Barat	DKI Jakarta	Pengembangan dan eksploitasi batubara	99,99%	746,0	2006	PKP-26	00/7P-KP-1/BA-01/01/010	17 Feb 2008 s/d 16 Feb 2008	Belum beroperasi
15	PT. Manggala Alam Lestari	Musi Banyuasin	SumSel	Pengembangan dan eksploitasi batubara	99,99%		2009	IUP-UP	125/1 Tahun 2009	11 Sep 09 s/d 08 Mar 21	Belum beroperasi
16	PT. Nusantara Pemai	Musi Banyuasin	SumSel	Pengembangan dan eksploitasi batubara	99,99%		2010	IUP-OP	125/1 Tahun 2009	11 Sep 09 s/d 08 Mar 21	Belum beroperasi

Sumber : Perseroan

2. Public Offering

The Managing Underwriter and the Underwriters on behalf of the Company hereby conduct a public offering of 882,353,000

(eight hundred and eighty-two million three hundred and fifty three thousand) registered common shares, or 15% (fifteen percent) of all issued and fully paid capital after the public offering with par value of Rp100 (one hundred Rupiah) per share, with the Offering Price of Rp2,500 (two thousand five hundred Rupiah) per share to be paid in full at the time submitting the Share Subscription Order Form, or the total value of the shares is Rp2,205,882,500,000 (two trillion two hundred and five billion eight hundred and eighty two million five hundred thousand Rupiah). The shares offered in this Public Offering will give the holders thereof the same and equal rights in all respects as and to those of other shares in the Company which have been issued and fully paid, including the right to dividend distribution.

3. Capital Structure and Company's Shareholders Composition

The latest capital structure and shareholders composition of the Company before the General Offering as set forth in the Deed No. 74 dated October 22, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which has obtained approval from the Ministry of Justice based on Decision No. AHU-50927.AH.01.02.Year 2010 dated October 29, 2010, registered in the Company Register No. AHU-0078459.AH.01.09.Year 2010 dated October 29, 2010, which then be restated in Deed No. 43 dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta, are as follows:

Description	Par Value of Rp100,- per share		
	Total Shares	Total Par Value (Rp)	%
Authorized Share Capital	20,000,000,000	2,000,000,000,000	
Issued and Fully Paid			
- PT. Dian Swastatika Sentosa Tbk	4,999,990,000	499,999,000,000	99.99%
- PT Sinar Mas Cakrawala	10,000	1,000,000	0.01%
Total Issued and Fully Paid	5,000,000,000	500,000,000,000	100.00%
Portfolio Shares	15,000,000,000	1,500,000,000,000	

Upon the sale of all the shares being offered in this Public Offering, the pro forma capital structure and shareholders' composition of the Company before and after this Public Offering are as follows:

Description	Before IPO			After IPO		
	Total Shares	Total Par Value (Rp)	%	Total Shares	Total Par Value (Rp)	%
A. Authorized Share Capital Par Value of Rp100,-	20,000,000,000	2,000,000,000,000		20,000,000,000	2,000,000,000,000	
B. Issued and Fully Paid						
PT Dian Swastatika Sentosa Tbk	4,999,999,000	499,999,000,000	99.99	4,999,999,000	499,999,000,000	84.99
PT. Sinar Mas Cakrawala	10,000	1,000,000	0.01	10,000	1,000,000	0.01
The Public	-	-	-	882,353,000	88,235,300,000	15.00
Total Issued and Fully Paid	5,000,000,000	500,000,000,000				
C. Portfolio Shares	15,000,000,000	1,500,000,000,000		14.117.647.000	1.411.764.700.000	

In conjunction with the listing, of 882,353,000 (eight hundred and eighty two million three hundred and fifty three thousand) of new shares offered at this Public Offering or 15.00% (fifteen percent) from all issued and fully paid share

capital after Public Offering, the Company on behalf of other founding shareholders will record 5,000,000,000 (five billion) shares, therefore the number of shares listed in the Indonesia Stock Exchange after this initial Public Offering will be 5,882,353,000 (five billion eight hundred and eighty two million three hundred and fifty three thousand) shares or 100% (one hundred percent) from all issued and fully paid share capital.

The Company does not intend to issue or record other shares and/or other instruments that could be converted into the shares for a period of 12 (twelve) months following the date of this Initial Public Offering will become effective. If in the future the Company intends to do so, the Company will follow all applicable provisions and/or regulations.

4. Plan on Use of the Proceeds

All the proceeds from this Public Offering after deducted for the share issuance cost will be used as follows:

1. About 65% will be used by the Company starting in 2011 until no later than year 2015 for capital expenditure and coal mining facilities and infrastructure development costs to support the expansion plans of subsidiaries, i.e.:

- Approximately 80% will be used for capital expenditure and facilities and infrastructure development costs of

coal mining of BIB in South Kalimantan which are, among others, to increase the capacity and a new port development, construction and repair coal haul road in and/or from the mining location to the port area, including costs required for land acquisition and licensing and other facilities.

- Approximately 15% will be used for capital expenditure and facilities and infrastructure development costs of coal mining of KIM in Sumatera which are, among others to increase the capacity and a new port development, construction and repair coal haul roads in and/or from the mining location to the port area, including costs required for land acquisition and licensing, construction of the mess and workshop, the purchase of mining equipments and other facilities.

- Approximately 5% will be used for capital expenditure and facilities and infrastructure development costs of coal mining of TKS in Central Kalimantan which are, among others to the port development, including costs required for land acquisition and licensing, exploration (opening area) cost, additional drilling cost, cost for the making of mining plan and other facilities.

2. Approximately 25% will be used by the Company in the period 2011-2012 for The Company's and its subsidiaries' working capital, which are as follows:

- Approximately 10% will be used for the Company's working capital, among others for sale and purchase of coal and other operational costs.
 - Approximately 35% will be used for the working capital of BIB, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of heavy equipments' spare parts, and other operational costs.
 - Approximately 50% will be used for the working capital of KIM, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of heavy equipments' spare parts, and other operational costs.
 - Approximately 5% will be used for the working capital of TKS, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of heavy equipments' spare parts, and other operational costs.
3. Approximately 10% will be used by the Company in 2011 to pay some debts and the Company's obligations to parties related to the Company. Under the Credit Agreement dated December 2, 2010, the Company obtained a loan facility for business development from DSS that is the Company's major shareholder, with a maximum loan of USD 22.6 million at 8% interest per annum with maturities up to December 31, 2011 which might be extended by written agreement of both

parties. Based on the Addendum dated March 24, 2011, the previous loan facility increased from initially amounted to USD 22.6 million to become USD 100 million. The Company may pay back some or all of the principal debt before the expiry of the loan period without fine or penalties. As of November 3, 2011, the balance of the Company's loan to DSS amounted to USD 39.1 million.

Funds used for the capital expenditure and coal mining facilities and infrastructure development costs and Subsidiaries' working capital, will be provided by the Company through the mechanism of increased equity participation and/or granting of loan.

In the event that the funds provided in the form of loans to the subsidiaries, then after repayment of loan the funds will be used by the Company for the Company's working capital which are, among others, for selling and purchasing of coal and other operational costs.

Details about the plan on use of the proceeds from the Initial Public Offering can be seen in Chapter II of this Prospectus.

5. Business Risks

In carrying out its business, the Company has some business risks. Business Risks that the Company faces have been listed based on the weight of the impact of each risk to the Company's performance as follows:

A Risks associated with production activities:

- Risk of significant coal price fluctuation.
- Risk of increasing fuel price and/or raw materials and/or supporting mining materials.
- Risk of adjustment to proven and probable coal reserves estimation and limitation of available coal reserves.
- Risk of subsidiaries' dependence on mining and shipping contractors.
- Risk of subsidiaries' dependence on major installations, equipment, production facilities and other supporting facilities to carry out mining activities.
- Risk from ability of the Company and its subsidiaries to obtain and provide fuel, spare parts, and other operational supporting materials requirement.
- Risk from changes in regional or global economic conditions.
- Risk from limited services and coal transportation routes.
- Risk of declining coal quality.
- Risk of coal oversupply.
- Risk of failure or delay in the implementation of the Company's strategy.
- Risk of mine reclamation and rehabilitation requirements.

B Risks associated with the management and shareholders of the Company

- Risk of the Company's dependence on its subsidiaries.
- Risk of the Company's and its subsidiaries' dependence on key employees
- Risk of liquidity of stock trading.
- Risk of stock price fluctuation.
- Risk of possibility of no dividend payment.
- Risk of net asset value of shares offered in the Public Offering is lower than the Offering Price.
- Risk of equity securities.
- Risk of changes on the use of the proceeds from this public offering for different purposes from those stated in this prospectus and the possibility that the Company could not use the proceeds from the Public Offering effectively.
- Risk that the buyer may be subject to restrictions on the rights of minority shareholders.
- Risk of the buyer's rights to participate in the Public Offering limited by the Company can be restricted.

C Risks associated with the provision of legislation and social environment in Indonesia:

- Risk of terminated or dismissed coal mining rights by the Government.
- Risk of new legislation enactment whether in the field of mining, environment, seaport, shipping, finance, forestry, as well as in other fields or there might be an interpretation or implementation of such legislation which can negatively impact business activities and licensing owned by the subsidiaries.
- Risk of dependence on the ability of subsidiaries to obtain, maintain and renew all licenses and approvals required.
- Risk of illegal mining.
- Risk associated with the local population in mining areas.
- Risk of negligence to comply with applicable legislation in the field of forestry and environment.
- Risk of labor actions and demonstration.

D Risks associated with the Nature

- Risk of accidents, weather changes and natural disasters that could cause negative impact on the operational performance of the Company and its subsidiaries.
- Risk of differences and estimation of geological conditions that could affect the coal production.

Each of the above risk will be addressed in detail in Chapter V of this Prospectus regarding the Business Risks.

6. Competitive Advantage

The Company and its subsidiaries have a major competitive advantage as follows:

- Having quality of coal with calorie 5,200-6,100 kcal/kg (adb) in accordance with the market requirements.
- Having a large amount of resources as much as 1.9 billion tons of thermal coal and coal reserves for 849 million tons.
- Managed by a management team which is qualified and experienced in the coal mining business.
- Having a coal production costs which are relatively low.

7. Business Strategy

The Company and its subsidiaries continue to strive to improve performance and achieve sustainable long term growth. To achieve this goal, the Company and its subsidiaries set the key business strategy that includes:

- Increased production of coal
- Increased mining cost efficiency
- Development and improvement of customer relationships
- Expansion of the market distribution network

- Increased amount of resources and coal reserves
- Improving the quality of Human Resources
- Updating the technology
- Development of good relations with local communities.

8. Summary of Financial Highlights

The following table illustrates the Company's important financial data which is outlined based on the Consolidated Financial Statements of the Company and its subsidiaries for the period of 6 (six) months ended June 30, 2011 and the years ended December 31, 2010, 2009, 2008 and 2007 as audited by Public Accountant Firm Mulyamin Sensi Suryanto that expressed unqualified opinions on those statements. Company's financial statement for the year ended December 31, 2006 as audited by Public Accountant Firm Richard Risambessy & Partners that expressed unqualified opinions on that statement.

(in million Rupiah)

Description	For the period of six months ended June 30, 2011	For the years ended December 31				
		2010(a)	2009	2008	2007	2006(b)
Total Assets	1,167,516	1,117,270	435,638	269,093	252,640	35,785
Total Liabilities	446,319	546,043	366,752	219,203	253,263	36,272
Total Equity	721,197	571,227	67,163	49,890	(623)	(487)
Net sales	1,238,411	927,112	671,972	447,387	258,391	-
Cost of Goods Sold	834,339	679,383	435,304	248,779	142,425	-

Gross Profit	404,072	247,729	236,668	198,607	115,966	-
Profit (Loss)	164,020	33,961	3,722	14,246	(16,987)	(492)

(in percentage)

Description	June 30, 2011	December 31				
		2010(a)	2009	2008	2007	2006(b)
GROWTH RATIO (%)						
Sales	295.17 ^(c)	37.97	50.20	73.14	n.a	n.a ^(d)
Net Profit (Loss)	1,005.70 ^(c)	4,616.56	(88.93)	(163.27)	1,792.68	n.a ^(d)
Assets	4.50	156.47	61.89	6.51	605.99	n.a ^(d)
Liabilities	(18.26)	48.89	67.31	(13.45)	598.23	n.a ^(d)
Equity	26.25	750.51	34.62	(8,108.03)	27.93	n.a ^(d)
BUSINESS RATIOS (%)						
Gross profit (loss) / sales	32.63	26.72	35.22	44.39	44.88	n.a
Net profit (loss) / sales	13.24	3.66	0.55	3.18	(6.57)	n.a
Net profit (loss)/equity (ROE)	22.74	5.95	5.54	28.55	2,726.65	101.03
Net profit (loss)/total asset (ROA)	14.05	3.04	0.85	5.29	(6.72)	(1.37)
FINANCIAL RATIOS (times)						
Total liabilities/total assets	0.38	0.49	0.84	0.81	1.00	1.01
Total liabilities / equity	0.62	0.96	5.46	4.39	(406.52)	(74.48)

Note :

(a) Restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common

control thus performed in the same manner by the method of pooling of interests.

(b) The Company's financial statements only.

(c) Growth ratios of Sales, Gross Profit, and Profit (Loss) for period of 6 (six) months ended June 30, 2011 compared with same period in 2010 (unaudited).

(d) Growth ratios of Sales, Gross Profit, Net Profit (Loss), Total Assets, Total Liabilities and Total Equity to year ended December 31, 2006 compared to year ended December 31, 2005 can not be stated as Financial Statements for the year 2005 which ended December 31, 2005 is not presented.

n.a. Not comparable.

9. Dividend Policy

All the Company's shares which have been subscribed and fully paid in the Company, including shares offered in this public offering, have the same rights and equal in all respects, including the right to dividend distribution. The Company does not have a negative covenants related to the distribution of dividends that can be detrimental to public shareholders.

After this Public Offering, the Company intends to distribute dividends to the Company's shareholders at least

30% (thirty percent) of the net profit after the Company's consolidated tax in relevant fiscal year starting in fiscal year 2011.

This dividend distribution will be done by taking into account the operation results, cash flow, capital adequacy, financial condition, investment plans, the establishment of a reserve fund compliance obligations and fulfillment of other obligations, the Company's prospects in the future, compliance with applicable laws and regulations, and approval of RUPS.

Board of Directors may change the dividend policy at any time as long as getting approval of RUPS.

For the fiscal year 2011, based on Deed No. 24 dated September 19, 2011, from Linda Herawati, SH, notary in Central Jakarta, all members of the Board of Directors of the Company with the approval of the Board of Commissioners of the Company, the Company has distributed an interim dividend to PT Dian Swastatika Sentosa Tbk for Rp169,999,660,000 and PT Sinar Mas Cakrawala for Rp340,000.

If after the end of the Company's fiscal year on December 31, 2011, the company suffered loss, the interim dividend that has been distributed must be returned by the shareholders to the Company.

The Company's Board of Directors and Board of Commissioners jointly and severally liable for the Company's

damages in terms of the shareholder are unable to return the interim dividend referred to above.

10. Information on Subsidiaries

This following is brief information regarding the subsidiaries:

Name of Company	Business Activity	Percentage of ownership	Year of Participation	Operational Status	Location
PT Roundhill Capital Indonesia	Investment in shares	99,016%	2006		Jakarta
PT Kuansing Inti Makmur	Coal Trading and Exploration	99,998%	2009	Operation	Bungo, Jambi
PT Trisula Kencana Sakti	Coal Mining	70,000%	2010	Operation	North Barito, Central Kalimantan
PT Borneo Indobara (through RCI)	Coal Mining	98,095%	2006	Operation	Tanah Bumbu, South Kalimantan
PT Tanjung Belit Bara Utama (through KCP)	Coal Mining	99,798%	2010		Bungo, Jambi
PT Karya Cemerlang Persada (through KIM)	Coal Mining	99,998%	2010		Bungo, Jambi
PT Bungo Bara Utama (through KIM)	Coal Mining	99,998%	2010		Bungo, Jambi
PT Bara Harmonis Batang Asam (through KIM)	Coal Mining	99,998%	2010	Operation	Bungo, Jambi
PT Berkat Nusantara Permai (through KIM)	Coal Mining	99,998%	2010		Bungo, Jambi
PT Manggala Alam Lestari	Coal Mining	99,992%	2009		Musi Banyuasin, South Sumatera
PT Nusa Indah Permai (through MAL)	Coal Mining	99,982%	2010		Musi Banyuasin, South Sumatera
PT DSSP Power Sumsel	Power Generation	5,000%	2011		Jakarta

Source: The Company

11. Material Case

As of the date of publication of this prospectus, BIB was recorded in a civil case which at present has been final and binding as follows:

- a. RCI and BIB were recorded in a civil case each in its capacity the defendant II and the defendant III against GE Haryanto as the plaintiff. On June 23, 2008, the Central Jakarta District Court through the Decision on Case No.363/PDT.G/2007/PN.JKT.PST adjudicated to reject the plaintiff's claims. Furthermore, the Jakarta High Court by Decision No. 608/PDT/2008/PT.DKI, dated January 12, 2009 decided to strengthen the Central Jakarta District Court Decision No.363/PDT.G/2007/PN/JKT.PST dated June 23, 2008 which were filed the appeal. This civil case has been decided at the last level/cassation by the Supreme Court by Decision No. 1680.K/PDT/2009, dated March 18, 2010 rejected an appeal from the plaintiff/cassation applicant; and
- b. The PKP2B holders including BIB through the Association of Coal Mining Indonesia ("APBI") applied for judicial review to the Supreme Court of Regulation Minister of Finance No. 95/PMK.02/2005, dated October 11, 2005 as amended by Regulation of Ministry of Finance No. 131/PMK.010/2005 dated December 23, 2005 which establishes coal as an object of export levies. The request has been decided at the first level (District Court) and the last level by the

Supreme Court by Decision No.07P/HUM/TAHUN 2006, dated July 21, 2006 which basically won the APBI and states that the Regulation of Minister of Finance No. 131/PMK.010/2005, dated December 23, 2005 declared annulled by law and ordered the Minister of Finance to immediately revoke the regulation.

Other than the cases mentioned above, the Company and its Subsidiaries are not facing subpoena, reprimand, and not involved in dispute or claim either in court or out of court, that is material and has no impact on business activities and operations of the Company and its subsidiaries or subpoena, reprimand or dispute or claim against the assets or shares ownership in the Company and its subsidiaries.

I. PUBLIC OFFERING

The Managing Underwriter and the Underwriters on behalf of the Company hereby conduct a public offering of 882,353,000 (eight hundred and eighty-two million three hundred and fifty three thousand) registered common shares, or 15% (fifteen percent) of all issued and fully paid capital after the public offering with par value of Rp100 (one hundred Rupiah) per share, with the Offering Price of Rp2,500 (two thousand five hundred Rupiah) per share to be paid in full at the time submitting the Share Subscription Order Form, therefore the total value of the shares is Rp2,205,882,500,000 (two trillion two hundred and five billion eight hundred and eighty two million five hundred thousand Rupiah).

The shares offered in this Public Offering will give the hold-ers thereof the same and equal rights in all respects as and to those of other shares in the Company which have been issued and fully paid, including the right to dividend distribution.



PT Golden Energy Mines Tbk

Main Business Activities:

Engaged in Mining Sector through Subsidiaries and Coal Trading

Based in Central Jakarta, Indonesia

HEAD OFFICE

Plaza BII Tower II 27th Floor

Jalan M.H. Thamrin No. 51

Jakarta 10350

Phone: 0881-110 -9999

Fax: (021) 3199 0319

E-mail : corsec@goldenenergymines.com

Website : www.goldenenergymines.com

**THE MAIN RISK FACED BY THE COMPANY IS THE RISK OF SIGNIFICANT
COAL PRICE FLUCTUATION. OTHER BUSINESS RISKS CAN BE SEEN IN
CHAPTER VI OF THIS PROSPECTUS**

The Company is domiciled in Central Jakarta, is a limited liability company established under and based on existing rule and regulations in the Republic of Indonesia under the name PT Bumi Kencana Eka Sakti by the Deed of Establishment No. 81 dated March 13, 1997, made before Imam Santoso, SH, Notary in Jakarta ("**Deed of Establishment**"). The Deed of Establishment has been approved by the Minister of Justice pursuant to Decision No. C2-7.922.HT.01.01 TH.98 dated June 30, 1998 and has been registered in the Company Register in accordance with UUWDP No. TDP 090515142049 in the Company Registration Office of Central Jakarta Municipality under No. 2178/BH 09.05/XI/2000 dated November 7, 2001 and has been published in the State Gazette No.30 dated April 12, 2002, Additional No.3667.

Company changed its name from its original name "PT Bumi Kencana Eka Sakti" to become "PT Golden Energy Mines Tbk.", based on the decision of the Company's shareholders as set forth in the Deed of Meeting Decision Statement PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta.

Articles of Association have been amended several times and last modified in accordance with the Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta. The Deed of Meeting Decision Statement of PT

Bumi Kencana Eka Sakti No. 43 dated November 16, 2010 has obtained approval from the Ministry of Justice pursuant to Decision No. AHU-54931.AH.01.02.Year 2010 dated November 23, 2010, has been registered in the Company Register No. AHU-0084940.AH.01.09. Year 2010 dated November 23, 2010 and has been received and noted in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-30717 dated November 30, 2010 and has been registered in the Company Register No. AHU-0086853.AH.01.09.Year 2010 dated November 30, 2010, of which contents among others are the approval of the Company's status alteration from a Closely Held Company to a Publicly listed Company, alteration of all provisions of the Company's Articles of Association within the framework of adjustment with the regulation of Bapepam-LK No. IX.J.1, and alteration of the Company's name as mentioned above.

Since inception, the Company has a major business operation in mining sector through the subsidiaries and Coal Trading.

The Company's capital structure and shareholders' composition on the date this Prospectus is published is was set forth in the Deed No. 74 dated October 22, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, where the deed has obtained approval from the Minister Law based on the Decision No. AHU-50927.AH.01.02.Year 2010 dated October 29,

2010, registered in the Company Register No. AHU-0078459.AH.01.09.Year 2010 dated October 29, 2010, restated in Deed. No. 43 dated November 16, 2010, made before Linda Herawati, SH, Notary in Jakarta, which is as follows:

Description	Par Value of Rp100,- per share		
	Total Shares	Total Par Value (Rp)	%
Authorized Share Capital	20,000,000,000	2,000,000,000,000	
Issued and Fully Paid			
PT. Dian Swastatika Sentosa Tbk	4,999,990,000	499,999,000,000	99.99%
PT Sinar Mas Cakrawala	10,000	1,000,000	0.01%
Total Issued and Fully Paid	5,000,000,000	500,000,000,000	100.00%
Portfolio Shares	15,000,000,000	1,500,000,000,000	

1. PENAWARAN UMUM PERDANA

By letter of Bapepam-LK No. S-12171/BL/2011 dated November 9, 2011, the Company's Statement of Registration in order to conduct an Initial Public Offering of 882,353,000 (eight hundred and eighty two million three hundred and fifty three thousand) of Registered Common Shares derived from the portfolio with par value of Rp100 (one hundred Rupiah) per share has become effective.

Upon the sale of all the shares being offered in this Public Offering, the capital structure and shareholders' composition of the Company before and after this Public Offering are as follows:

Description	Before IPO			After IPO		
	Total Shares	Total Par Value (Rp)	%	Total Shares	Total Par Value (Rp)	%
A. Authorized Share Capital Par Value of Rp100,-	20,000,000,000	2,000,000,000,000		20,000,000,000	2,000,000,000,000	
B. Issued and Fully Paid						
PT Dian Swastatika Sentosa Tbk	4,999,999,000	499,999,000,000	99.99	4,999,999,000	499,999,000,000	84.99
PT. Sinar Mas Cakrawala	10,000	1,000,000	0.01	10,000	1,000,000	0.01
Public	-	-	-	882,353,000	88,235,300,000	15.00
Total Issued and Fully Paid	5,000,000,000	500,000,000,000	100.00	5,882,353,000	588,235,300,000	100.00
C. Portfolio Shares	15,000,000,000	1,500,000,000,000		14.117.647.000	1.411.764.700.000	

All the shares offered in this Public Offering consist of new shares derived from the Portfolio that will give the holders thereof the same and equal rights in all respects as and to those of other shares in the Company which have been issued and fully paid, among others are voting right, right to dividend distribution, Bonus Share, and Pre-Emptive Right.

In conjunction with the listing of 882,353,000 (eight hundred and eighty two million three hundred and fifty three thousand) Registered Common Shares at this Public Offering or 15.00% (fifteen percent) from all issued and fully paid share capital after Public Offering, the Company will record 5,000,000,000 (five billion) shares belonging to the founding Shareholders, therefore the number of shares listed in the Indonesia Stock Exchange after this initial Public Offering will be

5,882,353,000 (five billion eight hundred and eighty two million three hundred and fifty three thousand) shares or 100% (one hundred percent) from all issued and fully paid share capital.

2. Summary of Strategic Agreement

The Company has a strategic partnership with GMR Infrastructure Investments (Singapore) Pte. Ltd. ("GMR Singapore"), not affiliated party of the Company, in conducting sell and purchase of coal for the period of 25 years commencing from the first shipment. To support the availability of coal in the framework of this partnership, the Company and its subsidiaries which consist of BBU, BIB, BHBA, KCP, KIM, TBBU, BNP, and TKS (hereinafter specifically for this chapter will be referred to as "**the subsidiaries**") act as the parties in this partnership agreement.

Here is the basic summary of this agreement:

No.	Name of Agreement/ Contract	Parties signed the Agreement	Contents of the agreement	Date of Agreement	Period
1	Coal Sales Agreement	The Company and GMR	This agreement regulates the sale of coal from the Company to GMR Singapore where the final price charged consists of the Discounted Base Price of each Coal Products added with agreed Price Adjustment.	August 11, 2011	25 years from the first coal shipment .

No.	Name of Agreement/ Contract	Parties signed the Agreement	Contents of the agreement	Date of Agreement	Period
			<p>Under this agreement, both parties are not allowed to transfer each rights and obligations before obtaining prior written approval from other parties, except the transfer of rights in the agreement is to comply with the provisions in the credit/financing facility agreement obtained by the Company or GMR Singapore.</p> <p>This Agreement is subject to and governed by Singapore state law and the resolution of Disputes through Arbitration in Singapore by the Singapore International Arbitration Center (SIAC).</p>		
2	Coal Sales Support Agreement	The Company and the subsidiaries with GMR Singapore	<p>This agreement set the availability of support for coal from the subsidiaries to the Company so that the Company can fulfill its obligations in the Coal Sales Agreement.</p> <p>This Agreement is subject to and governed by Singapore</p>	August 11, 2011	25 years from the first coal shipment

No.	Name of Agreement/ Contract	Parties signed the Agreement	Contents of the agreement	Date of Agreement	Period
			state law and the resolution of Disputes through Arbitration in Singapore by the Singapore International Arbitration Center (SIAC).		

GMR Singapore plans to become shareholder of the Company through the Company's Initial Public Offering mechanism.

3. Plan of Shares Selling by Majority Shareholder of the Company

On August 11, 2011, the Company's majority shareholder, DSS, has signed Conditional Sale and Purchase Agreement and its amendments on October 25, 2011 ("**CSPA**") and Shareholders Agreement ("**SHA**") with GMR Singapore. CSPA is related to the sales and transfer plan of 1,058,823,500 shares owned by DSS in the Company with par value of Rp100 (One hundred Rupiah) per share. The shares selling price to GMR Singapore is Rp2,500 (two thousand and five hundred Rupiah), so that the total sales value of shares in the Company owned by DSS to GMR Singapore is Rp2,647,058,750,000 (two trillion six hundred and forty seven billion, fifty eight million seven hundred and fifty thousand Rupiah). The Implementation of the transfer of ownership of these shares will be done by the fulfillment of all preliminary requirements as set forth in the CSPA through

the Company stock trading transactions at Indonesia Stock Exchange after the Company's shares are listed and traded at the Indonesia Stock Exchange.

In connection that DSS is a publicly listed company, then the transfer of ownership of shares will be implemented after DSS is obtaining approval of the Shareholders' General Meeting.

SHA, among others, sets the corporate governance, including joint control of the Company and the Company's subsidiaries which is conducted together by DSS and GMR Singapore associated with their shares ownership in the Company, which is performed with due regard to applicable provisions of laws and regulations.

The Company does not intend to issue or record other shares and/or other instruments that could be converted into the shares for a period of 12 (twelve) months following the date of this Initial Public Offering will become effective. If in the future the Company intends to do so, the Company will follow all applicable provisions and/or regulations.

II. PLAN ON USE OF THE PROCEEDS FROM PUBLIC OFFERING

All the proceeds from this Public Offering after being deducted for emission costs and expenditures necessarily associated with the Public Offering will be used for:

1. Approximately 65% will be used by the Company starting in 2011 until no later than year 2015 for capital expenditure and coal mining facilities and infrastructure development costs to support the expansion plans of subsidiaries, i.e.:

- Approximately 80% will be used for capital expenditure and facilities and infrastructure development costs of coal mining of BIB in South Kalimantan which are, among others, to increase the capacity and a new port development, construction and repair coal haul road in and/or from the mining location to the port area, including costs required for land acquisition and licensing and other facilities.
- Approximately 15% will be used for capital expenditure and facilities and infrastructure development costs of coal mining of KIM in Sumatera which are, among others to increase the capacity and a new port development, construction and repair coal haul roads in and/or from the mining location to the port area, including costs required for land acquisition and licensing,

construction of the mess and workshop, the purchase of mining equipments and other facilities.

- Approximately 5% will be used for capital expenditure and facilities and infrastructure development costs of coal mining of TKS in Central Kalimantan which are, among others to the port development, including costs required for land acquisition and licensing, exploration (opening area) cost, additional drilling cost, cost for the making of mining plan and other facilities.

2. Approximately 25% will be used by the Company in the period 2011-2012 for the Company's and its subsidiaries' working capital, which are as follows:

- Approximately 10% will be used for the Company's working capital, among others for sale and purchase of coal and other operational costs.
- Approximately 35% will be used for the working capital of BIB, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of heavy equipments' spare parts, and other operational costs.
- Approximately 50% will be used for the working capital of KIM, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of

heavy equipments' spare parts, and other operational costs.

- Approximately 5% will be used for the working capital of TKS, which among others include mining contractor cost, fuel cost, cost for replacement and maintenance of heavy equipments' spare parts, and other operational costs.
3. Approximately 10% will be used by the Company in 2011 to pay some debts and the Company's obligations to parties related to the Company. Under the Credit Agreement dated December 2, 2010, the Company obtained a loan facility for business development from DSS that is the Company's major shareholder, with a maximum loan of USD 22.6 million at 8% interest per annum with maturities up to December 31, 2011 which might be extended by written agreement of both parties. Based on the Addendum dated March 24, 2011, the previous loan facility increased from initially amounted to USD 22.6 million to become USD 100 million. The Company may pay back some or all of the principal debt before the expiry of the loan period without fine or penalties. As of November 3, 2011, the balance of the Company's loan to DSS amounted to USD 39.1 million.

Funds used for the capital expenditure and coal mining facilities and infrastructure development costs and Subsidiaries' working capital, will be provided by the

Company through the mechanism of increased equity participation and/or granting of loan.

In the event that the funds provided in the form of loans to the subsidiaries, then after repayment of loan the funds will be used by the Company for the Company's working capital which are, among others, for selling and purchasing of coal and other operational costs.

In accordance with Circular Letter which was published by Bapepam-LK. No. SE-05/BL/2006 dated September 29, 2006 concerning Information Disclosure concerning Costs Incurred in the context of Public Offering, the total costs incurred by the Company in this Public Offering is approximately 2.84% (two point eight four percent) of the Public Offering that includes costs, including tax calculation as follows:

- Underwriting fee approximately 0.25%, Management fee approximately 0.25% and Selling Fee approximately 0.25%;
- Financial Advisor Service fee approximately 1.37%;
- Capital Market Supporting Professionals Fees (Accountants, Appraisers, Technical Consultant, Notary, Law Consultant, & BAE) approximately 0.64%;
- Cost of Registration in Indonesia Stock Exchange and Central Securities Depository Indonesia (KSEI) approximately 0.01% and

- Other costs (printing cost, advertising, public expose and so forth) approximately 0.06%.

The Company will report Actual Use of the Proceeds periodically to Bapepam-LK and account for the same to the annual Shareholders' General Meeting of the Company, in accordance with the Regulation of Bapepam No.X.K.4, Attachment to Decision of Chairman of Bapepam No. KEP-27/PM/2003 dated July 17, 2003 concerning Actual Use of the Proceeds from the Public Offering.

If the Company intends to change the use of proceeds from the Public Offering, then the change plan shall be reported in advance to Bapepam-LK by propounding the reasons and considerations and must obtain prior approval of the Shareholders' General Meeting of the Company.

In the event that the Company will conduct transactions by using the proceeds from the Public Offering which being affiliate transactions and conflict of interest of certain transactions and/or material transactions, the Company will fulfill the provisions stipulated in the Regulation of Bapepam-LK. No. IX.E.1 and/or Regulation of Bapepam-LK No. IX.E.2.

III. STATEMENT OF LIABILITIES

Based on the consolidated financial statements of the Company and its Subsidiaries for the period of 6 (six) months ended June 30, 2011, as audited by the Public Accountant Firm Mulyamin Sensi Suryanto with an unqualified opinion, the balance of liabilities of the Company and its Subsidiaries as of June 30, 2011 amounted to Rp446,319 million, with details as follows:

(in million Rupiah)	
DESCRIPTION	TOTAL
SHORT-TERM LIABILITIES	
Accounts Payable - Third Parties	155,129
Other Payable - Third Parties	5,876
Tax Payable	60,028
Factoring Liability	11,767
Accrued expenses	31,322
Advance Payments	1,504
Long-term liabilities that will mature within one year	
Lease Liabilities	90
Bank loans	431
Convertible bonds	20,000
Total Short-Term Liabilities	286,147
LONG-TERM LIABILITIES	
Other Payable - Related Parties	144,333

Defined post-employment benefits reserve	14,734
Long-term liabilities, net of current portion	
Lease Liabilities	24
Bank loans	1,081
Total Long Term Liabilities	160,172
TOTAL LIABILITIES	446,319

Explanation of each liability is as follows:

1 ACCOUNTS PAYABLE - THIRD PARTIES

The balance of accounts payable - third parties as on June 30, 2011 amounted to Rp155,129 million. Total accounts payable denominated in Rupiah and U.S. Dollar respectively amounted Rp88,216 million and Rp66,913 million.

Breakdown by age of accounts payable calculated from the billing date are as follows:

(in million Rupiah)

Description	Total
1 - 3 days	103,675
31 - 60 days	31,460
61 - 90 days	19,216
more than 90 days	778
Total	155,129

2 OTHER PAYABLE

Other payable as on June 30, 2011 amounted to Rp150,209 million which consisted of payable to related parties amounted

to Rp144,333 million and payable to third parties amounted to Rp5,876 million.

Under the Credit Agreement dated December 2, 2010, the Company obtained a loan facility for business development from PT Dian Swastatika Sentosa Tbk. (DSS) with a maximum loan of US\$22.55 million and bore interest at 8% per annum with maturity on December 31, 2011 and could be extended by both parties' mutual written agreement. Based on the Addendum dated March 24, 2011, the loan facility was increased from previously US\$22.55 million to become US\$ 100 million. The Company might repay part or entire principal payable before the expiration date without any fine or penalty imposed. As of November 3, 2011, the loan balance of the Company to DSS was US\$39.1 million.

Under the Credit Agreement dated February 18, 2011, the Company obtained a loan facility from DSS for US\$ 7.25 million and bore interest at 8% per annum. Period of the loan facility is until December 31, 2011 and could be extended by both parties' written agreement. The Company had repaid the loan for US\$ 7.25 million on March 31, 2011. On July 29, 2011, the Company and DSS entered into a Loan Agreement Termination which was applied effectively since the same date.

Repayment of part or entire payable and liabilities of the Company and its subsidiaries to DSS will be done using the proceeds from the Company's Public Offering.

3 TAX PAYABLE

Tax payable as of June 30, 2011 amounted to Rp60.028 million with the following details:

(in million Rupiah)

Description	Total
Corporate income tax	55,569
Income Tax:	
Article 4 paragraph (2)	135
Article 15	33
Article 21	1,281
Article 23	2,029
Article 25	31
Value Added Tax	285
Export Tax	665
Total	60,028

4 FACTORING LIABILITIES

On May 6, 2011, the Company entered into a Recourse Factoring Agreement with PT Sinar Mas Multifinance (SMM), a related party to the ceiling of Rp70,000 million and bore interest at 13.5% per annum and would be valid until May 9, 2012. As of June 30 2011, total transferred receivables amounted to Rp65,773 million with disbursements amounted to Rp62,484 million.

On May 23, 2011, TKS, a subsidiary of the Company, signed a Recourse Factoring Agreement with SMM, a related party to

the maximum facility amount of US\$1,000,000 and bore interest at 9.5% per annum and would be valid until May 23, 2012. As of June 30, 2011, total transferred receivables amounted to Rp1,459 million with disbursements amounted to Rp1,386 million.

Details of factoring liabilities as of June 30, 2011 are as follows:

Description	Total
Total transferred receivables	12,386
Retention receivables	(619)
Total	11,767

5 ACCRUED EXPENSES

Accrued expenses as of June 30, 2011 amounted to Rp31,322 million with details as follows:

(in million Rupiah)

Description	Total
Royalty	15,695
Transportation	3,152
Salary	2,000
Purchase of construction materials	1,973
Land cultivation	1,296
Rent	1,135
Professional services	1,025
Drilling services	678
Interest	656

Contractors	602
Exploration services	286
Purchase of diesel	66
Others	2,758
Total	31,322

6. ADVANCE PAYMENTS

As of June 30, 2011 balance of advance payments amounted to Rp1,504 million which consisted of advances received from PT Mitrada Sinergy with respect to the coal buy and purchase agreement with the Company.

7. DEFINED POST-EMPLOYMENT BENEFIT RESERVE

On of June 30, 2011, the reserve for post-employment benefit amounted to Rp14,734 million. Last actuarial calculation on reserves for post-employment benefit by the PT Eldridge Gunaprima Solution, an independent actuary, dated July 21, 2011. Total employees entitled to post-employment benefits are 363 employees. The main actuarial assumptions used in the calculation of post-employment benefit for the six months ended on June 30, 2011 are the discount rate of 8% per annum, the rate of salary increment of 8% per annum and the normal retirement age of 55 years.

8. LEASE LIABILITIES

On October 10, 2008, KIM, a subsidiary of the Company, entered into a vehicles finance lease agreement to Rp388

million with PT BCA Finance, a third party, for the lease period of 4 (four) years and will be expired in 2012. This finance lease bears interest at 13.27% per annum.

The details of the lease liabilities are as follows:

Description	Total
Payment is due within:	
One year	99
Two years	25
Minimum lease liabilities payment	124
Minus: interest of minimum lease liabilities payment	10
Total	114
Portion which will mature within one year	90
Portion which will mature in more than one year	24
Total	114

9. BANK LOANS

PT Bank Index Selindo

On various dates in 2009 and 2008, KIM, a subsidiary of the Company, entered into Multi Purpose Credit agreements with total maximum facility respectively amounted to Rp3,000 million and Rp510 million with PT Bank Index Selindo, a third party, with a loan period of 3 (three) to 5 (five) years. The Multi Purpose Credit repayment schedule as of June 30, 2011 is as follows:

Description	Total
--------------------	--------------

Payment is due within:

One year	431
Two years	502
Three years	395
Four years	111
Five years	73
Total	1,512
Portion which will mature within one year	431
Portion which will mature in more than one year	1,081
Total	1,512

10. CONVERTIBLE BONDS

On April 25, 2011, MAL, a subsidiary of the Company, entered into an Agreement of Convertible Bonds Issuance with PT Bumi Kencana Eka Sejahtera (BKES), a related party, in which MAL would issued convertible bonds amounted to Rp20,000 million with an interest rate at 12% and BKES would take part of the aforementioned convertible bonds. MAL concurred and agreed to repay the bonds from BKES on the due date within 12 (twelve) months from the date of the agreement. BKES is entitled to convert the bonds either part or entire value of the bonds to become and being compensated with conversion shares with par value of Rp1 million per share any time before the expiry date.

The Company has no commitments and contingencies other than those already disclosed in the financial statements.

The Company has no outstanding matured obligations.

No loans made by the Company or the Holding Company or the Subsidiaries which are intended to related parties.

There is no violation of the terms of the credit agreements made by the Company or other entities in the group of the Company which have material impacts on business continuity of the Company.

All the liabilities of the Company as of June 30, 2011 have been disclosed in the Prospectus.

Since the date of the balance sheet until the date of the Independent Auditors' Report, the Company did not have other liabilities and ties than those which have been stated above and which have been disclosed in the Financial Statements, and have been presented in this Prospectus. The balance of liabilities as of September 30, 2011 (unaudited) had a net increment for Rp407,652 million (91.34%) compared with the balance of liabilities as of June 30, 2011 (unaudited) which amounted to Rp446,319 million. This increment was primarily due to increased payable to the related party (DSS) for Rp315,411 million (218.53%) which was mainly used by the Company to purchase Capital Goods. No other liabilities that occur from the date of the Independent Auditors' Report to the effective date of Statement of Registration that have not been disclosed in the Prospectus.

With systematic management of assets and liabilities as well as improvement of operation results in the future, the Company believes will be able to settle all its liabilities in accordance with the requirements as appropriate.

IV. SUMMARY OF KEY FINANCIAL DATA

The following table illustrates summary of the Company's financial data key outlined based on the Consolidated Financial Statements of the Company and its subsidiaries for the period of 6 (six) months ended June 30, 2011 and the years ended December 31, 2010, 2009, 2008 and 2007 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto with an unqualified opinion. The Company's Financial Statement for the year ended December 31, 2006 has been audited by Public Accountant Firm Richard Risambessy & Partners with an unqualified opinion.

CONSOLIDATED BALANCE SHEETS

(in million Rupiah)	June 30, 2011	December 31				
		2010 ^(a)	2009	2008	2007	2006 ^(b)
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	183,306	250,150	33,684	69,607	21,739	3
Time deposits	13,411	16,658	-	-	-	-
Trade receivable						
Related Parties	84,942	62,008	55,234	16,402	-	-
Third Parties – net	113,409	120,122	28,174	3,521	72,717	-
Other receivable – Third Parties	1,000	633	18,829	59	827	-
Inventories	53,816	50,570	12,476	23,671	18,484	-
Prepaid Tax	501	494	-	-	-	-
Prepaid expenses and other current assets	97,616	40,293	13,986	25,236	9,346	-
Total Current Assets	548,001	540,928	162,383	138,496	123,113	3

NON-CURRENT ASSETS						
Other receivables						
Related Parties	906	3,709	4,500	-	-	-
Third Parties	8,788	8,788	8,788	-	-	-
Amount due from Related Parties	-	-	4,500	-	-	-
Deferred tax assets – net	8,330	5,384	1,902	296	260	-
Fixed assets – net	154,270	108,404	72,789	5,851	3,315	-
Mining properties – net	51,845	55,363	18,310	15,742	17,286	-
Deferred stripping costs	82,570	39,352	9,560	22,082	24,510	-
Deferred exploration and development costs – net	273,666	227,897	134,775	76,314	74,667	-
Restricted funds	2,743	102	221	258	457	-
Investments in shares	-	-	-	-	-	35,775
Advances for coal purchase	-	80,083	9,164	-	-	-
Other non-current assets	36,397	47,260	13,246	10,054	9,032	7
Total Non-Current Assets	619,515	576,342	273,255	130,597	129,527	35,782
TOTAL ASSETS	1,167,516	1,117,270	435,638	269,093	252,640	35,785

(in million Rupiah)	June 30, 2011	December 31				
		2010 ^(a)	2009	2008	2007	2006 ^(b)
LIABILITIES AND EQUITY						
SHORT-TERM LIABILITIES						
Short-term bank loans	-	50,000	10,000	-	-	-
Trade Payable	-	1,781	-	-	-	-
Related Parties	155,129	117,750	103,042	56,661	44,031	-
Third Parties	5,876	8,605	1,248	3,718	374	5
Other Payable - Third Party	60,028	14,438	3,040	3,692	9,981	-
Tax Payable	11,767	-	5,000	15,000	60,000	-

Factoring Liabilities	31,322	34,295	13,088	22,947	24,436	-
Accrued expenses	1,504	977	-	45,292	-	-
Advance Payments						
Long-term liabilities that will mature within one year						
Lease Liabilities	90	113	237	-	454	-
Bank and financial institutions Loan	431	7,942	399	-	-	-
Convertible Bonds	20,000	-	-	-	-	-
Total Short-Term Liabilities	286,147	235,901	136,054	147,310	139,276	5
LONG-TERM LIABILITIES						
Advances from customers – Related Parties	-	-	1,604	-	-	-
Other payable related parties	144,333	284,721	-	11,238	11,238	-
Defined post-employment benefit reserve	14,734	11,602	6,929	1,238	858	-
Customer's deposit – Third Party	-	-	-	-	62,027	-
Long-term liabilities – net of current portion						
Lease Liabilities	24	71	394	-	-	-
Bank and financial institutions Loan	1,081	13,748	171,387	59,417	3,597	-
Convertible Bonds	-	-	50,384	-	36,267	36,267
Total Long Term Liabilities	160,172	310,142	230,698	71,893	113,987	36,267
TOTAL LIABILITIES	446,319	546,043	366,752	219,203	253,263	36,272
NEGATIVE GOODWILL	-	-	1,723	-	-	-

EQUITY						
Equity attributable to equity holder of the parent company						
Share capital	500,000	500,000	48,802	36,727	5	5
Retained earnings (deficit)	176,353	27,492	(3,260)	(3,912)	(9,804)	(492)
Other equity components	39,172	8,513	(2,546)	-	-	-
Non-controlling interests	5,672	35,222	24,167	17,530	9,176	-
TOTAL EQUITY	721,197	571,227	67,163	49,890	(623)	(487)
TOTAL LIABILITIES AND EQUITY	1,167,516	1,117,270	435,638	269,093	252,640	35,785

CONSOLIDATED INCOME STATEMENTS

(in million Rupiah)	June 30, 2011	December 31				
		2010	2009	2008	2007	2006
NET SALES	1,238,411	927,112	671,972	447,387	258,391	-
COST OF GOODS SOLD	834,339	679,383	435,304	248,779	142,425	-
GROSS PROFIT.	404,072	247,729	236,668	198,608	115,966	-
Port services income	19,936	13,911	-	-	-	-
Foreign exchange gains (loss) – net	(3,406)	13,877	21,875	(15,818)	(3,777)	-
Interest income	2,828	3,402	1,143	1,470	253	-
Exploration Expenses	(2,050)	(1,370)	(8,414)	(336)	-	-
Bank administrative and penalty expenses	(931)	(875)	(889)	(20,885)	(679)	-
Other expenses – net	(3,188)	(14,246)	(321)	(2,535)	(2,370)	-
Interest and other financial charges	(13,364)	(25,081)	(20,002)	(6,195)	(2,598)	-
Selling expenses	(83,796)	(60,439)	(133,280)	(77,602)	(104,630)	-

General and administrative expenses	(101,041)	(134,278)	(115,278)	(62,497)	(19,372)	-
Management services income	-	-	17,091	-	-	-
Compensation Income	-	-	4,500	-	-	-
Net loss of subsidiaries	1,127	(1,936)	-	-	-	(492)
EARNINGS (LOSS) BEFORE TAX	220,187	40,694	3,093	14,210	(17,207)	(492)
TAX EXPENSE (INCOME)						
Current	59,112	9,189	811	-	-	-
Deferred	(2,945)	(2,456)	(1,440)	(36)	(220)	-
	56,167	6,733	(629)	(36)	(220)	-
EARNINGS (LOSS) OF THE CURRENT PERIOD AND YEAR	164,020	33,961	3,722	14,246	(16,987)	(492)
Profit (loss) attributable to equity holders of the parent company	148,861	30,752	652	5,892	(9,312)	(492)
Non-controlling interests	15,159	3,209	3,070	8,354	(7,675)	-
TOTAL	164,020	33,961	3,722	14,246	(16,987)	(492)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (In full Rupiah)						
Basic	29.8	16.9	1.4	21	(186,240)	(9,840)
Diluted	-	15.6	1.1	21	(186,240)	(9,840)

Note :

(a) Restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common control thus performed in the same manner by the method of pooling of interests.

(b) The financial statements of the Company only.

KEY RATIOS

(in percentage)

(in million Rupiah)	June 30, 2011	December 31				
		2010 ^(a)	2009	2008	2007	2006 ^(b)
EBITDA	246,823	80,526	36,997	28,472	(8,751)	n.a
GROWTH RATIO (%)						
Sales	295.17 ^(c)	37.97	50.20	73.14	n.a.	n.a. ^(d)
Gross Profit	329.78 ^(c)	4.67	19.16	71.26	n.a.	n.a. ^(d)
Net Profit (Loss)	1,005.70 ^(c)	4616.56	(88.93)	(163.27)	1,792.68	n.a. ^(d)
Assets	4.50	156.47	61.89	6.51	605.99	n.a. ^(d)
Liabilities	(18.26)	48.89	67.31	(13.45)	598.23	n.a. ^(d)
Equity	26.25	750.51	34.62	(8,108.03)	27.93	n.a. ^(d)
BUSINESS RATIO (%)						
Gross Profit on Sales	32.63	26.72	35.22	44.39	44.88	n.a.
Net Profit on Sales	13.24	3.66	0.55	3.18	(6.57)	n.a.
Net Income to Equity (ROE)	22.74	5.95	5.54	28.55	2,726.65	101.03
Net Income to total Assets (ROA)	14.05	3.04	0.85	5.29	(6.72)	(1.37)

FINANCIAL RATIOS (times)						
Current Assets/Short-term Liabilities	1.92	2.29	1.19	0.94	0.88	0.60
Total liabilities to Total Assets	0.38	0.49	0.84	0.81	1.00	1.01
Total Liabilities to Equity	0.62	0.96	5.46	4.39	(406.52)	(74.48)
BUSINESS PERFORMANCE RATIO						
Average total number of days of payables payment (e)	66.93	58.97	66.04	72.85	56.65	n.a.
Average total number of days of receivables collection (e)	57.66	51.55	27.68	37.27	50.66	n.a.
Operating Expenses/Operating Profit (Loss)	0.86	3.80	(12.66)	2.41	(15.43)	n.a.
Operating Profit (Loss)/Gross Profit	53.75	20.85	(8.58)	29.29	(6.93)	n.a.
Amount of Cash Generated from Operations/Net Profit	1.33	(3.59)	11.55	1.14	1.62	(0.01)
EBITDA/Net Financial Expenses	18.47	3.21	1.85	4.60	(3.37)	n.a.
Net Working Capital/Sales	0.21	0.33	0.04	(0.02)	(0.06)	n.a.
Growth of Sales to Growth in Cash generated from operation	2.72	1.55	8.40	4.31	(9.37)	n.a.

Note:

(a) restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common

control thus performed in the same manner by the method of pooling of interests.

- (b) The financial statements of the Company only.
 - (c) The growth ratios of Sales, Gross Profit, and Net Income (Loss) for the period of 6 month ended June 30, 2011 compared with same period in 2010 (unaudited).
 - (d) The growth ratios of Sales, Gross Profit, Net Income (Loss), Total Assets, Total Liabilities and Total Equity for the year ended December 31, 2006 compared with the year ended December 31, 2005 can not be stated as Financial Statements for the year 2005 which ended December 31, 2005 is not presented.
 - (e) For the position of June 30, 2011, the data used is only one period instead of an average of 2 last periods
- n.a. Not comparable.

The formula of ratio calculation:

- Total number of days of accounts payable payment = $360 / (\text{Cost of goods sold} / \text{average of accounts payable in last 2 (two) years})$.
- Total number of days of collectible accounts receivables = $360 / (\text{Sales} / \text{average of accounts receivables in last 2 (two) years})$.
- Operating expenses consist of selling expenses, general and administrative as well as exploration expenses.
- Operating Profit (Loss) = Gross Profit - Operating Expenses

V. MANAGEMENT DISCUSSION AND ANALYSIS

This analysis and discussion should be read together with the summary of financial data key (Chapter IV) and the Consolidated Financial Statements of the Company and its Subsidiaries along with the annotations therein contained in the Prospectus (Chapter XVIII).

This analysis and discussion is prepared based on the Company's Financial Statements for the six-month period ended June 30, 2011 and for the years ended December 31, 2010, 2009 and 2008 that have been audited by Public Accountant Firm Mulyamin Sensi Suryanto with an unqualified opinion.

1. General

The Company, based in Central Jakarta, is a Limited Liability Company, established under and based on existing regulations in the Republic of Indonesia, with the name of PT Bumi Kencana Eka Sakti by the Deed of Establishment No. 81 dated March 13, 1997, made before Imam Santoso, SH, Notary in Jakarta. The Deed of Establishment No. 81 dated March 13, 1997, made before Imam Santoso, SH, Notary in Jakarta has obtained approval of the Minister of Justice based on the Decision No. C2-7922.HT.01.01-TH.98 dated June 30, 1998 and was submitted for registration in the Company Register in accordance with UUWDP No. TDP 090515142049 in the Company Registration Office of Central Jakarta Municipality under No.

2178/BH 09.05/XI/2000 dated November 7, 2001 and was published in Official Gazette of the Republic of Indonesia No. 30 dated April 12, 2002, Supplement No. 3667, as well.

The Company altered its name which initially named PT Bumi Kencana Sakti Eka into PT Golden Energy Mines Tbk., based on the decision of the shareholders of the Company as set forth in the Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta.

Articles of Association have been amended several times and last modified in accordance with the Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43, dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta, the aforementioned Deed of Meeting Decision Statement of PT Bumi Kencana Eka Sakti No. 43 dated November 16, 2010 has obtained approval from the Minister of Justice pursuant to Decision No. AHU-54931.AH.01.02.Year 2010 dated November 23, 2010, has been registered in the Company Register No. AHU-0084940.AH.01.09. Year 2010 dated November 23, 2010 and has been received and noted in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-30717 dated November 30, 2010 and has been registered in the Company Register No. AHU-0086853.AH.01.09.Year 2010 dated November 30, 2010, of which contents among others are the

approval of the Company's status alteration from a Closely Held Company to a Publicly listed Company, alteration of all provisions of the Company's Articles of Association within the framework of adjustment with the regulation of Bapepam-LK No. IX.J.1, and alteration of the Company's name as mentioned above.

The current compositions of Board of Commissioners and Board of Directors are as listed in the Deed No. 13 dated September 12, 2011, made before Linda Herawati, SH, Notary in Central Jakarta, which has been received and recorded in the database of Legal Entity Administration System of Ministry of Justice and Human Rights of Republic of Indonesia based on the Receipt of Notification of Data Changes dated September 19, 2011 No. AHU-AH.01.10-29630, and has been registered in the Company Register in accordance with UUPT No. AHU-0075315.AHA.01.09.Year 2011 dated September 19, 2011.

The Company is engaged in the business of mining products trading and mining services. The Company has investments in 12 (twelve) subsidiaries which 10 (ten) of the subsidiaries are engaged in thermal coal mining with caloric value ranges between 5200-6100 kcal/kg (adb). The subsidiaries' mining locations are in South Sumatra, Jambi, South Kalimantan and Central Kalimantan. The Company is also engaged in the business of coal trading for coal qualities mixing and to meet the needs of certain buyers.

The company's revenue is mainly affected by coal demands and fluctuations in world's coal prices. Meanwhile, on the cost side, the major cost component of the Company and its subsidiaries is the mining cost.

The amount of production has increased from year to year. In 2008, the Company through its subsidiaries produced 1.3 million tons of coal. The amount of production increased to 1.5 million tons in 2009, 1.8 million tons in 2010 and 1.8 million tons in the six-month period ended June 30, 2011. The following is a summary of historical production data in the last 3 (three) years:

Block	Production (in tons)			
	Period of 6 (six) months year 2011	2010	2009	2008
BIB	1,167,117	1,118,046	1,182,669	1,252,305
KIM	615,367	638,206	353,834	-
TKS	53,383	8,569	-	-
TOTAL	1,835,867	1,764,821	1,536,503	1,252,305

Note:

**KIM was acquired by the Company in May 2009*

Through the mining supervision cooperation, the Company obtained additional coal production as much as 265 thousand tons of coal in 2010 and 543 thousand tons of coal during the six-month period ended on June 30, 2011 from mining area of TBA, a third party. Company has a long-term Sales and Purchase

Agreement of coal and Mining Supervision Cooperation Agreement between the Company and ASC, to conduct off-take of coal and mining supervision in the area of TBA. ASC is a third party that has Sales and Purchase Agreement of coal with TBA. By doing mining supervision, the total production performance of the Company is as much as 2.0 million tons in 2010 and 2.4 million tons in the six-month period ended on June 30, 2011. In the Company's financial statements, the coal produced from the mining area of TBA is recognized as coal sales and purchase transactions.

From the Sales, currently, the Company sells coal to the domestic market in Indonesia and export markets to meet the needs of customers which mainly consist of power plants, paper factories, cement industries and coal trading companies who makes a purchase of coal for resale. Export sales in 2010 were recorded dominating by 64% of the total Company's sales. Exports are made to various customers, especially China, India, and Thailand. 31% of the Company's coal sales were made under coal contract sales agreement, with the coal selling price was negotiated and adjusted annually or in shorter term based on the quality and specification of the coal with reference to the coal price prevailing in the market. Meanwhile, 69% of coal sales in 2010 were made in the spot market.

In line with the increase in production, the number of sales has increased from 1.2 million tons in 2008, to 1.6 million tons in 2009, 1.5 million tons in 2010 and reached nearly 2 million tons in the six-month period ended June 30, 2011. Meanwhile, the sales value was fluctuating following the selling price and the amount of coal sales. The coal sales volume data and historical sales value in the last 3 (three) years is as follows:

	Coal Sales Volume (in Tons)				Sales Value (in million Rupiah)			
	2008	2009	2010	June 2011	2008	2009	2010	June 2011
BIB	1,247,110	1,214,951	837,237	1,291,834	447,387	518,920	280,248	510,585
KIM	-	353,834	614,342	629,780	385,617	187,345	309,601	336,244
TKS	-	-	-	34,702	-	-	-	13,602
Total*)	1,247,110	1,568,785	1,451,579	1,956,316	833,004	706,265	589,850	860,432

Source: The Company

Note:

**) the total figure is the sum from respective subsidiaries and does not constitute consolidated figures of the Company's sales*

The Company and its subsidiaries recorded a historical gross profit margin and net profit margin for 26.72% and 3.66% in 2010. These gross profit margin and net profit margin increased to 32.63% and 13.24% in the six-month period ended June 30, 2011.

2. Factors Affecting the Business Activities and Operation Results

The Company's business activities and its results are affected by important factors as follow:

- Global coal demand and coal prices
- Production and business development
- Coal mining contractors
- Fluctuations of prices of fuel, spare parts and other materials supporting operational activities
- The stripping ratio
- Weather conditions
- Government policy and legal changes.

Global Coal Demand and Coal Prices

Global coal demand is directly influenced by the growth of energy resource demand where the coal is the second biggest energy supplier after the oil, and indirectly influenced by the global economic growth.

In line with the recovery of the financial crisis, demand for coal has undergone a significant increase. Particularly in Indonesia, based on the data from Data and Information Center of Department of Energy and Mineral Resources, the coal consumption level has shown 20% increment in the year 2010

which amounted to 45.9 million tons from 38.3 million tons in 2009.

In future, it is predicted that the demand for coal will continue to rise. In addition to be focused to meet domestic needs in line with the 33% target fulfillment of the total Energy Mix year 2025 based on Presidential Decree No. 5 Year 2006 on National Energy Policy, increased demand for coal will also be supported by a surge in demand from the Asia market such as China and India as the major markets of Indonesian coal. The high demand from steel industries and power plants in China and the lack of domestic coal supply and supply restrictions of coal in India are predicted will push the sharp rise of coal imports in both countries. Indian coal demand is estimated to reach 696 million tons over this fiscal year through March 2012, while the domestic supply is approximately only 554 million tons. In other words there is a shortage of supply of around 142 million tons, with demand forecast that will continue to grow.

Regarding the price, global coal prices is mainly influenced by the dynamics of supply and demand in the world market. Unlike other commodities, coal does not have a standard single price for the global market. Prices can fluctuate significantly in different geographical markets and for different types and qualities of coal.

Production and Business Development

The business development of the Company and its subsidiaries is determined by the implementation of exploration activities, production planning and logistics management to support coal mining activities and transportation from the mining area to coal processing and loading location.

Historically, the Company's business development could be seen from the increment of the production in the last 3 (three) years. Production volume of the Company and its subsidiaries for the years ended December 31, 2008, 2009 and 2010 and the six-month period ended June 30, 2011 amounted to 1.3 million tons, 1.5 million tons, 1.8 million tons and 1.8 million tons of coal. Through the joint mining operations, the Company obtained additional coal production for 265 thousand tons of coal in 2010 and 543 thousand tons in the six-month period of 2011 from the mining area of TBA, a third party. Accordingly, the Company's total coal production is 2.0 million tons in 2010 and 2.4 million tons in the six-month period ended June 30, 2011. The Company intends to increase production in the following years.

Coal Mining Contractors

The mining activities of the Company and its subsidiaries are performed by the mining contractors. The mining

contractors lift and transport the overburden layer, mine and transport coal and reclaim the mine. BIB, TKS and KIM have contracts with at least 5 contractor companies. Those designated mining contractors are obliged to provide all equipments, machineries, tools and manpower needed to conduct all mining operations in all mining areas of the Company. The Company believes that by relying on contractors in its subsidiaries mining activities, the Company might reduce the need for capital expenditures significantly, thus the Company could focus its resources to strategic activities, such as mining plan, exploration and marketing.

Fluctuations of Prices of Fuel, Spare Parts and Other Supporting Operational Activities Materials

Coal is an internationally traded commodity. Coal prices have quite large fluctuations. Factors affecting coal prices fluctuations are:

- The volume of coal production in the world, which is influenced by several factors such as the opening of new mines and the closure of old mines, the discovery of new coal reserves, development of current mining operations.
- Coal supply constraints which is caused by the disruption and transportation network limitations, general economic conditions, and weather factors.

- Crude oil prices fluctuations which will affect to the mining costs increment charged by the mining contractors, increasing cost of coal shipping transportation.
- Government policy on the export of coal from the country.

The risk of exchange rate fluctuations to the Company is relatively small considering that the Company has a net open position in foreign currencies which is more or less balanced.

The risk of interest rate fluctuations to the Company is relatively small considering that the payable balance of the Company is small compared with the total net income. In addition, the Company plans to repay part or all of the payable from the proceeds from the Initial Public Offering.

Weather Conditions

Erratic weather conditions will affect the coal trade. Disruption of the mining process will affect the coal supply. Poor weather conditions make disruption of mining activity and obstruction in coal distribution.

Government Policy and Legal Changes

In general, the current policy of the Government of Indonesia regarding coal mining industry is oriented on the market. However, the Government of Indonesia, foreign governments and local governments from time to time might issue new policies and regulations that might affect the mining operation. The

Government policy that might affect the Company's business includes policy related to mining activities, taxes and the environment.

3. Material Accounting Policies

The Company prepares consolidated financial reports in accordance with Financial Accounting Standards generally accepted in Indonesia. Basic measurements of the Company's consolidated financial statements is the concept of historical cost, except for certain accounts which are prepared based on other measurements, as described in accounting policy of each account.

Inventory

Inventory is stated based on the lower of cost and net realizable value. The inventory cost is determined by the Moving Average Methods. Mining inventory cost consists of raw materials, manpower, depreciation and the allocation of overhead costs associated with mining activities. The allowance for inventory obsolescence and the allowance for inventory impairment are established to adjust the value of inventories to net realizable value. Net realizable value is the estimated selling price in the ordinary business minus the estimated costs of completion and estimated costs required to make the sale.

Fixed Assets

Fixed assets except for land, are stated based on the acquisition cost, but excluding the daily maintenance cost, minus accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated and is stated based on the acquisition cost minus accumulated impairment, if any.

The initial acquisition cost of fixed assets includes the acquisition price including import duties and purchase taxes that should not be credited and the costs attributable directly to bring assets to the desired location and condition in accordance with the determined intended use.

Expenses incurred after the fixed assets being used, such as repair and maintenance expenses, would be charged to the consolidated statement of income as incurred. If the expenses cause increase in future economic benefits from the use of the fixed assets which might exceed their normal performance, then the expenses are capitalized as additional acquisition cost of fixed assets. Depreciation is calculated based on the straight-line method over the useful lives of the assets as follows:

	<u>Year</u>
Building	5 - 20
Machineries and heavy equipment	4 - 8
Vehicles	4 - 8
Furniture and office equipment	4

The carrying value of fixed assets are reviewed and would be impaired if there are events or changes in certain circumstances which indicate that the carrying value is not recoverable fully.

In every significant inspection, the inspection cost is recognized in the carrying value of fixed assets as a replacement if it meets the recognition criteria. The capitalized significant inspection cost is amortized over the period until the next significant inspection.

The carrying amount of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. An item of fixed assets which is being sold or disposed, is removed from the fixed assets group along with the accumulated depreciation and accumulated impairment associated with it. Any gain or loss arising on derecognition of the asset is determined by the difference between the net disposal proceeds, if any, and the carrying amount the asset and recognized in profit or loss consolidated in the year the asset is derecognized. The residual values, useful lives and methods of depreciation and amortization are reviewed at each financial year end and will be adjusted if the study results differ from previous estimations.

Asset under construction is stated at cost and not depreciated. Asset under construction in this case includes the entire cost (including borrowing costs) to make the asset

under construction works and ready for its intended use. The accumulated cost will be reclassified to the appropriate fixed asset account and depreciated when the constructed asset is completed and ready to be used for its intended use.

Deferred Stripping Costs

Stripping costs are stated as production cost based on average overburden ratio. In circumstances where the actual ratio of overburden (that is the ratio between the quantity of stripped soil/rock at a certain period and the quantity of reserve portion which are produced in the same period) is not far different from the average ratio, then the stripping cost that occurs during this period is stated as production cost.

In circumstances where the actual ratio is far different from the average ratio, when the actual ratio is greater than the average ratio, the excess of stripping cost is deferred and recorded as "deferred stripping cost". Later, this deferred cost will be charged as the production cost in the period when the actual ratio is much smaller than the average ratio.

Deferred Exploration and Development Costs

The exploration and development costs of significant potential area of interests associated with mineral deposits where the mining rights is still applicable, and (i) the costs

are expected to be recouped through exploitation or proven reserves sales, or (ii) the activities have not reached the stage when it is possible to ensure the determination of economically proven deposits or when active and significant activities in or in connection with that area of interest are still in progress, are deferred and amortized since the commencement of commercial production by using the method of production unit. The exploration and development costs will be charged in the period when the Company and its subsidiaries determine the absence of future expected benefits in the area of interest.

The deferred exploration and development costs include accumulated costs associated with the general investigation, administration and licensing, geological and geophysical, and other costs that occur in developing a mining area before the commencement of commercial production.

The Company reviews the carrying value of exploration and development costs annually. When the carrying value exceeds the current value of estimated production for the remaining life of the mine or mining rights period whichever is shorter, the difference is charged to the current period.

The costs associated with operating mining units and the development cost for ongoing productions are charged at the time of occurrence.

Impairment of Assets

The Company reviews the presence or absence of indications of impairment of assets at each balance sheet date and possible adjustments to the recoverable amount whenever the circumstances indicate impairment of the assets.

Impairment loss is recognized if, and only if, the recoverable amount of assets is less than the carrying amount. Recoverable value is the fair value minus selling cost or use value, whichever is higher. Impairment loss is recognized in the income statement, unless the assets are presented in revalued amount recognized in other comprehensive income, as long as the impairment loss does not exceed the revaluation surplus for that same asset.

After recognition of impairment loss, amortization of assets is adjusted in later period to allocate the revised carrying amount of assets, net of residual value (if any) systematically over the remaining useful lives.

Impairment loss recognized in prior periods (for assets other than goodwill) may be reversed if, and only if, there is a change in estimation used to determine the amount of recoverable asset since the last impairment loss is recognized, thus, the carrying amount of the asset is increased to its recoverable amount. Increased carrying amount of asset which is caused by reversed impairment loss should not exceed the carrying amount (net of amortization or

depreciation) if only the assets do not experience impairment loss in previous years. Reversed impairment loss is recognized in the income statement unless the asset is presented in revalued amount which is treated as a revaluation increase.

Revenue and Expense Recognition

Revenue from domestic sales is recognized when the goods are delivered and ownership right has been moved to the customer. Revenue from export sales is recognized in accordance with the terms of sales, when the goods are shipped (FOB Shipping Point).

Expenses are recognized when incurred (accrual basis).

Rent revenue is recognized on the straight-line basis over the rental period.

4. Finance

A. Growth of Revenues, Expenses and Profit

The following table shows the composition of sales and expenses of the Company as of June 30, 2011, and as of December 31, 2010, 2009, and 2008.

(In millions of Rupiah)				
Description	June 30,	2010 ^(a)	December 31	
	2011		2009	2008
Net sales	1,238,411	927,112	671,972	447,387
Cost of goods sold	834,339	679,383	435,304	248,779

Gross profit	404,072	247,729	236,668	198,608
Other expenses - net	183,885	207,035	233,575	184,398
Earnings before tax	220,187	40,694	3,093	14,210
Tax Expense (income)	56,167	6,733	(629)	(36)
Profit for the period	164,020	33,961	3,722	14,246
Profit attributable to				
equity holders of the parent company	148,861	30,752	652	5,892
Non-controlling interests	15,159	3,209	3,070	8,354

Note:

(a) restated in connection with the acquisition of MAL, which is restructuring transactions under common control entities thus performed in the same manner by the method of pooling of interests.

Six-month period ended June 30, 2011

Net Sales

The sales of the Company and its subsidiaries as of June 30, 2011 amounted to Rp1,238,411 million which was the accumulation of sales to related parties for Rp341,549 million and sales to third parties for Rp896,862 million.

Cost of Goods Sold

Cost of goods sold of the Company and its subsidiaries as of June 30, 2011 amounted to Rp834,339 million.

Other Expenses - Net

Other net expenses of the Company and its subsidiaries as of June 30, 2011 consist of selling expenses Rp83,796 million, general and administrative expenses Rp101,041 million, exploration expense Rp2,050 million, interest and other financial charges Rp13,364 million, bank administrative and penalty expenses Rp931 million and other net expenses for Rp3,188 million and net foreign exchange loss for Rp3,406 million.

Other income of the Company and its subsidiaries as of June 30, 2011 consists of port services income for Rp19,936 million, interest income of Rp 2,828 million, and net income of subsidiaries for Rp1,127 million.

Tax Expense

Tax expense of the Company and its Subsidiaries as of June 30, 2011 amounted to Rp56,167 million consisted of current period tax expense for Rp59,112 million and deferred tax income for Rp2,945 million.

Net Income

Net income of the Company and its subsidiaries as of June 30, 2011 amounted to Rp164,020 million, which consisted of profit attributable to equity holders of parent company for

Rp148,861 million and non-controlling interests for Rp15,159 million.

Year Ended December 31, 2010 compared to Year Ended December 31, 2009

Net Sales

The coal sales of the Company and its subsidiaries increased by 37.97% amounted to Rp927,112 million as of December 31, 2010 from previously amounted to Rp671,972 million as of December 31, 2009. This increment was driven by higher growth of coal selling price in 2010 due to global economic recovery which brought impact on the increasing demand for coal and increasing world's oil prices. The average coal selling price of the Company was Rp429,000 per ton in 2010, increased by 22% compared with the average coal selling price of the Company in 2009 which was Rp352,500 per ton. This increment of coal price was in line with the increasing price of Newcastle Global Coal Index in the spot market to US\$120 per ton of coal compared with Newcastle Global Coal Index in 2009 which was US\$ 83.25 per ton.

Cost of Goods Sold

Cost of goods sold of the Company increased by 56.07% amounted to Rp Rp679,383 million as of December 31, 2010 from previously amounted to Rp435,304 million as of December 31,

2009. The increment was primarily due to increased transportation cost of coal by 65.88% and the overhead costs of mining by 283%. The increase in freight occurred in line with the occurrence of a significant increase in the sales volume of KIM and subsidiaries in year 2010 which amounted to 903 thousand tons compared with the coal sales volume of KIM and subsidiaries in 2009 which amounted to 354 thousand tons. Meanwhile, the increase in overhead costs was due to implementation of land compensation for Rp17,908 million and for repairs and maintenance of the road for Rp12,158 million in 2010.

Other Expenses - Net

Other net expenses decreased by 11.36% to Rp207,035 million as of December 31, 2010 from Rp236,668 million as of December 31, 2009. The decline was mainly influenced by the significant decrease in overseas sales shipping cost of BIB by 64.26%. In 2009, BIB's coal was sold in CNF basis where there was shipping cost from the stockpile to the buyer's location. Starting in the second quarter of 2010, BIB's coal sales was conducted in FOB basis, thus caused a decline in its shipping cost.

Tax Expense

The tax expense increased by 1,170.43% amounted to Rp6,733 million as of December 31, 2010 from the previous net tax

income which amounted to Rp629 million as of December 31, 2009. This was caused by an increase in taxable income of the Company from Rp6 million in year 2009 to become Rp16,610 million in year 2010 and increased contribution of tax expense of subsidiaries by 522.18% amounted to Rp5,036 million in year 2010 from previously amounted to Rp809 million in year 2009.

Profit attributable to Equity Holders of Parent Company

The company's profit increased by 4,616.56% to become Rp30,752 million as of December 31, 2010 from previously amounted to Rp652 million as of December 31, 2009. This increment was mainly due to the Company's coal sales activity was started in 2010 with a quantity of 607 thousand tons.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net Sales

The Company's net sales increased by 50.20% amounted to Rp671,972 million as of December 31, 2009 from Rp447,387 million as of December 31, 2008. Besides supported by the increase in average coal selling price of subsidiaries which previously US \$35.68 per ton in 2008 became US \$43.41 per ton in 2009, the net sales increment was also due to the subsidiaries' coal sales contribution (KIM, WAL, and NIL) which were acquired by the Company on May 2009.

Cost of Goods Sold

The company's cost of goods sold increased by 75.0% amounted to Rp435,304 million as of December 31, 2009 from Rp248,779 million as of December 31, 2008. This increment of cost of goods sold was mainly due to a significant increase of production cost in coal freight expense by 171.6%, which was caused by increased sales volume and increased production costs in mining services by 42.2%.

Other Expenses - Net

Other net expenses of the Company increased by 26.67% amounted to Rp233,575 million as of December 31, 2009 from previously Rp184,398 million as of December 31, 2008. The increment was mainly influenced by increase in coal shipment costs of BIB. In 2009, the Company through its subsidiary, conducted coal sales in CNF basis. Increased operating cost were also caused by the increase of salary and allowance expenses by 323.7% due to increased number of employees of the Company from 61 employees in 2008 to 240 employees in 2009 in line with new mining operation activities of KIM, WAL, and NIL.

Tax Income

The tax income increased by 1,647.22% amounted to Rp629 million as of December 31, 2009 from Rp36 million as of December 31, 2008. The increment was mainly influenced by the

increase of income tax expense of subsidiaries amounted to Rp809 million and an increase in deferred tax income derived from reserves for post-employment benefit amounted to Rp1,292 million.

Profit attributable to Equity Holders of Parent Company

Company's profit decreased by 88.94% amounted to Rp652 million from previously amounted to Rp5,892 million as of December 31, 2008.

The impact of price changes on sales and net income and historical operating income of the Company is shown in the following table:

Description	Unit	Jun 30, 2011	2010	2009	2009
Average Selling Price	USD/ton	54.97	47.98	47.56	36.00
Sales	Rpmillion	1,238,411	927,112	671,972	447,387
Operating income	Rpmillion	217,186	51,643	(20,304)	58,173
Net income	Rpmillion	164,020	33,961	3,722	14,246

Source: The Company

Coal sales move to follow selling price movement and the amount of coal sales. In a broad outline, the operating revenue and net income have increased, in line with the increase in sales. The decline that occurred in 2009 in the operating revenues and net income earnings was due to increased selling expenses, general and administrative expenses and exploration expenses. These increased expenses

were in line with the business development plan of the Company and its subsidiaries and the implementation of aggressive exploration activities in year 2009.

B. Growth of Assets, Liabilities and Equity

The following table shows the composition of the assets of the Company as of June 30, 2011 and as of December 31, 2010, 2009, and 2008.

(in million Rupiah)

	June 30, 2011	December 31		
		2010 ^(a)	2009	2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	183,306	250,150	33,684	69,607
Time deposits	13,411	16,658	-	-
Trade receivable				
Related Parties	84,942	62,008	55,234	16,402
Third Parties – net	113,409	120,122	28,174	3,521
Other receivable – Third Parties	1,000	633	18,829	59
Inventories	53,816	50,570	12,476	23,671
Prepaid Tax	501	494	-	-
Pprepaid expenses and other current assets	97,616	40,293	13,986	25,236
Total Current Assets	548,001	540,928	162,383	138,496
NON-CURRENT ASSETS				
Other receivables				

Related Parties	906	3,709	4,500	-
Third Parties	8,788	8,788	8,788	-
Deferred tax assets	8,330	5,384	1,902	296
Fixed assets – net	154,270	108,404	72,789	5,851
Mining properties – net	51,845	55,363	18,310	15,742
Deferred stripping cost	82,570	39,352	9,560	22,082
Deferred exploration and development costs	273,666	227,897	134,775	76,314
Restricted funds	2,743	102	221	258
Coal purchase advance	-	80,083	9,164	-
Other non-current assets	36,397	47,260	13,246	10,054
Total Non-Current Assets	619,515	576,342	273,255	130,597
TOTAL ASSETS	1,167,516	1,117,270	435,638	269,093

Note:

(a) Restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common control thus performed in the same manner by the method of pooling of interests.

As of June 30, 2011

The total assets of the Company and its Subsidiaries as of June 30, 2011 amounted to Rp1,167,516 million, increased by Rp50,246 million or 4.50% compared with total assets as of December 31, 2010 which amounted to Rp1,117,270 million. The increase in total assets was primarily due to increase in fixed assets for Rp45,866 million, deferred exploration and development cost for Rp45,769 million and deferred stripping

costs for Rp43,218 million, as well as increased prepaid expenses and other current assets for Rp57,323 million which primarily derived from increased advances for diesel fuel purchase.

Comparison between year 2010 and year 2009

As of December 31, 2010, total assets of the Company and its subsidiaries amounted to Rp1,117,270 million, increased by 156.47% compared with the total assets of the Company and its subsidiaries in 2009 which was recorded at Rp435,638 million. The increase was mainly due to increased balance of cash and cash equivalents amounted to Rp216,466 million, accounts receivables amounted to Rp98,722 million, inventories amounted to Rp38,094 million, fixed assets amounted to Rp35,615 million, deferred expenses Rp122,914 million, mining properties in connection with the acquisition of several subsidiaries in the year 2010, as well as an increase in advances for coal purchase amounted to Rp70,919 million.

Comparison between year 2009 and year 2008

As of December 31, 2009, the total assets of the Company amounted to Rp435,638 million, increased by 61.9% compared with the total assets of the Company in 2008 which was recorded at Rp269,093 million. This increase was due to the increasing balance of deferred exploration and development

costs amounted to Rp58,461 million as the result of acquisition of KIM, MAL, WAL and NIL.

The following table shows the composition of the Company's liabilities for the six-month period ended June 30, 2011 and for the years ended December 31, 2010, 2009 and 2008.

(in million Rupiah)

	June 30, 2011	December 31		
		2010 ^(a)	2009	2008
LIABILITIES				
SHORT-TERM LIABILITIES				
Short-term bank loans	-	50,000	10,000	-
Trade Payable				
Related Parties	-	1,781	-	-
Third Parties	155,129	117,750	103,042	56,661
Other Payable - Third Party	5,876	8,605	1,248	3,718
Tax Payable	60,028	14,438	3,040	3,692
Factoring Liabilities	11,767	-	5,000	15,000
Accrued expenses	31,322	34,295	13,088	22,947
Customers' Advance Payments	1,504	977	-	45,292
Long-term liabilities that will mature within one year				
Lease Liabilities	90	113	237	-
Bank and financial institutions Loan	431	7,942	399	-
Convertible Bonds	20,000	-	-	-
Total Short-Term Liabilities	286,147	235,901	136,054	147,310
LONG-TERM LIABILITIES				

Advances from Related Parties	-	-	1,604	-
Other payable - Related Parties	144,333	284,721	-	11,238
Defined post-employment benefit reserve	14,734	11,602	6,929	1,238
Long-term liabilities, net of current portion				
Lease Liabilities	24	71	394	-
Bank and financial institutions Loan	1,081	13,748	171,387	59,417
Convertible Bonds	-	-	50,384	-
Total Long-Term Liabilities	160,172	310,142	230,698	71,893
TOTAL LIABILITIES	446,319	546,043	366,752	219,203

Note :

^(a) Restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common control thus performed in the same manner by the method of pooling of interests.

As of June 30, 2011

Total liabilities of the Company and its subsidiaries as of June 30, 2011 amounted to Rp446,319 million, decreased by Rp99,724 million or 18.26% compared with total liabilities as of December 31, 2010 which amounted to Rp546,043 million. The decline was mainly caused by short-term bank loans repayment amounting to Rp50,000 million, other payables amounted to Rp143,117 million and repayment of banks and financial institutions loan amounted to Rp20,178 million.

Comparison between year 2010 and year 2009

As of December 31, 2010, the Company's total liabilities amounted to Rp546,043 million, increased by 48.89% compared with the Company's total liabilities in 2009 which was recorded at Rp366,752 million. This increment was mainly due to the increase of total other payable to related parties which amounted to Rp284,721 million, an increase in short-term bank loans amounted to Rp40,000 million which was related to the borrowing facilities from PT Bank ICBC Indonesia, PT Bank Jasa Jakarta, and PT Bank CIMB Niaga Tbk to the subsidiaries.

Comparison between year 2009 and year 2008

As of December 31, 2009, the Company's total liabilities amounted to Rp366,752 million, increased by 67.31% compared with the total liabilities of the Company in 2008 which was recorded at Rp219,203 million. This increment was mainly due to the increase in total accounts payable to third parties which amounted to Rp46,381 million, the increase in short-term bank loans amounted to Rp10,000 million which was received by MAL from PT Bank ICBC Indonesia and the increase in bank and financial institutions loan amounted to Rp111,970 million which was primarily from Centurion Capital Pte. Ltd., Elite Financial Pte. Ltd. and PT Tifa Mutual Finance Corporation.

The following table shows the composition of the equity of the Company as of June 30, 2011, and as of December 31, 2010, 2009 and 2008.

(in million Rupiah)

	June 30, 2011	December 31		
		2010 ^(a)	2009	2008
EQUITY				
Equity attributable to Equity holders of the parent company				
Share capital	500,000	500,000	48,802	36,272
Retained earnings (deficit)	176,353	27,492	(3,260)	(3,912)
Other equity components	39,182	8,513	(2,546)	-
Non-controlling interests	5,672	35,222	24,167	17,530
TOTAL EQUITY	721,197	571,227	67,163	49,890

Note:

^(a) Restated in connection with the acquisition of MAL, which is restructuring transactions of entities under common control thus performed in the same manner by the method of pooling of interests.

As of June 30, 2011

Total equity of the Company as of June 30, 2011 amounted to Rp721,197 million, or increased by Rp149,970 million or 26.25% compared with total equity as of December 31, 2010 which amounted to Rp571,227 million. This increment was primarily due to recorded earnings of the current period amounted to Rp164,020 million.

Comparison between year 2010 an year 2009

Total equity of the Company as of December 30, 2010 amounted to Rp571,227 million or increased by Rp504,064 million or 750.51% compared to total equity as of December 31, 2009 which amounted to Rp67,163 million. This increase in total equity was due to increment in the Company's amount of paid capital.

Comparison between year 2009 and year 2008

Total equity of the Company as of December 31, 2009 amounted to Rp67,163 million or increased by Rp17,273 million or 34.62% compared with total equity as of December 31, 2008 which amounted to Rp49,890 million. This increase in total equity was due to increment in the Company's amount of paid capital.

5. Financial Ratio

Liquidity

The level of liquidity reflects the capability of the Company to fulfill its short-term liabilities by utilizing the current assets. Level of liquidity is measured by the current ratio by dividing the current assets with current liabilities of a certain period. Current ratio of the Company and its subsidiaries as of June 30, 2011 was 1.92x and as of December 31, 2010, 2009 and 2008 were 2.29 x, 1.19 x and 0.94x, respectively.

Solvency

The solvency of the Company is the Company's ability to fulfill its short-term and long-term liabilities as reflected by dividing total liabilities and the capital and also by dividing between total liabilities and total assets.

The ratio between the Company's total liabilities and total assets as of June 30, 2011 was 0.38x and as of December 31, 2010, 2009 and 2008 were 0.49x, 0.84x, 0.81x, respectively. While the ratio between total liabilities and equity as of June 30, 2011 was 0.62x and as of December 31, 2010, 2009 and 2008 were 0.96x, 5.46x and 4.39x, respectively. The trend of increasing equity solvency was primarily due to increase in net income and an increase in the Company's paid capital in current year.

6. Capital Expenditure

Historically, purchase of capital goods was done by utilizing the capital, internal cash and loans to related parties. By considering significant increase in production volumes in the future, the Company realizes that a large number of funds are required. Therefore, the Company intends to conduct Initial Public Offering, where most of the proceeds from the Public Offering will be used to purchase the capital goods.

In purchasing capital goods in foreign currency, the Company uses natural hedge, considering that the Company has a more or less balanced net open position in foreign currency. The Company therefore does not hedge the transaction for the purchase of capital goods in foreign currency.

To get new reserves and to support the significant increased volume of production in the future, the Company has engaged in exploration and development and purchased fixed assets aggressively. The fixed assets purchases that have been conducted among others are port constructions, base camp, infrastructure and mining machineries and equipments.

From these aggressive exploration and development activities, the Company has obtained new reserves in a significant amount. Based on the Independent Technical Report of PT SMG Consultants on February 2011 and March 2011 and of PT Danmar Explorindo on February 2011, in accordance with the JORC standard methodology, the Company and its subsidiaries have coal resources for more than 1.93 billion tons of thermal coal, with approximately 849 million tons of coal reserves.

Meanwhile, with the purchase of fixed assets, the Company has prepared some facilities and infrastructures required to support increased production. Purchase of capital goods in the future is needed to support further increase in the Company's production volume significantly.

7. Risk Management

To reduce the operational risks in achieving business goals, the Company and its subsidiaries have implemented a comprehensive risk management in each level of the company's organizational structure. The risk management function within the company is conducted as below:

- Board of Commissioners through the establishment of audit committees
- Board of Directors is in charge of implementing policies and internal controls for securing investments and assets of the Company
- Budgetary Control. To reduce the possibility of financial risk, the Company implements effective and efficient cost management compared to budget. Payment for expenses and/or expenditure budget of the company is conducted through tender system, taking into account the financial and technical aspects.
- Control and analysis of business to reduce the possibility of business and investment risks, the Company formed Business Control and Analysis function.

VI. BUSINESS RISKS

Before investing in the Company's shares, prospective investors should consider that the Company's business activities will depend on many external factors that are beyond the control of the Company. In addition, prospective investors should also carefully consider various business risks described in this Prospectus. All risks, both those that are known and unknown, can have an adverse impact on the business performance, financial performance and/or value of the Company's shares. Should any of these risks occur, the Company's share price might decrease so that the investors may face a potential loss on their investments.

The Company only discloses the risks associated with business activities and the Company's industrial sector.

Business risks faced by the Company in conducting business activities include:

A RISKS ASSOCIATED WITH THE COMPANY'S PRODUCTION:

1. Risk of significant coal price fluctuation

Like most companies engaged in the mining industry, the revenues of the Company and its subsidiaries are greatly rely on coal sales which determined by price of the coal. The prices of coal sold by the subsidiaries are determined by numerous factors beyond the control of the Company such as

world's coal price, which can fluctuate significantly following the production capacity and coal consumption patterns of industries that use coal as the main fuel, weather conditions, distribution problems, availability of coal supply from other coal producers, availability of fuels and alternative fuels, the development of technology and employment factors.

Based on data from Bloomberg, in general the price of Free-On-Board (FOB) coal in international trade has increased quite significantly by 354% within 10 years or in an average of more than 35% per year, from US\$ 27.80 per ton in December 2000 to US\$ 126.10 per ton in December 2010.

Declining coal prices or world's coal prices below the overall production costs for a long period of time could negatively impact business operations, financial condition, and the Company's business prospects.

2. Risk of increasing fuel price and/or raw materials and/or supporting mining materials

Fuel is a significant part of the Company's operating costs and fluctuation in fuel prices may affect the profitability of the Company. Based on the requirements in most contracts between subsidiaries and their respective contractors, the increase in most of the raw materials' price will be the responsibility of concerned company including the

increase in fuel price. The increase in fuel price will indirectly trigger the increase in coal sales price, which in turn will also impact the volume of demand for coal supply. The increase in fuel prices in the future can cause an adverse impact on the financial condition, operations results and business prospects of the Company, when it leads to a decline volume of coal demand.

3. Risk of adjustment to the estimation of proven and probable coal reserves and limited coal reserves

Estimation of proved and probable reserves of coal set forth in this Prospectus is the statement of assessment based on knowledge, experience and common industry practice. Although the estimations are considered reasonable at the time they were made, but they may change significantly when new information is available, where there is a risk that the coal has quality, volume or stripping ratio different from or not as good as what has been estimated previously and the cost of production is higher than that of the estimation. Adjustment of proven and probable coal reserves can influence the development and mining operations plan of the Company and its subsidiaries, and may cause negative impacts on the financial condition, results of operations and prospects of the Company's business. The amount of coal reserves in the territory of PKP2B and IUP of subsidiaries will decrease in line with the Company's mining activities. The Company's

growth and success in the future depend on the success of the Company and subsidiaries to acquire additional coal reserves within the current territory of PKP2B and IUP and will depend on the ability of the Company and its subsidiaries in converting the existing coal resources into coal reserves which can be mined economically before the validity of concerned PKP2B and IUP is expired.

4. Risk of subsidiaries' dependence on mining and shipping contractors

Currently, most of the mining activities in the area of PKP2B and IUP of the subsidiaries performed by the mining contractors based on medium-term to long-term contract agreements. Based on those contract agreements, each contractor is responsible to provide all equipments, facilities, services, materials, supplies, manpower, and management required for the operation activities and maintenance of each area of work. Damage, failure or operational difficulties of equipments or machineries operated by the contractors can be a negative impact on the financial condition, results and prospects of the Company's business, as well as on delay or disturbance on the disposal of overburden and coal production logistics.

Performance of the contractors or subcontractors may be disrupted also by manpower problems or lack of processing

capacity, equipments, facilities, services, materials or supplies needed in their operations. Failure by the contractors or subcontractors to comply their obligations in accordance with the existing labor contract, or cancellation or breach against working contract may cause a negative impact on the financial condition, results of operations and the Company's business prospects.

5. Risk of subsidiaries' dependence on major installations, equipments, production facilities and other supporting facilities to conduct mining activities

Mining activities and the Company's operations depend on major machineries and equipments, including drilling machine, coal trucks, bulldozers, coal crushing facilities, coal carrier as well and other supporting facilities such as land transportation, ports or other supporting facilities such as land transport, ports, rivers, and seas. Difficulties, damage and operational failure of the machineries and equipments or other supporting facilities of both operated by the Company or its contractors may have a negative impact on the financial conditions, operation results and prospects of the Company's business.

6. Risk from the ability of the Company and its subsidiaries to obtain and provide fuel, spare parts, and other operational supporting materials

Under the terms of most contracts between associated subsidiaries and their respective contractors, provision of spare parts and operational supporting materials is the responsibility of the companies concerned. Delay in the provision of spare parts and other operational supporting materials can inhibit the production process which may cause material loss to the business operations, financial condition, results of operations and prospects of the Company.

7. Risk from changes in regional or global economic conditions

Currently Indonesia's economic condition is still significantly influenced by the economic crisis in Asia and the global economic crisis that occurred since 2008. The global crisis also caused declining availability of loanable funds, declining foreign direct investment, global financial institutional failure, decreasing value in global stock market, slowing global economic growth rate and decreasing demand for some commodities. There is no guarantee that economic recovery will continue or economic crisis as previously occurred in Indonesia and Asia Pacific countries will not happen anymore in the future, eventhough the global economy has shown signs of improvement since 2009.

8. Risk from limited services and coal transportation routes

The company still relies on public pathways, transportation services and loading facilities in transporting the Company's coal to the delivery points at the shore. The possibility of barriers during the road trip is due to the restoration or development of transportation infrastructure by the authorities or the Company's restricted ability to utilize the land and sea routes that will cause delays in the delivery of coal that becomes the obligation of the Company in accordance with the agreements and consumer demands which in the future may cause claims to the Company or otherwise damage the Company's relationships with its customers. This will cause material loss to the business, financial condition, results of operations and prospects of the Company.

9. Risk of declining coal quality

The Company sells coal in accordance with certain quality specifications determined in the sales contracts. The specifications of the quality of coal produced the Company may decline in line with exhausted reserves in some areas of mining operation of the Company. The decline in coal quality specifications can result in decreasing of the Company's coal sales price. Price reductions can cause negative impacts on the financial condition, results of operations and prospects of the Company.

10. Risk of coal oversupply

Growth in world coal markets and increased global demand for coal has attracted new players in the industry and encourage the development of new mines and expansion of existing mines in various countries which resulted in increase in global coal production capacity. Increasing rate of development and the excess of global coal supply in the future may reduce the global coal price and the coal sales price.

11. Risk of failure or delay in the implementation of the Company's strategy

The Company through its subsidiaries produces 2.0 million tons of coal in 2010 and plans to increase the amount of production to 6 million tons in 2011. The ability of the Company and its subsidiaries to increase their coal production, including their ability to meet coal sales contractual commitments during year 2014 and in the years ahead, has some risks, including:

- The inability of the Company and its subsidiaries to renew contracts with existing contractors or achieve agreements with new contractors, with profitable terms and conditions.
- The inability of the Company and its subsidiaries and/or the contractors in providing equipments and machineries required in coal production chain.

- Under the terms of contract agreements between the subsidiaries and the contractors, the contractors are responsible for most capital expenditure requirements and manpower to run their activities. The contractors' capital expenditure requirements and operational plans have risks, which some of the risks are beyond their control, such as increasing price of equipments, delay in the delivery of required equipments and materials including the ability to obtain permits required, the procurement of qualified manpower and the ability to obtain funding by acceptable provisions, which may affect the ability of contractors to meet their contractual obligations to related subsidiaries.
- The Company and its subsidiaries or its contractors may find difficulties in the procurement of machineries, equipments and spare parts, especially the coal trucks, digging machinery and tires for those equipments required to increase coal production, which may be caused by the supply constraints in steel and rubber market and high demand for such materials in the global market.
- The Company and its subsidiaries must obtain various permits from the authorities to implement and continue their expansion plan. Failure to obtain required permits within a specified time period may inhibit or obstruct the expansion plan.

- The Company's inability to integrate new mines with current operation activities.
- Declining coal prices during the implementation of the expansion may result in uneconomical business expansion.
- There is no assurance that the Company and its subsidiaries are able to sell the coal from their production.
- Unexpected conditions and development of situation that may hinder the implementation of the expansion program, including poor weather conditions, forest fires, poor geological conditions, social and community issues around concession areas, difficulties in reaching agreements with the residents in the framework of land utilization, and damage equipments and machineries during the operational activities.
- The inability of the Company and its subsidiaries to conduct operations and production expansion in their PKP2B and IUP territory may cause negative impacts on the financial conditions, operation results and business prospects of the Company.
- There is no assurance that the Company and its subsidiaries can produce coal in sufficient quantities to fulfill customer demands, or obligations under existing contracts. Failure in supplying coal in sufficient

quantities can be caused partly by disputes with contractors, labor problems, failure of machineries and equipments, operational constraints, weather, social and environmental problems, and variations in quantity and quality of the coal being mined. Failure of the Company and its subsidiaries in fulfilling their obligations under existing contracts may lead to claims from customers, sanctions under the contracts and the incurrence of demurrage costs, things which can disturb their relationship with their customers. In addition, if in future the quality of the Company's coal production is declining compared with the previous quality, the Company may have to provide greater discount to its customers. Should this occurs, it may cause negative impacts on financial condition, results of operations and business prospects of the Company.

12. Risk of mine reclamation and rehabilitation requirements

Reclamation is an activity to return the excavated peeled soil which was resulted from the implementation of mining activities into the former mining location. The government has set standards of operation and reclamation for all types of mining, for both open cut and underground mining. The Company through its subsidiaries has/will develop mine reclamation and rehabilitation strategies based on geological characteristics of the mines being operated. These reclamation activities will

continue to be performed until the entire mining activities are completed in related concession areas. Since the commencement of mining operations, the Company through its related subsidiaries has to record the estimated reclamation and rehabilitation costs as a component of mining costs. These costs will increase in line with the expanded mining area.

Based on PKP2B and IUP, associated subsidiaries are responsible to the Government for the reclamation and rehabilitation of all mining area within their concession territory. There is no certainty that the reclamation and rehabilitation works undertaken by associated subsidiaries, will be in accordance with standards established by the Government. When the result of reclamation and rehabilitation does not meet predetermined standard, it may result in requirement for continued reclamation and rehabilitation works. This may increase the Company's operational costs which will cause significant negative impacts on the financial condition, results of operations and Company's business prospects.

B RISKS ASSOCIATED WITH THE MANAGEMENT AND SHAREHOLDERS OF THE COMPANY

1. Risk of the Company's dependence on its subsidiaries

Currently, the majority of the Company's is gained from the subsidiaries' business activities. Therefore, the Company's

financial condition is highly dependent on financial performance and dividend policy of its subsidiaries. Disruption in business activities or changes in dividend policy by the subsidiaries or restriction of the subsidiaries' ability to distribute dividends as a result of certain agreements, particularly the loan agreement, can affect the Company's financial condition.

2. Risk of the Company and its subsidiaries' dependence on key employees

Coal mining is a labor intensive industry. In carrying out its business activities the Company requires supports of key personnel and/or certain senior management, including members of the Board of Directors. In case the company loses a key employee and/or senior management, it might adversely affect its financial condition, results of operations and the Company's business prospects. Meanwhile, it is quite difficult to get adequate replacement workers. This matter can materially inhibit the Company's operation activities and business growth.

3. Risk of stock trading liquidity

The Company has applied for listing of shares at the Indonesia Stock Exchange. There is no certainty whether the market for the shares can develop, or if it develops, another question is whether the shares may be liquid or not. Indonesia capital

markets are relatively less liquid and more unstable, and have different reporting standards compared with the capital markets in developed countries. The prices in the Indonesia capital markets are usually more volatile than prices in capital markets in developed countries. Therefore, the Company does not predict whether the share market for the Company's shares may develop and how the level of liquidity of the stock market is.

Compared with a more liquid market, the sales and trading settlement at the Indonesia Stock Exchange might be delayed, therefore there is no certainty that a shareholder will be able to do the sale of shares at a price or at the time like in more liquid capital markets.

Although the Company's application for listing of shares is approved, the Company's shares cannot be listed at the Indonesia Stock Exchange for a maximum of three days after the expiration of the allotment for public offering. During that period, buyer of the shares will be exposed to stock price movements at the Stock Exchange without having the ability to sell the shares which have been purchased through the Indonesia Stock Exchange.

4. Risk of stock price fluctuation

Movement of domestic and international capital market, economic conditions, foreign exchange value and interest rate

may affect the market price and demands for the Company's shares. Shares and the Company's dividends, if any, will be denominated in Rupiah. Fluctuation in the exchange value between Rupiah and other currencies, may affect the value of foreign currency that will be received by foreign shareholders from the sale of the Company's shares and the value of foreign exchange dividend distribution.

There is no public market for the Company's shares before the Public Offering. The Company has had preliminary listing approval from the Indonesia Stock Exchange to record the Company's shares and registered at the Indonesia Stock Exchange. This listing does not guarantee that the trading market for the Company's shares will develop following the liquidity of the market for the Company's shares.

The Company's shares can be traded at prices significantly below the offering price. Volatility of price of the shares may be caused by factors beyond control of the Company that are unrelated or disproportionate to the results of the Company's operation activities. It is likely to be difficult to assess the Company's performance against of domestic or International measures. Although currently it is intended that the Company's shares will remain listed at the Indonesia Stock Exchange, there is no guarantee that the shares will remain listed.

After the Public Offering price of the shares may fluctuate quite large and can be traded at prices below the offering price. This depends on several factors, among others are:

- The difference of realizable financial performance and actual operational to that expected by the buyers, investors and analysts;
- Announcements made by the Company and/or its subsidiaries in connection with the operation or corporate actions such as acquisition of new mining concessions or new concession territories;
- Changes in analysts' recommendations or perceptions against the Company or Indonesia;
- Changes in economic conditions, political or market conditions in Indonesia;
- Involvement of the Company and its subsidiaries in litigation cases;
- Changes in commodity prices, particularly coal;
- Changes in stock prices developing of foreign companies (especially in Asia) and in countries; and
- Global fluctuation in stock prices.

5. Risk of possibility of no dividend payment

The Company's ability to distribute dividends associated with the shares offered will depend on the needs and the

availability of cash and the Company's financial performance in general in the future, which certainly depends also on successful implementation of the Company's growth strategy, business competition, rules and legislation, general economic conditions, demand and supply prices of the products of the Company and its subsidiaries, and other specific factors related to the coal industry or other projects undertaken by the Company. In addition, the Company and its subsidiaries have restrictions as set in their loan agreements in terms of distribution or the amount of dividends that can create a new financing agreement in the future which may provide additional restrictions on the ability of the Company and its subsidiaries to distribute dividends and may cause expenses or liabilities that may reduce cash availability for dividend distribution.

Although the Company is the parent company, but its ability to distribute dividends still depends on the ability of subsidiaries in distributing dividends. Determination of the amount of dividends, if any, which will be paid to the Company from its subsidiaries depends on the financial condition, results of operations, cash flow and business prospects in the future.

6. Risk of net asset value of shares offered in the Public Offering is lower than the Offering Price

Currently, the offering price per share of circulated shares issued to the Company's shareholders is higher than the net asset value per share. Therefore, the buyers of shares offered will shortly experience a substantial dilution and the current shareholders of the Company will experience material increase from the net asset value per share of each share they own.

7. Risk of equity securities

The shares being offered are the Company's equity securities. In terms of fulfillment of the rights on the Company's available assets and income, the equity securities are at the lowest rank compared with the rights fulfillment of all other obligations and non-equity payables of the Company. In addition, the rights of the Company on assets of subsidiaries in the event of liquidation or reorganization of each subsidiary can only be met after fulfilling obligations to all creditors of the subsidiary.

8. Risk of changes on the use of the proceeds from this public offering for different purposes from those stated in this prospectus and the possibility that the Company could not use the proceeds from the Public Offering effectively

The Company plans to use the proceeds from this Public Offering in accordance with the procedures described in the

chapter regarding the plan of use of funds. The management needs to make a separate consideration to determine the exact amount and timing of utilization of the net proceeds of this Public Offering. The Company may use the proceeds of this Public Offering in a different way from that stated in this Prospectus, which may not correspond with the wishes of the shareholders such as using the proceeds from this Public Offering in a way that may not result in an increase of the Company's operations or value of the shares. Failure to use the proceeds of this Public Offering effectively might results in financial loss that could cause a decrease shares' price and delay in the development of various business activities of the Company.

9. Risk that the buyer may be subject to restrictions on the rights of minority shareholders

Under the current Indonesia Law, minority shareholders cannot protect their interests within certain same limits as in other countries. Under the Indonesia law, the obligations of the majority shareholder, the board of commissioners and directors with respect to minority shareholders, are more limited than those in other countries.

The principles of UUPT related to the validity of the corporate procedures and fiduciary duties of the Company's management, board of commissioners and directors and

controlling shareholders, and the rights of minor shareholders of the Company is governed by the UUPT, regulations of Bapepam-LK and articles of association while for the Corporate established beyond jurisdiction of the Republic of Indonesia, legal principles that apply will be different.

Claims filed by the Company's shareholders in connection with the activities of board of commissioners and directors almost never filed on the Company's name or had never filed in Indonesia court and the rights of minority shareholders have never been used in practice, even though the regulation has been established since 1995. If the above demands can be implemented by the Indonesia Law, but the absence of jurisprudence (reference) of the court may make the process of claim filed in court to be difficult. Thus there is no certainty that the rights of minority shareholders received under the Indonesia Laws will be the same or sufficient compared with those received by minority shareholders under the laws in other countries.

10. Risk of buyer's restricted rights to participate in the Company's limited Public Offering

A listed company must offer pre-emptive rights to the Company's shareholders whose names are recorded in the Register of the Company's shareholders 8 (Eight) working days after approval of the Shareholders General Meeting to be able

to buy and pay for a number of shares proportionally so that they can maintain their percentage of share ownership in the event of issuance of new shares in accordance with regulation of Bapepam No.IX.D.1.

Each time the Company conducts a limited public offering or other offerings, the Company will evaluate the costs and potential liabilities in connection with the offering and its ability to meet regulations beyond Indonesian jurisdiction and other factors that are considered necessary by the Company. Nevertheless the Company may choose not to comply the capital market regulations in several jurisdictions and when the Company does not obtain exceptions to the regulations and registration requirements in certain jurisdictions, the shareholders in such jurisdiction cannot participate in the public offering and may experience dilution in stock ownership. Accordingly, the Company cannot guarantee that the buyers of shares offered can maintain the percentage of share ownership proportionally at any time. Since limited public offerings in Indonesia allow buyers to buy shares at a substantial discounted current share price, the inability to participate in limited public offering can cause material economic loss for the shareholders.

C. RISKS ASSOCIATED WITH THE PROVISION OF LEGISLATION AND SOCIAL ENVIRONMENT IN INDONESIA:

1. Risk of terminated or revoked coal mining rights by the Government

Coal mining activities in Indonesia are generally subject to and regulated by the Government through the Ministry of Energy and Mineral Resources, the Ministry of Forestry, Ministry of Environment, National Investment Coordinating Board (BKPM) and the Local Government where mining area is located.

The Company is the holder of IUP Exploration Transportation and Sale, and the Company through its subsidiaries has the right to mine coal which is through PKP2B of BIB and IUP Exploration, Exploitation, Transportation and Sale of coal held by KIM, KCP, TBBU, BBU, BHBA, BNP, MAL, NIP and TKS. PKP2B can be terminated and IUP can be revoked unilaterally by the Government before the expiration date of PKP2B and IUP when the Company or its related subsidiary neglects its obligations as set forth in the IUP or PKP2B. If the Company or its subsidiary fail to fulfill its obligations under IUP or PKP2B and the failure is not corrected within the specified time, then the IUP or PKP2B can be terminated (for PKP2B) or revoked (for IUP).

Termination or revoke or restriction of PKP2B and/or IUP can cause negative impacts on business activities, financial condition, results of operations and business prospects of the Company.

2. Risk of new legislation enactment whether in the field of mining, environment, seaport, shipping, finance, forestry, as well as in other fields or there might be an interpretation or implementation of such legislation which can negatively impact business activities and licensing owned by the subsidiaries.

The Company and its Subsidiaries requires permits and approvals other than PKP2B and IUP, to run its business. The Company cannot confirm the possibility of changed regulations relating and/or affecting the mining industry in Indonesia in the future. Changes of legislation limiting mining operations in the concessions territory including those that cause failure of the Company in obtaining permits and renewal of approvals could adversely affect the financial condition, results of operations and business prospects of the Company and its subsidiaries.

In the environmental sector, BIB is the holder of Environmental Impact Assessment (AMDAL) for the implementation of mining activities in the area of PKP2B, and the holder of Environmental Management and Monitoring Plan (UKL-UPL) for the implementation of special port activities which is in the process of evaluation within the framework of the Mandatory Environmental Audit in accordance with Article 49 paragraph 1 Law No.32 Year 2009 on Environmental Protection and Management. KIM, KCP, TBBU, BBU, BHBA, BNP, MAL, NIP and TKS

are AMDAL and/or UKL-UPL holders for the implementation of mining activities in each IUP area. The AMDAL and UKL-UPL might be evaluated in the framework of Mandatory Environmental Audit, which enable subsidiaries to renew AMDAL and UKL-UPL, which has been owned.

Termination or revoked or limitation of AMDAL and/or UKL-UPL with respect to the results of evaluation in the framework of Mandatory Environmental Audit may cause negatif impacts on the business activities, financial condition, results of operations and business prospects of the Company.

3. Risk of dependence on the ability of subsidiaries to obtain, maintain and renew all permits and approvals required.

The Company requires various permits and approvals from central and local government agencies to conduct mining operations that include [general business permits, mining permits, investment permits, labor permits, compliance to environmental provisions, land utilization permits, forestry permits and other permits](#). Most of these permits have varying expiration from 6 months up to 30 years from the date of issuance of such permits. Thus, the Company must renew each permits and approvals when it is expired and obtain new permits and approvals if necessary. The Company cannot ensure that the Government (either central or local level) will issue

or extend the permits and give approvals in estimated time period. Negligence or failure to obtain or extend any permit or approval required for the Company's operation could be materially detrimental to business activities, financial conditions, results of operations and prospects of the Company.

4. Risk of illegal mining

Illegal coal mining is a problem that often occurs in Indonesia that can cause disruption to the activities of mining companies and loss due to decreased reserves and increased rehabilitation costs on related concession areas.

The subsidiaries have experienced and also have overcome small-scale coal theft in PKP2B areas. It cannot be ensured that illegal coal mining within their territories will not happen anymore or whether it will increase in the future and whether the illegal coal mining in the future does not have a negative impact on the financial condition, results of operations and business prospects of the Company.

5. Risk associated with the local population in mining areas

Problems with the local residents around the operation areas of related subsidiaries may arise as a result of the company's business activities which include among others are land acquisition problem, land overlapping, relocation of

residents and work accidents. These issues may cause protests which can disrupt business activities of the Company and its subsidiaries. Failure to resolve the problems of local residents can cause negative impacts on financial condition, results of operations and business prospects of the Company.

6. Risk of negligence to comply with applicable legislation in forestry and environmental sectors

Coal contains a variety of chemical elements, including sulfur, mercury, chlorine and other compounds, most of which are released into the air during combustion. More stringent regulations in environment sector related to the emissions from the power plant using coal fuel and other coal user industries, may increase the cost of using coal. This can reduce the demand for coal as an energy source and cause negative impacts on coal sales volume and prices of the Company and its subsidiaries, which in turn can negatively impact financial condition, results of operations and business prospects of the Company.

Indonesia and more than 16 other countries have signed the United Nations Framework Convention on Climate Change ("UNFCCC") in 1992 which had the purpose to limit or restrain emissions of greenhouse gases like carbon dioxide. On December 1997, in Kyoto, Japan, the UNFCCC signatories set the emission target which was binding some developed countries (the Kyoto

Protocol). The Kyoto Protocol was coming into force on February 16, 2005. Specific emissions targets may differ from one country to another. The implementation of the Kyoto Protocol or the implementation of other comprehensive regulations focusing on greenhouse gas emissions, may lead to restrictions on the use of coal in the key markets of the Company. Other efforts to reduce greenhouse gas emissions and initiatives from various countries to further promote use of gas can also affect the use of coal as an energy source, which will ultimately have a negative impact on the financial condition, results of operations and business prospects of the Company.

The Company's mining operations through its subsidiaries that include the use of water, OB disposal, waste drain construction, coal stockpiling, OB stockpiling, and top soil and exhaust emissions from coal crushing and screening plant, can cause negative impacts on the environment. The Company through its related subsidiaries has to comply with rules and legislations in Indonesia and in specific region regarding safety, health and the environment. These regulations among other things concern air and water pollution, waste disposal, cleaning mine area, quality and availability of groundwater, protection of flora and fauna, and land reclamation after mining activities is completed. Costs associated with the fulfillment of obligations in the environment sector will

increase operating costs and affect competitiveness of the Company and its subsidiaries. In addition, any violation, liabilities occur or changes in legislation in the environment sector can cause huge costs and penalties for related subsidiaries. Permits to conduct mining operations will be suspended if it is proved of serious mistake or permanent damage to the environment.

The impact of mining activities on the environment may be greater than what had been anticipated earlier so that was why violation to applicable rules and legislations occurs. Any material increased in environment compliance and recovery costs as a result of quite large environmental damage, could adversely affect the financial condition, results of operations and business prospects of the Company.

7. Risk of labor actions and demonstration

The Company depends directly and indirectly on the work force with low costs. National and regional inflation affecting the rate of salary/wages, will directly and indirectly increase the Company's operation costs so that it can reduce the value of salary/wages.

Labor activities and protests that occurred in Indonesia could disrupt operation activities of the Company, performance of suppliers or contractors and could adversely affect the financial condition of Indonesian companies in general,

decrease stock prices at Indonesia Stock Exchange or other Stock Exchange and also suppress the rupiah exchange rate against other currencies. This condition could negatively impact the financial, operating results and business prospects of the Company.

D RISKS ASSOCIATED WITH THE NATURE

1. Risk of accidents, weather changes and natural disasters that could cause negative impact on the operational performance of the Company and its subsidiaries

Location of Indonesia which is on three convergence of Earth's crustal plates, which are Eurasian continent plate, of India-Australia continent plate and the Pacific Ocean plate gives rise to a geological structure that has a wealth of mining potential which has been recognized worldwide. But Indonesian archipelago has world's most active volcanic activity, which makes Indonesia is prone to seismic activity that could cause earthquakes and tsunamis. Those natural events could bring loss to the Company.

The Company has implemented adequate safety standards in the implementation of mining operations. However, in the implementation of its business activities, there is still possibility of risks of occupational accidents, including the risk of fire, explosion, trade embargo, labor disputes, social and environmental problems, unanticipated geological

conditions, landslides, weather changes (including heavy rain) and natural disasters such as high waves, earthquakes and other natural phenomena.

Accidents, weather changes and natural disasters can negatively impact business activities, financial condition and business prospects of the Company.

2. Risk of difference and estimation of geological conditions that could affect the coal production

Coal mining business activities owned by the Company and its subsidiaries are located in several areas in Jambi, South Sumatra, South Kalimantan and Central Kalimantan. Geological conditions in each mine could affect the Company's operation activities or other activities in coal mining, processing, storing, transporting or shipping and could decrease, disrupt or suspend the coal production of the Company and its subsidiaries which cause large and detrimental impact to the Company.

The management of the Company stated that all the business risks faced by the Company in conducting its business activities have been disclosed in the Prospectus and have been prepared based on the weight of the impact of each risk group against business activities and financial condition of the Company.

VII. MATERIAL EVENTS SINCE THE DATE OF INDEPENDENT AUDITORS' REPORT

There have been no material events since the date of the independent auditors' report on Company's consolidated financial statements for the six-month period ended June 30, 2011 and for the years ended December 31, 2010, 2009 and 2008 which has been audited by Public Accountant Firm Mulyamin Sensi Suryanto with an unqualified opinion, that have not been disclosed in this Prospectus.

VIII. COMPANY AND SUBSIDIARIES INFORMATION

1. BRIEF HISTORY OF THE COMPANY

PT Golden Energy Mines Tbk. (hereinafter referred to as "The Company") is a Limited Liability Company, originally established under the name PT Bumi Kencana Eka Sakti by Deed No. 81 dated March 13, 1997 made before Imam Santoso, SH, Notary in Jakarta. The deed has obtained approval of the Minister of Justice by Decision No. C2-7.922HT.01.01.TH.98 dated June 30, 1998 and has been registered in the Company Register in accordance with UUWDP No. TDP 090515142049 in the Company Registration Office of Central Jakarta Municipality under No. 2178/BH 09.05/XI/2000 dated November 7, 2001 and was published in Official Gazette of the Republic of Indonesia No. 30 dated April 12, 2002, Supplement No. 3667.

Since its establishment until the publication date of this Prospectus, the Articles of Association have been amended several times which are as follows:

- a) Deed No. 53 dated March 24, 2008, made before Hannywati Gunawan, SH, Notary in Jakarta, of which contents were in connection with (a) the increase of authorized, issued and paid capital of the Company and (b) the amendments of the Company's Articles of Association to conform with the UUPT. The deed has obtained approval of the Minister of Justice by Decision No. AHU-36773.AH.01.02.Year 2008

dated June 30, 2008, registered in the Company Register No. AHU-0053226.AH.01.09.Year 2008 dated June 30, 2008, registered in the Company Register in accordance with UUWDP with TDP No. 09.05.1.51.42045 dated July 17, 2009 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of Jakarta Provincial Government under No. 9627/RUB.09.05/ III/2009 dated March 18, 2009 and has been published in the State Gazette of the Republic of Indonesia No.1, dated January 2, 2009, Supplement No. 91;

- b) Deed No. 45 dated February 23, 2009 prepared by Linda Herawati, SH, Notary in Central Jakarta, of which contents were in connection with the increase of the Company's issued and paid capital. The deed has been received and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to (i) Receipt of Notification of Amendment of Articles of Association No. AHU-AH.01.10-02056 dated March 19, 2009 and (ii) Receipt of Company's Data Change Notification of No. AHU-AH.01.10-02057 dated March 19, 2009, each of which has been registered in the Company Register in accordance with UUPT under No. AHU-0010486.AH.01.09.Year 2009 dated March 19, 2009 and No. AHU-0010487.AH.01.09. Year 2009 dated March 19, 2009, registered in the Company

Register in accordance UUWDP under TDP No. 09.05.1.51.42045 dated July 17, 2009 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of Jakarta Provincial Government under No. 9627/RUB.09.05/ III/2009 dated March 18, 2009, and has been published in State Gazette of the Republic of Indonesia No. 64 dated August 11, 2009 Supplement No. 649.

- c) Deed No. 56 dated July 20, 2010 prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents among others were in connection with the increase of authorized, issued and paid capital of the Company. The deed has obtained approval of the Minister of Justice by Decision No. AHU-37165.AH.01.02.Year 2010 dated July 27, 2010, has been registered in the Company Register in accordance with UUPT under No. AHU-0056092.AH.01.09.Year 2010 dated July 27, 2010 and has been received and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-19805 dated August 4, 2010 and has been registered in the Company Register in accordance with UUPT No. AHU-0058334.AH.01.09 Year 2010 dated August 4, 2010, registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.42045 in Office of Cooperatives, Micro, Small

and Medium Enterprises, and Trade of Jakarta Provincial Government dated March 22, 2011.

- d) Deed No. 74 dated October 22, 2010 prepared by Hannywati Gunawan, SH, Notary in Jakarta, among others, related to (i) change of Nominal Value of the shares from Rp.1,000,000 (one million rupiah) to Rp100 (one hundred Rupiah), and (ii) the increase of authorized, issued and paid capital of the Company. The deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-50927.AH.01.02.Year 2010 dated October 29, 2010, and has been registered in the Company Register in accordance with UUPT under No. AHU-0078459.AH.01.09.Year 2010 dated October 29, 2010 and has been registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.42045 in Office of Cooperatives, Micro, Small and Medium Enterprises, and Trade of Jakarta Provincial Government dated March 22, 2011.
- e) Deed No. 43 dated November 16, 2010 made before Linda Herawati, SH, Notary in Central Jakarta, of which contents among others related to (i) the change of the Company's status from closely held to publicly listed company; (ii) change of the Company's name from PT Bumi Kencana Eka Sakti to PT Golden Energy Mines Tbk; (iii) changes in the purpose and objectives and business

activities of the Company and (iv) amendments throughout the Company's Articles of Association to conform with the provisions of regulations of Bapepam-LK No. IX.J.1. The deed has obtained approval of the Minister of Justice by Decision No. AHU-54931.AH.01.02.Year 2010 dated November 23, 2010, has been registered in the Company Register in accordance with UUPT under No. AHU-0084940.AH.01.09.Year 2010 dated November 23, 2010 and the Receipt of Amendments of Articles of Association Notification has been received and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia on November 30, 2010 under No. AHU-AH.01.10-30717 and has been registered in the Company Register in accordance with UUPT under No. AHU-0086853.AH.01.09.Year 2010 dated November 30, 2010, registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.42045 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of Jakarta Provincial Government dated March 22, 2011.

Since it was established, the Company has had main business operation in the mining sector through its subsidiaries and Coal Trading.

2. DEVELOPMENT OF COMPANY'S SHAREHOLDING STRUCTURE

The development of structure and share ownership since establishment up to the publication date of this prospectus is as follows:

In 1997 (Establishment)

In accordance with the Deed no. 81 dated March 13, 1997, made before Imam Santoso, SH, Notary in Jakarta, the capital and shareholding structure of the Company at the time of the establishment was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- Ny. Fia Hanafi, S.H.	4	4,000,000	80.00
- Ny. Retno Sri Hastuti, S.H.	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

In 1999

In accordance with the Deed No. 20 dated June 24, 1999, made before Hardinawanti Surodjo, SH, Notary in Jakarta, of which contents related to the sale of 4 (four) shares of the Company which belonged to Ny. Fia Hanafi to PT Ivo Mas Tunggal and the sale of 1 (one) share of the Company which belonged to Ny. Retno Sri Hastuti to PT Buana Wiralestari, then the

composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- PT Ivo Mas Tunggal	4	4,000,000	80.00
- PT. Buana Wiralestari	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in the Deed No. 19 dated June 24, 1999, made before Hardinawanti Surodjo, SH, Notary in Jakarta, which deed has been notified to the Directorate General of Law and Legislation of Department of Justice of the Republic of Indonesia and received on September 7, 1999 and has been registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.51.42045 dated July 17, 2009 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of Jakarta Provincial Government No.9627/RUB.09.05/III/2009 dated March 18, 2009.

In 2001

In accordance with the Deed No. 14 dated April 24, 2001, made before Hardinawanti Surodjo, SH, Notary in Jakarta, of which

contents were in connection with the sale of 2 (two) shares of the Company belonged to PT Ivo Mas Tunggal to PT Sejahtera Puramas, then the composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- PT Ivo Mas Tunggal	2	2,000,000	40.00
- PT Sejahtera Puramas	2	2,000,000	40.00
- PT. Buana Wiralestari	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in the Deed No. 13 dated April 24, 2001, prepared by Hardinawanti Surodjo, SH, Notary in Jakarta, which deed has been notified to the Directorate General of General Law Administration of Department of Justice of the Republic of Indonesia and received on July 6, 2001 and has been registered in the Company Register in accordance with UUWDP as stated in TDP No. 09.05.1.51.42045, dated July 17, 2009 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of the Jakarta Provincial Government under No. 9627/RUB.09.05/III/2009 dated March 18, 2009.

Pursuant to:

- (a) Deed No. 3 dated June 14, 2001, made before Hardinawanti Surodjo, SH, Notary in Jakarta, of which contents were related to the sale of 2 (two) shares of the Company belonged to PT Ivo Mas Tunggal to PT Sejahtera Puramas and
- (b) Deed No. 6 dated June 15, 2001, made before Hardinawanti Surodjo, SH, Notary in Jakarta, of which contents were related to the sale of 1 (one) share of the Company belonged to PT Buana Wiralestari to Jenardi Purnama.

After the sale and purchase of the share, the composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- PT Sejahtera Puramas	4	4,000,000	80.00
- Jenardi Purnama	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in Deed No. 2 dated June 14, 2001, prepared by Hardinawanti Surodjo, SH, Notary in Jakarta, which deed has been notified to the

Directorate General of General Law Administration of Department of Justice and Human Rights of the Republic of Indonesia and received on July 16, 2001 under No. 110/VII/2001 and has been registered in the Company Register in accordance with UUWDP in Company Registration Office of Central Jakarta Municipality on November 7, 2001.

In 2007

In accordance with the Deed No. 10 dated December 17, 2007, made before Nanny Wiana Setiawan, SH, Notary in Jakarta, of which contents were in connection with the sale of 1 (one) share of the Company belonged to Jenardi Purnama to PT Duta Jakarta Sejahtera, then the composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- PT Sejahtera Puramas	4	20,000,000	80.00
- PT Duta Jakarta Sejahtera	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in Deed No. 9 dated Desember 17, 2007, prepared by Nanny Wiana Setiawan, SH, Notary in Jakarta, which deed has been received

and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to Receipt of Company's Data Change Notification No. AHU-AH.01.10-3128 dated February 11, 2008 and has been registered in the Company Register No. AHU-0009410.AH.01.09.Year 2008 dated Februari 11, 2008 and has been registered in the Company Register in accordance with UUWDP in TDP No. 09.05.1.51.42045, dated July 17, 2009 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of the Jakarta Provincial Government under No. 9627/RUB.09.05/III/2009 dated March 18, 2009.

In 2008

(i) Pursuant to:

- (a) Deed No. 54 dated March 24, 2008, made before Hannywati Gunawan, SH, Notary in Jakarta, of which contents were related to the sale of 4 (four) shares of the Company belonged to PT Sejahtera Puramas to PT Gerbangmas Tunggal Sejahtera and
- (b) Deed No. 55 dated March 24, 2008, made before Hannywati Gunawan, SH, Notary in Jakarta, of which contents were related to the sale of 1 (one) share of the Company belonged to PT Duta Jakarta Sejahtera to PT Sinar Mas Cakrawala, then the composition of

shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20	20,000,000	
Issued and Fully Paid Capital			
- PT Gerbangmas Tunggal Sejahtera	4	4,000,000	80.00
- PT Sinar Mas Cakrawala	1	1,000,000	20.00
Total Issued and Fully Paid	5	5,000,000	100.00
Portfolio Shares	15	15,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in Deed No. 53 dated March 24, 2008, prepared by Hannywati Gunawan, SH, Notary in Jakarta.

(ii) In accordance with Deed No. 53, dated March 24, 2008, prepared by Hannywati Gunawan, SH, Notary in Jakarta, in connection with increase of the Company's authorized capital from previously Rp20,000,000 (twenty million Rupiah) to Rp145,000,000,000 (one hundred and forty five billion Rupiah) and increase of the Company's issued and paid capital from previously Rp5,000,000 (five million rupiah) to Rp36,272,000.000 (thirty six billion two hundred and seventy two million Rupiah), then the

Company's capital structure and composition of shareholders and share ownership was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	145,000	145,000,000,000	
Issued and Fully Paid Capital			
- PT Gerbangmas Tunggal Sejahtera	36,271	36,271,000,000	99.99
- PT Sinar Mas Cakrawala	1	1,000,000	0.01
Total Issued and Fully Paid	36,272	36,272,000,000	100.00
Portfolio Shares	108,728	108,728,000,000	

One hundred percent (100%) or a number of 36,272 (thirty six thousand two hundred and seventy two) shares of Nominal Value per share issued in the Company, or amounted to Rp36,272,000,000 (thirty six billion two hundred seventy two million Rupiah) have been fully paid by the respective shareholders of the Company by means: (i) an amount of Rp5,000,000 (five million Rupiah) is the old capital deposit (in cash) that have been paid by the shareholders, and (ii) an amount of Rp36,267,000,000 (thirty six billion two hundred and sixty seven million Rupiah) is deposit in cash before the signing of the deed, as evident from proof of payment via Bank Sinarmas on February 13, 2008.

In 2009

(i) In accordance with Deed no. 45 dated February 23, 2009, made before Linda Herawati, SH, Notary in Central Jakarta, related to the increase of the Company's issued and paid capital from previously Rp36,272,000,000 (thirty six billion two hundred and seventy two million Rupiah) to Rp48,802,000,000 (forty eight billion eight hundred and two million Rupiah), then the capital structure and composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	145,000	145,000,000,000	
Issued and Fully Paid Capital			
- PT Gerbangmas Tunggal Sejahtera	48,801	48,801,000,000	99.998
- PT Sinar Mas Cakrawala	1	1,000,000	0.002
Total Issued and Fully Paid	48,802	48,802,000,000	100.00
Portfolio Shares	96,198	96,198,000,000	

One hundred percent (100%) or a number of 48,802 (forty eight thousand eight hundred and two) shares of Nominal Value per share issued in the Company, or amounted to Rp48,802,000,000 (forty eight billion eight hundred and two million Rupiah) have been fully paid by the respective shareholders of the Company by means: (i) an amount of Rp36,267,000,000 (thirty six billion two hundred and sixty seven million Rupiah) is the old capital deposit (in cash)

that have been paid by the shareholders, and (ii) an amount of Rp12,530,000,000 (twelve billion five hundred and thirty million Rupiah) is deposit in cash, as evident from proof of payment via Bank Sinarmas on February 24, 2009.

(ii) In accordance with Deed No. 41 dated December 10, 2009, made before Linda Herawati, SH, Notary in Central Jakarta, of which contents were in connection with the sale of 48,801 (forty eight thousand eight hundred and one) shares of the Company belonged to PT Gerbangmas Tunggal Sejahtera to PT Dian Swastatika Sentosa Tbk, then the composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	145,000	145,000,000,000	
Issued and Fully Paid Capital			
- PT Dian Swastatika Sentosa Tbk	48,801	48,801,000,000	99.998
- PT Sinar Mas Cakrawala	1	1,000,000	0.002
Total Issued and Fully Paid	48,802	48,802,000,000	100.00
Portfolio Shares	96,198	96,198,000,000	

The sale and transfer of shares of the Company has obtained approval of the shareholders of the Company as stated in Deed No. 40 dated December 10, 2009, made before Linda Herawati, SH, Notary in Jakarta, which deed

has been received and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights pursuant to Receipt the Company's Data Change Notification No. AHU-AH.01.10-03872 dated February 15, 2010 and has been registered in the Company Register No. AHU-0011757.AH.01.09.Year 2010 dated Februari 15, 2010 and has been registered in the Company Register in accordance with UUWDP in TDP No. 09.05.1.46.42045 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of the Jakarta Provincial Government on March 22, 2011.

In 2010

- (i) Pursuant to Deed no. 56 dated July 20, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents among others are related to the increase of the Company's authorized capital from previously Rp145,000,000,000 (one hundred and forty five billion Rupiah) to Rp900,000,000,000 (nine hundred billion Rupiah), and the increase of issued and paid capital from Rp48,802,000,000 (forty eight billion eight hundred and two million Rupiah) to Rp228,802,000,000 (two hundred and twenty eight billion eight hundred and two million Rupiah) then the capital structure and composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp1,000,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	900,000	900,000,000,000	
Issued and Fully Paid Capital			
- PT Dian Swastatika Sentosa Tbk	228,801	228,801,000,000	99.999
- PT Sinar Mas Cakrawala	1	1,000,000	0.001
Total Issued and Fully Paid	228,802	228,802,000,000	100.00
Portfolio Shares	671,198	671,198,000,000	

One hundred percent (100%) or a number of 228,802 (two hundred and twenty eight thousand eight hundred and two) shares of Nominal Value per share issued in the Company, or amounted to Rp228,802,000,000 (two hundred and twenty eight billion eight hundred and two million Rupiah) have been fully paid by the respective shareholders of the Company by means: (i) an amount of Rp48,802,000,000 (forty eight billion eight hundred and two million Rupiah) is the old capital deposit (in cash) that have been paid by the shareholders, and (ii) an amount of Rp180,000,000,000 (one hundred and eighty billion Rupiah) is deposit in cash, as evident from proof of payment via Bank Sinarmas on July 22, 2010.

(ii) In accordance with Deed no. 74 dated October 22, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of change of Nominal Value of shares from previously Rp.1,000,000 (one million Rupiah) to become Rp.100 (one

hundred rupiah); and (ii) the increase of the Company's authorized capital from previously Rp900,000,000,000 (nine hundred billion Rupiah) to Rp2,000,000,000,000 (two trillion Rupiah), and the increase of issued and paid capital from Rp228,802,000,000 (two hundred and twenty eight billion eight hundred and two million Rupiah to Rp500,000,000,000 (five hundred billion Rupiah), so that the capital structure and composition of shareholders and share ownership of the Company was as follows:

Description	Nominal Value of Rp100 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20,000,000,000	2,000,000,000,000	
Issued and Fully Paid Capital			
- PT Dian Swastatika Sentosa Tbk	4,999,990,000	499,999,000,000	99.9998
- PT Sinar Mas Cakrawala	10,000	1,000,000	0.0002
Total Issued and Fully Paid	5,000,000,000	500,000,000,000	100.00
Portfolio Shares	15,000,000,000	1,500,000,000,000	

In 2011

Capital structure and composition of shareholders and share ownership of the Company on the date this Prospectus was published was as stated in the Deed No. 43 dated November 16, 2010, made before Linda Herawati, SH, Notary in Central Jakarta, as follows:

Description	Nominal Value of Rp100 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Share Capital	20,000,000,000	2,000,000,000,000	

Issued and Fully Paid Capital			
- PT Dian Swastatika Sentosa Tbk	4,999,990,000	499,999,000,000	99.9998
- PT Sinar Mas Cakrawala	10,000	1,000,000	0.0002
Total Issued and Fully Paid	5,000,000,000	500,000,000,000	100.00
Portfolio Shares	15,000,000,000	1,500,000,000,000	

3. MANAGEMENT AND SUPERVISION

In accordance with the Deed No. 43 dated November 16, 2010, members of Board of Directors and Commissioners of the Company are appointed by the Shareholders General Meeting, for a period of 5 (five) years counted from the Shareholders General Meeting that has appointed them, until the closing of the fifth Shareholders General Meeting after the date of their appointment and without prejudice to the right of the Shareholders General Meeting to dismiss them at any time by considering the applicable provisions of legislation.

Pursuant to Deed No. 12 dated September 13, 2011 made before Linda Herawati, SH, Notary in Central Jakarta, which has been received and recorded in the database of Legal Entities Administration System of Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to Receipt of Data Change Notification dated September 19, 2011 No. AHU-AH.01.10-29630 and has been registered in the Company Register in accordance with UUPT under No. AHU-0075315.AHA.01.09.Year 2011 on September 19, 2011 the composition of Board of Commissioners and Board of Directors are as follow:

Board of Commissioners

President Commissioner : Fuganto Widjaja

Commissioner : Michael Jackson Purwanto Widjaja

Independent Commissioner : Ketut Sanjaya

Independent Commissioner : H. Agus Tagor

Board of Directors

President Director : Lay Krisnan Cahya

Director : Bambang Heruawan Haliman

Director : Yudha Wibawa

Non-Affiliated Director : Aubry Gerard Pierre Daniel

Director and concurrently Corporate Secretary: Eddy

Below is a brief description of the members of the Board of Commissioners and Board of Directors of the Company.

Board of Commissioners**Fuganto Widjaja - President Commissioner**

Indonesian citizen, 30 years of age.

Serves as the President Commissioner of the Company since February 2011. Currently, he also serves as Managing Director of RCI, Chief Commissioner of KIM, Chief Commissioner of DSSP, Vice President Director of BIB and President Commissioner of PT Super Wahana Tehno. Previously, he served as President

Director, Executive Director of PT Super Wahana Tehno (2005-2006), Managing Director of the Company (2009-2010) and Investment Analyst of UBS Bank Singapore. Graduated from the College of Arts and Sciences, Cornell University in the field of Computer Science and Economics, in 2003, and from Cambridge University, Judge Institute of Management Studies in 2004.

Michael Jackson Purwanto Widjaja - Commissioner

Indonesian citizen, 27 years of age.

Serves as Commissioner of the Company since March 2011. Currently, he also serves as Vice President Director of PT Duta Pertiwi Tbk and Vice President Director of PT Bumi Serpong Damai Tbk since 2008. Previously he had worked in Top Tier Trading (2005), PT Arara Abadi (2004), and EuroRevine (2003). Graduated from University of Southern California, the United States in 2006 majoring International Relations.

Ketut Sanjaya - Independent Commissioner

Indonesian citizen, 60 years of age.

Serves as Independent Commissioner of the Company since February 2011. Currently, he also serves as an Independent Commissioner of PT Bank Barclays Indonesia since June 2009. Previously he served as a Senior Researcher of the Directorate of Banking Research and Regulation (2008-2009), Director of Banking Supervision Directorate 2 (2007-2008), Deputy Director

of Banking Supervision Directorate 2 (2007), Chief of Bank Indonesia Regional Officer Denpasar (2004-2007), Executive Bank Supervisor, Directorate of Bank Supervision 2 (1999-2004), Executive Bank Supervisor, Directorate of Bank Supervision 1 (1998-1999), Executive Bank Supervisor, Directorate of Bank Supervision 2 (1997-1998), Senior Bank Supervisor, Directorate of Bank Supervision 2 (1994-2007), Senior Bank Examiner - Bureau of Private Foreign Exchange Bank Examination (1993-1994), Bank Examiner - Bureau of Private Foreign Exchange Bank Examination (1986-1993), and Credit Examiner Department of Credit Examination (1985-1986).

H. Agus Tagor - Independent Commissioner

Indonesian citizen, 66 years of age

Appointed as Independent Commissioner since February 2011. Currently, he also serves as an Independent Commissioner of PT Dian Swastatika Sentosa Tbk since 2009, and Coordinator of the Climate Change National Agency since the 2009. Previously, he served as State Ministry for Environment-Expert Staff (2005-2009), Member of the Public Servants' Wealth Audit Commission (KPKPN) (2001-2004), Public Relations Consultant of National Development Information Office (NDIO) (1998-2005), Director of PT SKH Indonesian Times (1992-1995), Member of Parliament (1990-1997), Advisor at Radio Kayumanis (1980-2004), Commissioner of PT Gunung Batu Farmasi (1976-2005), Managing

Director of PT Radio Kauman Bogor (1974-2000), Director of PT Bina Patria Indonesia (1968-1974). Been educated in Faculty of Medicine, University of Indonesia (1962-1965) and several educations in National Defense Institute, National Awareness Upgrading (Tarpadnas) Indonesian Chamber of Commerce and Industry (Kadin) II (1984) and Central Office of the Pancasila Implementation Supervisory Board (BP7) (1980).

Board of Directors

Lay Krisnan Cahya - President Director

Indonesian citizen, 50 years of age.

Serves as the President Director of the Company since February 2011. Currently he also serves as President Director of DSS since 2009. As Chief Commissioner of RCI since 2011, as President Commissioner of BIB since 2011 and as Managing Director of DSSP. Previously he served among others as Director of PT Lippo Karawaci Tbk (2005-2008), Commissioner and Director of PT Multipolar Tbk (2001-2008), and in several senior positions of PT Bank Bali Tbk (1995-2000) and PT Bank Panin Tbk (1984-1995). Graduated from Economic Accounting of Tarumanagara University in 1986 and is a member of the National Institute of Accountant of Australia.

Bambang Heruawan Haliman - Director of Finance

Indonesian citizen, 49 years of age.

Appointed as Director of the Company since September 2011. Currently also serves as Commissioner of KIM since September 2011, Commissioner of KCP since May 2010, Chief of Commissioner of BNP since December 2010, Chief Commissioner of BBU and TBBU since May 2010, Commissioner of BHBA since November 2010, Chief Commissioner of MAL since May 2009, Chief of Commissioner of NIP since September 2010, Chief Commissioner of TKS since June 2010, Director of RCI since September 2006, and Director of BIB since July 2006. Previously he served as Deputy Finance Director of PT Duta Pertiwi Tbk (1994-2006), Finance Manager PT Benua Indah Group (1993-1994), held senior positions in accounting/finance at several companies engaged in palm, at PT Sadang Mas/PT Salim Plantation (1988-1992) and Chief Accountant of PT Unindo Nusantara P.S. (1987-1988). Graduated from Economic Management of Krisnadwipayana University, Jakarta, in 1986.

Yudha Wibawa - Director of Operations and Business Development

Indonesian citizen, 38 years of age.

Appointed as Director of the Company since September 2011. Currently he also serves as Managing Director of BIB since 2010. Previously he served as Commercial Director of BIB (2006-2009), Commercial Director of Sinarmas Energy & Mining (2006-2008), Management Consultant of McKinsey & Co. (2002-2005), Management Consultant of the Boston Consulting Group

(1997-1999), Global Product Manager - Applied Materials - Silicon Valley USA (1996-1997) and Product Engineer of Procter&Gamble, Kobe, Japan (1995). Earned Master of Business Administration (MBA) degree from Harvard University, USA in 2001.

Aubry Gerard Pierre Daniel - Marketing Director and Non-Affiliated Director

Australian citizen, 65 years of age.

Serves as Marketing Director and as Non-Affiliated Director of the Company since February 2011. Previously he served as Project Manager of PT Stargate Pacific Resources (2008-2010), Technical Advisor to several coal projects (1990-2006), Project Manager of PT Allied Indo Coal (1987-1990), Project Manager of PT Transmita (1987), Site Engineer of Campenon Bernard & Singapore Piling (1985-1986), as a consultant in several companies in Thailand (1982-1985), Site Engineer of several companies in South Africa (1978-1981), Project Coordinator of several companies in Indonesia (1976-1978), Senior Engineer of several companies in Australia (1965-1976). He earned Master of Business Administration degree in Marketing Management in 1999 from the American Institute of Management Studies, Hawaii, Wollongong & Newcastle Technical Colleges in Mining Engineering & Mining Development Underground and Open Pit in 1967 and Benjamin Franklin Orlean

College, France in Electrical & Mechanical Bacalaureat in 1963.

Eddy - General and Personnel Director concurrently as Corporate Secretary and Investor Relations

Indonesian citizen, 41 years of age.

Appointed as Director of the Company since February 2011 and concurrently as Corporate Secretary and Investor Relations. Currently he also serves as member of Audit Committee of PT Resource Alam Indonesia Tbk (2008-present) and as Director of BIB. Previously he served as Finance & Accounting Division Head of KIM (2010-Feb 2011), Vice Director of Funding & Legal Affairs of PT Arara Abadi (2001-2007), Senior Manager Treasury of PT Duta Pertiwi Tbk (2000-2001), Senior Manager Corporate Finance of PT Jakarta Setiabudi International Tbk (1996-2000), and as Finance & Accounting Manager of PT Tifa Mutual Finance Corporation (1994-1996). He earned a Master of Business Administration (MBA) degree from Newport University, USA, in 1995.

The appointment of all Commissioners and Board of Directors of the Company was in accordance with Bapepam regulations No.IX.I.6 Attachment to Decision of the Chairman of Bapepam No. KEP-45/PM/2004 dated November 29, 2004 concerning Directors and Commissioners of Issuers and Public Companies. Board of Commissioners, Board of Directors and Senior Management of the Company and its subsidiaries receive

compensation in the form of salary, bonus and other allowances. Determination of remuneration in the future will be conducted through a mechanism of the Company's Shareholders General Meeting.

As of June 30, 2011, the number of permanent employees of the Group (unaudited) is 392 employees. The amount of salary and allowances paid or accrued to the board of commissioners and board of directors is amounted to Rp6,277,222,186.

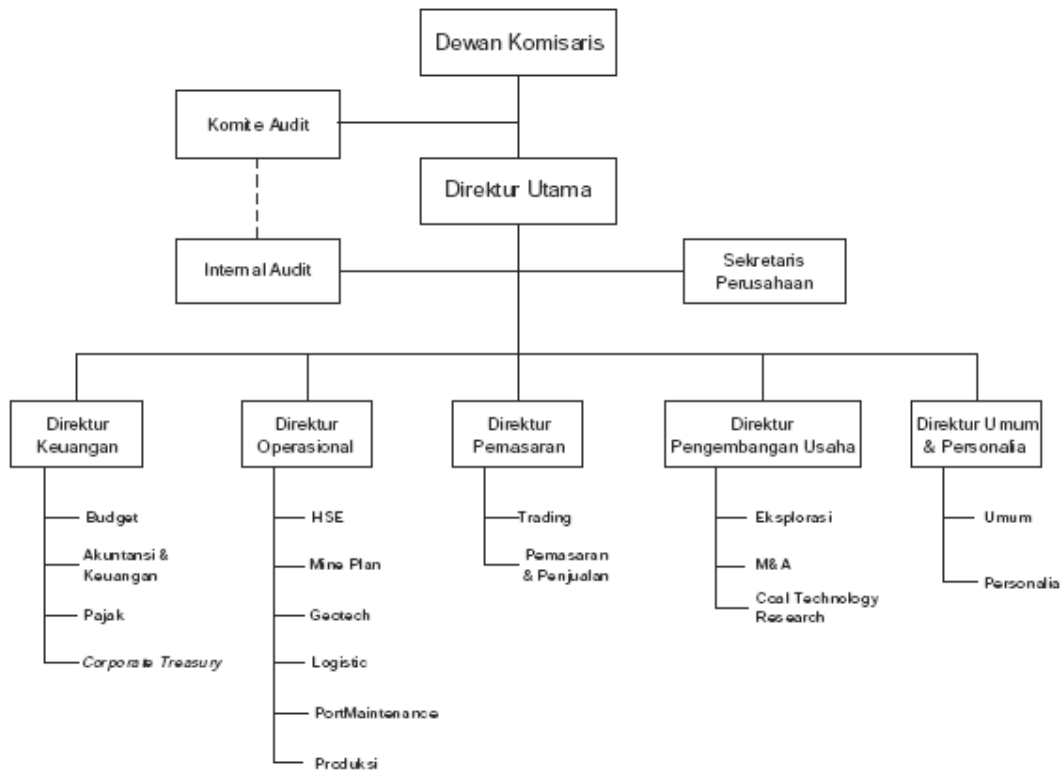
Audit Committee

The Company will establish Audit Committee in accordance with applicable regulations no later than 6 (six) months from the date of commencement of the listing and trading of the Company's shares at the Stock Exchange or the next Shareholders General Meeting, whichever is sooner.

Corporate Secretary

The Company has appointed Eddy as the Corporate Secretary pursuant to Deed No. 47 dated February 21, 2011, made before Linda Herawati, SH, Notary in Central Jakarta.

4. ORGANIZATION STRUCTURE OF THE COMPANY



5. HUMAN RESOURCES

The Company realizes the importance of human resources in an effort to achieve success of the business. Therefore, enhancement and development of human resources is conducted in a planned and sustainable manner so that each employee can contribute optimally to the progress and growth of the Company. The following is the discussion of the Company's human resources.

a. Composition of Employees

The following is the table of composition of permanent employees of the Company and its subsidiaries for the six-month period ended June 30, 2011, and the years ended December 31, 2010, 2009, and 2008 according to position, education level and age group.

**Composition of Employees of the Company and its subsidiaries
pursuant to "Position"**

Year	June 30, 2011						
	The Company	BIB	KIM	TKS	TBBU	KCP	Total
Board of Directors	2	4	2	-	-	-	8
Division Head	4	3	-	-	-	-	7
Manager	29	41	5	9	2	6	92
Supervisor	49	33	2	8	2	20	114
Staff	48	36	6	3	8	15	116
Non Staff	17	29	0	0	1	8	55
Jumlah	149	146	15	20	13	49	392

**Composition of Employees of the Company and its Subsidiaries
pursuant to "Education Level"**

Year	June 30, 2011						
	The Company	BIB	KIM	TKS	TBBU	KCP	Total
Postgraduate	7	4	2	4	1	1	19
Bachelor Degree	117	84	12	16	6	31	266
Diploma	6	11	1	0	1	2	21
Non-academic	19	47	0	0	5	15	86
Jumlah	149	146	15	20	13	49	392

**Composition of Employees of the Company and its Subsidiaries
pursuant to "Age Group"**

Year	June 30, 2011						
	The Company	BIB	KIM	TKS	TBBU	KCP	Total
≤20	0	0	0	0	0	0	0
21 – 30	80	47	4	5	4	23	163
31 – 40	47	71	6	11	7	22	164
41 – 50	20	23	5	4	2	4	58
> 50	2	5	0	0	0	0	7
Jumlah	149	146	15	20	13	49	392

**Composition of Employees of the Company and its Subsidiaries
pursuant to "Employment Status"**

Year	June 30, 2011						
	The Company	BIB	KIM	TKS	TBBU	KCP	Total
Permanent/Fixed Employees	149	146	15	20	13	49	392
Jumlah	149	146	15	20	13	49	392

Description on Foreign Workers

The Company has 1 (one) foreign worker with details as follows:

No	Nama	Citizenship	Position	Temporaray Stay Permit (KITAS)	Expiry Date
1	Gerard Pierre Daniel	Australia	Non-Affiliated	2C11JD3178-K	August 8,

	Aubry		Director		2012
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b. Employee Quality Improvement Program

The Company has an Employee Development Program that recruits experienced personnel and bachelor degree (S1) graduates (fresh graduates). These S1 graduates are included in the Management Trainee (MT) program in accordance with respective expertise for a specific period. The MT program includes classroom and field training following the curriculum that had been developed.

On the other hand, for employees who have been recruited for their specific experiences, there has also been prepared a number of training programs to be followed in order to meet the qualifications expected by the Company. This will be formulated into in the Training Plan. The implementation of the Training Plan may include in-house training or public training.

c. Social Welfare Facility

To improve the welfare of employees, the Company provides performance-based compensation system to the employees. In addition, the Company also provides several benefits to employees that include:

- Health insurance
- Accident insurance

- Telephone allowance to employees who meet the requirements
- Social Security
- Religious Festive Day Allowance (THR)
- Leave
- Trip facilities

The Company has fulfilled its obligations to its employees in accordance with the payment of prevailing Provincial/Regional Minimum Wages.

In terms of appointment of new employees, the Company implemented the standardization of recruitment and selection of new employees to meet the requirements of the Company.

The Company has a Collective Labor Agreement or Company Regulations between the Company with the employees which outlines these following matters:

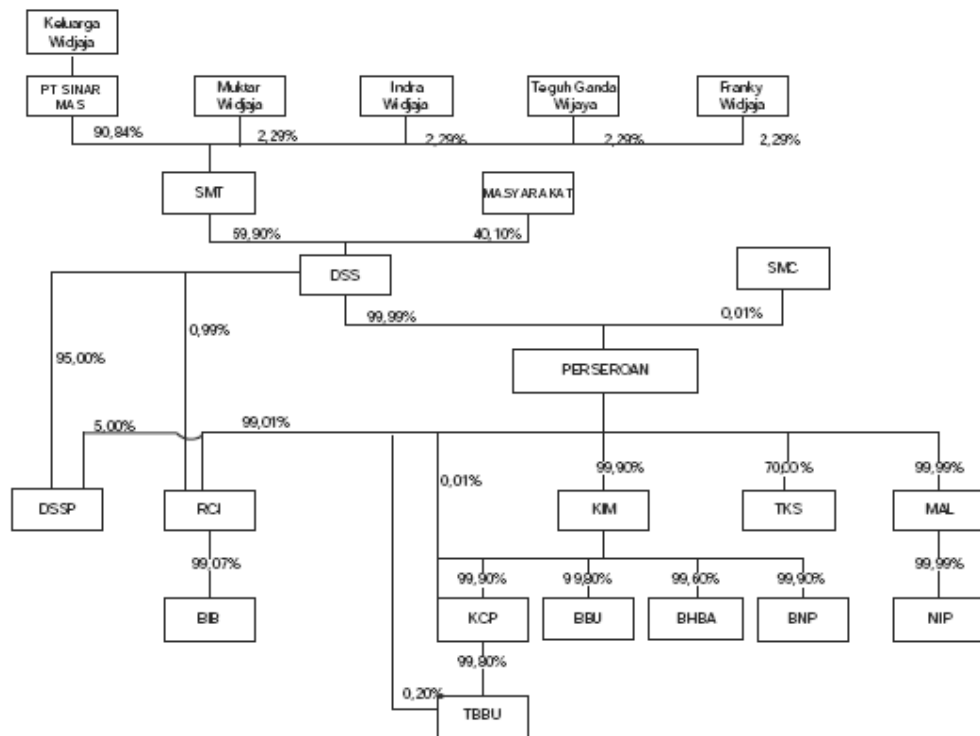
- Employment relation such as employee recruitment procedure, employee status, appointment of permanent employees, promotion, transfer, demotion;
- Attendance and absenteeism such as normal working hours, overtime, absenteeism, paid leave;
- Remuneration such as payroll system, salary structure, PPh 21 (Income Tax), Social Security, and salary increment;
- Employee benefits such as outpatient care, inpatient care, maternity, eyeglasses, periodic medical examination, uniforms, safety equipments, social assistance;

- Disciplines of employees including public order, image and company confidential, Occupational Health and Safety (K3) discipline, attendance discipline, along with sanctions for violations of such disciplines;
- Termination of employment, including type of termination, termination procedures, and compensation for termination of employment.

6 RELATIONSHIP OF OWNERSHIP, MANAGEMENT AND SUPERVISORY OF THE COMPANY AND SUBSIDIARIES WITH INSTITUTIONAL SHAREHOLDERS

6.1 Relationship of Ownership between the Company with Institutional Shareholders

The figure below shows the relation of ownership between the Company and its subsidiaries with Legal Entity Shareholders:



Source: The Company

Description:

BBU	PT Bungo Bara Utama
BHBA	PT Bara Harmonis Batang Asam
BIB	PT Borneo Indobara
BNP	PT Berkat Nusantara Permai
DSS	PT Dian Swastatika Sentosa Tbk
DSSP	PT DSSP Power Sumsel
KCP	PT Karya Cemerlang Persada
KIM	PT Kuansing Inti Makmur
MAL	PT Manggala Alam Lestari
NIP	PT Nusa Indah Permai
RCI	PT Roundhill Capital Indonesia

SMC	PT Sinar Mas Cakrawala
SMT	PT Sinar Mas Tunggal
TBBU	PT Tanjung Belit Bara Utama
TKS	PT Trisula Kencana Sakti

6.2 Management and Supervision

[illegible]

Gandi Sulistiyanto S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	WKU
Franky Oesman W	-	PK	-	-	-	-	-	-	-	-	-	-	-	-	-
Susiyati B. Hirawan	-	KI	-	-	-	-	-	-	-	-	-	-	-	-	-
Budi Christanto	-	WPD	-	-	-	-	-	-	-	-	-	-	-	-	-
Arthur Tahya	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-
Teguh Ganda Wijaya	-	-	KU	-	-	-	-	-	-	-	-	-	-	-	-
Gunawan	-	-	K	-	-	-	-	-	-	-	-	-	-	-	-
Susi Susantijo	-	DTT	-	-	-	-	-	-	-	-	-	-	-	-	-

Description: PK=President Commissioner, K=Commissioner, KI=Independent Commissioner, PD=President Director, D=Director, DTT=Unaffiliated Director, KU=Chief Commissioner, DU=Managing Director

7. BRIEF DESCRIPTION OF SHAREHOLDERS IN THE FORM OF LIMITED LIABILITY COMPANIES

All shareholders in the form of Limited Liability Company have issued and fully paid capital of greater value than the investments value.

Shareholders of the Company in the form of legal entity are as follows:

7.1 PT DIAN SWASTATIKA SENTOSA Tbk

a) Brief History

DSS is located in Central Jakarta, established by Deed No. 6 dated August 2, 1996, as amended by Deed No. 35 dated October 8, 1996, both of which made before Linda Herawati, SH, Notary in Central Jakarta. The deed of establishment and amendment mentioned above, have obtained approval from the Minister of Justice pursuant

to Letter of Decision No. C2-9854.HT.01.01.TH'96 dated October 28, 1996, registered in the Company Register in accordance with UUWDP under TDP No. 09011609914 in the Company Registration Office of North Jakarta Municipality under No. 83/BH.09.01/XII/96 dated December 28, 1996 and have been published in State Gazette of the Republic Of Indonesia No. 46 dated June 10, 1997 Supplement No. 2258.

DSS has adjusted its Articles of Association to UUPT as set forth in the Deed of Statement of Decision of the Company's Shareholders No. 22 dated August 6, 2008, made before Linda Herawati, SH, Notary in Central Jakarta, where the deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-84933.AH.01.02.Year 2008 dated November 12, 2008, registered in the Company Register No. AHU-0108263.AH.01.09.Year 2008, dated November 12, 2008, and has been published in State Gazette of the Republic of Indonesia No.1 dated January 2, 2009, Supplement No. 270.

DSS has adjusted its Articles of Association to Regulation of Bapepam-LK No. IX.J.1, Attachment to Decision of the Chairman of Bapepam-LK No. Kep-179/BL/2008 dated May 14, 2008, regarding Principles of Articles of Association of Companies Conducting Public Offering of Equity Securities and Public Companies ("Regulation No. IX.J.1"), pursuant to the Deed of

Statement of Decision of the Company's Shareholders No.75 dated July 24, 2009, prepared by Linda Herawati, SH, Notary in Central Jakarta. The deed has obtained approval from the Minister of Justice pursuant to Decision No. AHU-36038.AH.01.02.Year 2009 dated July 29, 2009, registered in the Company Register No. AHU-0047539.AH.01.09.Year 2009 dated July 29, 2009, has been notified to the Minister of Justice pursuant to Receipt of the Company's Data Change Notification No. AHU-AH.01.10-12198 dated August 4, 2009; has been registered in the Company Register No. AHU-0049254.AH.01.09.Year 2009 dated August 4, 2009 and pursuant to Receipt of Notification of the Company's Articles of Association Amendment No. AHU-AH.01.10-12199 dated August 4, 2009; registered in the Company Register No. AHU-0049255.AH.01.09.Year 2009, dated August 4, 2009.

The Articles of Association of DSS has been amended several times. The last amendment was as stated in the Deed of Statement of Decision of the Company's Shareholders No. 55 dated August 28, 2009, made before Linda Herawati, SH, Notary in Central Jakarta, of which contents connected to the amendment of Article 3 of Articles of Association of DSS. The deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-42753.AH.01.02.Year 2009 dated September 1, 2009

and has been registered in the Company Register No. AHU-0057260.AH.01.09.Year 2009 dated September 1, 2009.

b) Business Activities

The purpose and objective of DSS is to conduct business in electricity power generation, wholesale trade, service and real estate and telecommunication infrastructures along with its supporting facilities.

c) Capitalization

The latest composition of shareholders of DSS pursuant to Deed No. 14 dated 4 February, 2009 prepared by Linda Herawati, SH, Notary in Jakarta, is:

Description Nominal Value of Rp250 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	2,400,000,000	600,000,000,000	
B. Issued and Fully Paid Capital			
- PT Sinar Mas Tunggal	461,552,320	115,388,080,000	59.90
- Public	309,000,000	77,250,000,000	40.10
Total Issued and Fully Paid	770,552,320	192,638,080,000	100.00
C. Portfolio Shares	1,629,447,680	407,361,920,000	

d) Management and Supervision

Pursuant to Deed No. 21 dated June 9, 2011, prepared by Linda Herawati, SH, Notary in Central Jakarta, the deed has been received and recorded in the Legal Entity Administration System Database pursuant to Receipt of the

Company's Data Change Notification No. AHU-AH.01.10-20456, dated July 12 2011 and has been registered in the Company Register in accordance with UUPT under No. AHU-0053397.AH.01.09.Year 2011, dated July 1, 2011, current composition of Board of Commissioners and Board of Directors of DSS is as follows:

Board of Commissioners

President Commissioner : Franky Oesman Widjaja

Vice President Commissioner : Muktar Widjaja

Commissioner : Ichsanto Gunawan

Independent Commissioner : Agus Tagor

Independent Commissioner : Prof. Dr. Susiyati Bambang Hirawan

Board of Directors

President Director : Lay Krisnan Cahya

Vice President Director : Budi Christanto

Director : Lanny

Director concurrently as Corporate Secretary: Hermawan Tarjono

Non-Affiliated Director : Susi Susantijo, SH, LL.M.

7.2 PT SINAR MAS CAKRAWALA

a) Brief History

PT Sinar Mas Cakrawala ("SMC") is located in Central Jakarta, was established with Deed No. 40 dated December 7, 1983 prepared by Benny Kristianto, SH, Notary in Jakarta. The deed of establishment has obtained approval of the Minister of Justice pursuant to Letter of Decision No. C2-2153.HT.01.01.TH 1984 dated April 10, 1984, registered in the Secretariat of Central Jakarta District Court in accordance with UUWDP under registration No. 1077/1984 dated April 18, 1984 and has been published in State Gazette of the Republic of Indonesia No. 31 dated April 18, 1991 Supplement No. 1058.

b) Business Activities

The purpose and objectives of the Company is to conduct business in the fields of trade, construction, agriculture, industry, mining, transportation and service.

To achieve the above aims and objectives the Company might conduct business activities as follows:

- a. establishing and operating business in general trade, including imports, exports, interinsulair and local as well as acting as an intermediary/commissioners, agents, leveransier,

distributor and representative of domestic and foreign companies;

- b. establishing and operating business in development field as a contractor, planner, organizer and executor in the construction of buildings, houses, roads, bridges, runways, dams, irrigation and landscaping as well as electrical, gas, and tap water installation and telecommunications;
- c. establishing and operating business in agriculture, plantations, farms, fisheries and aquaculture, including breeding and cultivation of shrimp;
- d. establishing and operating business in the fields of industry including factories, home industries and handicrafts and market the production results;
- e. establishing and operating business in the mining sector which is allowed by the government;
- f. establishing and operating business in land transportation of people and goods;
- g. establishing and operating business in the service sector except in the fields of law and taxes.

c) Capitalization

The latest composition of shareholders of SMC pursuant to the Deed No. 22 dated August 12, 2008 prepared by Nanny Wiana Setiawan, SH, Notary in Jakarta, is:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	1,000,000	1,000,000,000,000	
B. Issued and Fully Paid Capital			
- PT Sinarindo Gerbangmas	499,999	499,999,000,000	99.99
- Teguh Ganda Wijaya (Oei Tjie Goan)	1	1,000,000	0.01
Total Issued and Fully Paid	500,000	500,000,000,000	100.00
C. Portfolio Shares	500,000	500,000,000,000	

d) Management and Supervision

Pursuant to Deed No.3 dated August 6, 2009 prepared by Nanny Wiana Setiawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of the Company's Data Change Notification No.AHU-AH.01.10-13500, dated August 19, 2009 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0053611.AH.01.09.Year 2009, dated August 19, 2009, the current composition of Board of Commissioners and the Board of Directors of SMC is as follows:

Board of Commissioners

Chief Commissioner : Teguh Ganda Wijaya (Oei Tjie Goan)

Commissioner : Gunawan

Board of Directors

Managing Director : Muktar Widjaja

Director : Arthur Tahya

8. BRIEF DESCRIPTION OF THE SUBSIDIARIES

8.1 PT ROUNDHILL CAPITAL INDONESIA

a) Brief History

RCI was established pursuant to Deed No. 65 dated January 31, 2003 in conjunction with Deed No. 39 dated June 18, 2004 in conjunction with Deed No. 37 dated September 30, 2004, all made before Saal Bumela, SH, Notary in Jakarta, which deeds have obtained approval from the Minister of Justice pursuant to Decision No. C-27211HT.01.01.TH.2004 dated November 1, 2004, registered in the Company Register in accordance with UUWDP under No. 090315144306 in Company Registration Office of South Jakarta Municipality No. 2601/BH.09.03/XII/2004 dated December 16, 2004 and have been published in the State Gazette of the Republic of Indonesia No. 3 dated January 11, 2005, Supplement No. 295.

RCI has adjusted its Articles of Association to UUPT pursuant to Deed No. 48 dated December 17, 2007, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-11105.AH.01.02.Year 2008 dated March 5, 2008, has been received and recorded in the Legal

Entity Administration System Database of Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to: (i) Receipt of Notification of Amendment of Articles of Association of RCI No. AHU-AH.01.10-5742 dated March 11, 2008 and registered in the Company Register in accordance with UUPT under No. AHU-0017705.AH.01.09.Year 2008 dated March 11, 2008 and (ii) Receipt of Notification of Data Change of RCI No. AHU-AH.01.10-5743 dated March 11, 2008 and registered in the Company Register in accordance with UUPT under No. AHU-0017706.AH.01.09.Year 2008 dated March 11, 2008, registered in the Company Register in accordance with UUWDP under TDP No. 090315144306 in Company Registration Office of South Jakarta Municipality under No. 713/RUB0903/VI/2008, dated June 11, 2008 and published in the State Gazette of the Republic of Indonesia No. 48 dated June 13, 2008, Supplement No. 8597. Articles of Association of RCI has undergone several amendments, the latest amendment of the Articles of Association of RCI is as set forth in the Deed No. 59 dated April 15, 2011 which was prepared by Deni Thanur, SE, SH, M.Kn., Notary in Jakarta, of which contents among others related to: (i) change of classification of shares issued by RCI into series A shares with Nominal Value of Rp1,000,000 (one million Rupiah) and series B shares with Nominal Value of Rp1,000 (one thousand Rupiah), (ii) conversion of all

shares of RCI which are currently as many as 185,064 (one hundred and eighty five thousand and sixty four) shares with Nominal Value of Rp1,000,000.00 (one million Rupiah) into series A shares, (iii) Issuance of Portfolio Shares (series B shares) for 3,500,000 (three million five hundred thousand) shares, and (iv) increase of issued and paid capital of RCI from Rp185,064,000,000 (one hundred and eighty five billion, sixty four million Rupiah) to Rp188,564,000,000 (one hundred and eighty eight billion five hundred and sixty four million Rupiah), which is divided into 3,685,064 (three million six hundred and eighty five thousand and sixty four) shares which comprise of 185,064 (one hundred and eighty five thousand and sixty four) Series A shares with Nominal Value of Rp1,000,000 (one million rupiah), and 3,500,000 (three million and five hundred thousand) Series B shares with Nominal Value of Rp 1,000 (one thousand Rupiah). The Deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-22016.AH.01.02.Year 2011 dated May 3, 2011 and registered in the Company Register No. AHU-0035080.AH.01.09.Year 2011 dated May 3, 2011, has been received and recorded in the Legal Entity Administration Systems Database of Ministry of Justice and Human Rights of Republic of Indonesia pursuant to the Receipt of Notification of Amendment of Articles of Association of RCI No. AHU-AH.01.10-14538 dated May 13, 2011 and has

been in the Company Register in accordance UUPT under No. AHU-0038996.AH.01.09.Year 2011 dated May 13, 2011, and has been registered in Company Register in accordance with UUWDP under TDP No. 09.05.1.46.59971 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade of Jakarta Provincial Government on July 21, 2011.

b) Business Activities

Under the Articles of Association of RCI, the purpose and objective of RCI is an investment company engaged in general trading, industrial, mining, construction, agriculture, plantation and agribusiness, land transportation and service.

The business activity which is currently undertaken by RCI is investment in shares.

c) Capitalization

The latest composition of capitalization and shareholders of RCI is pursuant to the Deed No. 59 dated April 15, 2010, which was prepared by Deni Thanur, SE, SH, M.Kn., Notary in Jakarta, with the following details:

Description	Total Shares	Total Nominal Value (Rp)	Percentage (%)
Nominal Value of Rp250 per share			
A. Authorized Share Capital		700,000,000,000	
Series A Shares (Nominal Value of Rp1,000,000 per Share)	185,064	185,064,000,000	
Series B Shares (Nominal Value of Rp1,000 per Share)	514,936,000	514,936,000,000	

B. Issued and Fully Paid Capital			
1. PT Dian Swastatika Sentosa Tbk			
Series A Shares (Nominal Value of Rp1,000,000 per Share)	36,267	36,267,000,000	0.99
Series B Shares (Nominal Value of Rp1,000 per Share)	-	-	-
2. The Company			
Series A Shares (Nominal Value of Rp1,000,000 per Share)	148,797	148,797,000,000	99.01
Series B Shares (Nominal Value of Rp1,000 per Share)	3,500,000	3,500,000,000	100.00
Total Issued and Fully Paid			
Series A Shares (Nominal Value of Rp1,000,000 per Share)	185,064	185,064,000,000	100.00
Series B Shares (Nominal Value of Rp1,000 per Share)	3,500,000	3,500,000,000	100.00
C. Portfolio Shares			
Series A Shares (Nominal Value of Rp1,000,000 per Share)	0	0	
Series B Shares (Nominal Value of Rp1,000 per Share)	511,436,000	511,436,000,000	

d) Management and Supervision

Pursuant to Deed No.122 dated March 23, 2011 prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of the Company's Data Change Notification No.AHU-AH.01.10-12085, dated April 25, 2011 and has been registered in the Company Register in accordance with the UUPT under

No. AHU-0032540.AH.01.09.Year 2011, dated April 25, 2011, and has been registered in the Company Register in accordance with the UUWDP under TDP No. 09.05.1.46.59971 in Company Registration Office of Central Jakarta Municipality, dated July 21, 2011, the current composition of Board of Commissioners and the Board of Directors of RCI is as follows:

Board of Commissioners

Chief Commissioner : Lay Krisnan Cahya

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Fuganto Widjaja

Director : Bambang Heruawan Haliman

Director : Drs. Sardjono Soemardjo, MM

e) Summary of Key Financial Data

The following is a summary of financial data of RCI taken from financial statements of the six-month period ended June 30, 2011 and years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				

Current Assets	154,534	176,691	70,399	138,495
Non-current assets	281,607	245,816	177,333	114,845
Total Assets	436,141	422,507	247,732	253,340
LIABILITIES AND EQUITY				
Short-term Liabilities	129,401	230,798	91,884	147,304
Long-term Liabilities	6,964	18,560	100,633	71,893
Total Liabilities	136,365	249,358	192,517	219,197
EQUITY				
Equity attributable equity holders of to parent company	297,031	171,549	54,124	33,227
Non-controlling interests	2,745	1,600	1,091	916
TOTAL EQUITY	299,776	173,149	55,215	34,143
TOTOAL LIABILITIES AND EQUITY	436,141	422,507	247,732	253,340
INCOME STATEMENT				
Net Sales	510,585	280,248	518,920	447,387
Cost of Goods Sold	(227,103)	(131,233)	(281,625)	(248,779)
Gross Profit	283,482	149,015	237,295	198,608
Other Expenses – Net	(119,262)	(131,189)	(229,599)	(182,854)
Earnings before Tax	164,220	17,826	7,696	15,754
Deferred Tax Expense (Income)	41,093	285	(846)	(36)
Earnings for the Period	123,127	17,541	8,542	15,790
Profit attributable to				

holders of the parent company	121,982	17,424	8,368	14,874
Non-controlling interests	1,145	117	174	916
Total	123,127	17,541	8,542	15,790

The increase in balance sheet items, primarily due to increased amount of issued and paid capital in connection with the capital increase, which is used to settle some loans. Meanwhile, the increase in revenues, expenses and earnings is contributed from the increase in revenues, expenses and earnings of BIB, a subsidiary of RCI.

8.2 PT BORNEO INDOBARA

a) Brief History

BIB was established pursuant to Deed No.79 dated December 21, 1990, made before Bertha Suriati Ihalauw Halim, SH, Notary in Banjarmasin, in conjunction with Deed No. 222 dated June 26, 1991, made before Mohamad Said Tadjoeidin, SH, Notary in Jakarta, both of the deeds have obtained approval of the Minister of Justice pursuant to Letter of Decision No. C2-12.173.HT.01.01.TH.94 dated August 12, 1994, registered in the Secretariat of Banjarmasin District Court in accordance with UUWDP under registration No. 64/1994/PF/PT dated August 23, 1994 and published in the State Gazette of the Republic of

Indonesia No. 100 dated December 16, 1994, Supplement No. 10406.

In 2005, pursuant to Deed No. 13 dated January 17, 2005, made before Saal Bumela, SH, Notary in Jakarta, BIB moved its location from Banjarmasin to South Jakarta, later in the year 2008 pursuant to Deed No. 114 dated September 22, 2008, made before Hannywati Gunawan, SH, Notary in Jakarta, BIB moved its position from South Jakarta to Central Jakarta.

BIB has adjusted its Articles of Association to UUPT pursuant to Deed No. 52, dated December 18, 2007, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents related to amendments throughout the Articles of Association of BIB to conform to the UUPT. The deed has obtained approval of the Minister of Justice pursuant to Decision no. AHU-12070.AH.01.02.Year 2008, dated March 11, 2008, registered in the Company Register No. AHU-0017895.AH.01.09.Year 2008, dated March 11, 2008, registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.51.61486 in Company Registration Office of Central Jakarta Administrative City under No. 9181/RUB.09-05/II/2009, dated July 17, 2009.

The Articles of Association of BIB has undergone several amendments. The latest amendment was pursuant to Deed No.

24 dated August 6, 2010, made before Hannywati Gunawan, SH, Notary in Jakarta, of which contents related to the increase of authorized, issued and paid capital of BIB. The deed has obtained approval of the Ministry of Energy and Mineral Resources pursuant to letter No. 2662/30/DJB/2010, dated September 17, 2010 and Minister of Justice pursuant to Letter of Decision No. AHU-45041.AH.01.02.Year 2010 dated September 22, 2010, registered in the Company Register in accordance with UUPT under No. AHU-0068923.AH.01.09.Year 2010 dated September 22, 2010, registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.61486 in Company Registration Office of Central Jakarta Administrative City, dated February 23, 2011.

b) Business Activities

Pursuant to the Articles of Association, the purpose and objective of BIB is to conduct business in coal mining field. And the current main business activities are coal mining and trading.

c) Capitalization

The latest composition of capitalization and shareholders of BIB pursuant to the Deed No.24 dated August 6, 2010, made before Hannywati Gunawan, SH, Notary in Jakarta is as follows:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	700,000	700,000,000,000	
B. Issued and Fully Paid Capital			
1. Haryanto	613	613,000,000	0.33
2. Mariani	1,113	1,113,000,000	0.60
3. PT. Roundhill Capital Indonesia	183,887	183,887,000,000	99.07
Total Issued and Fully Paid	185,613	185,613,000,000	100.00
C. Portfolio Shares	514,387	514,387,000,000	

d) Management and Supervision

Pursuant to Deed No.35 dated April 8, 2011, made before Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of the Company's Data Change No. AHU-AH.01.10-142221, dated May 11, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0038238.AH.01.09.Year 2011, dated May 11, 2011 and has been registered in the Company Register in accordance with UUWDP, as can be evidenced from the Receipt dated June 7, 2011, signed by the Chief of Office of Cooperative, Micro, Small and Medium Enterprises and Trade of Central Jakarta Administrative City and has obtained approval of the Minister of Energy and Mineral Resources pursuant to a letter No.2050/30/DJB/2011, dated

May 12, 2011, the current composition of Board of Commissioners and Board of Directors of BIB is as follows:

Board of Commissioners

President Commissioner : Lay Krisnan Cahya

Commissioner : Ichsanto Gunawan

Board of Directors

President Director : Johny Josephus Lumintang

Vice President Director : Fuganto Widjaja

Director : Eddy

Director : Bambang Heruawan Haliman

Director : Drs. Sardjono Soemardjo, MM

e) Summary of Key Financial Data

The following is a summary of financial data of BIB taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	149,920	175,597	69,288	137,276
Non-current assets	281,607	245,816	177,333	114,845

Total Assets	431,527	421,413	246,621	252,121
LIABILITIES AND EQUITY				
Short-term Liabilities	129,401	230,798	91,884	146,012
Long-term Liabilities	6,965	18,560	100,633	60,655
Equity	295,161	172,055	54,104	45,454
Total Liabilities and Equity	431,527	421,413	246,621	252,121
INCOME STATEMENT				
Net Sales	510,585	280,248	518,920	447,387
Cost of Goods Sold	(227,103)	(131,233)	(281,625)	(248,779)
Gross Profit	283,482	149,015	237,295	198,608
Other Earnings (Expenses) - Net	(119,283)	(130,779)	(229,490)	(182,388)
Earnings before Tax	164,199	18,236	7,805	16,220
Tax Expense (Income)	41,093	285	846	(36)
Earnings for the Period	123,106	17,951	8,651	16,256

The increase in balance sheet items, primarily due to the increased amount of issued and paid capital in connection with the capital increase, which is used to settle some loans. Meanwhile, the increase in revenues and earnings is contributed mainly from the increase of coal sales volume and price.

8.3 PT Kuansing Inti Makmur

KIM was established pursuant to Deed No.20 dated January 20, 2004, made before Dra. Butet, SH, Notary in Padang. The deed has obtained approval of the Minister of Justice

pursuant to Letter of Decision No. C-03598.HT.01.01.TH.2004 dated February 13, 2004, and has been registered in the Company Register in accordance with UUWDP under TDP No. 030715102044 in Company Registration Office in Padang No. 572/BH/03-07/II/2004 dated February 25, 2004 and published in the State Gazette of the Republic of Indonesia No. 22 dated March 17, 2004, Supplement No. 7762.

The Articles of Association of KIM has undergone several amendments, latest amendment was pursuant to Deed No. 14 dated October 12, 2010, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has obtained approval of the Minister of Justice pursuant to Decision Letter No. AHU-49679.AH.01.02 Year 2010, dated October 21, 2010 and has been registered in the Company Register in accordance with UUPT under No. AHU-0076366.AH.01.09.Year 2010 dated October 21, 2010, registered in the Company Register in accordance with UUWDP under TDP No. 0502175100131 in Company Registration Office of Bungo District under registration No. 131/05-02/BH/XI/2010 dated November 10, 2010.

b) Business Activities

Pursuant to the Articles of Association of KIM, the purpose and objective of KIM is to conduct business in

the field of mining, construction, trading, industry, transportation, service, agriculture and workshop.

The business activities of KIM currently are coal trading and exploration.

c) Capitalization

The latest composition of capitalization and shareholders of KIM pursuant to Deed No.14 dated October 12, 2010, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta is as follows:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	200,000	200,000,000,000	
B. Issued and Fully Paid Capital			
1. The Company	49,999	49,999,000,000	99.99
2. PT. Sinar Mas Cakrawala	1	1,000,000	0.01
Total Issued and Fully Paid	50,000	50,000,000,000	100.00
C. Portfolio Shares	150,000	150,000,000,000	

d) Management and Supervision

Pursuant to Deed No.04 dated September 12, 2011, made before Deni Thanur, SE, SH, MKn, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-29449, dated September 16, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-

0074881.AH.01.09.Year 2011, dated September 16, 2011, the current composition of Board of Commissioners and Board of Directors of KIM is as follows:

Board of Commissioners

Chief Commissioner : Fuganto Widjaja

Commissioner : Bambang Heruawan Haliman

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of KIM taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009*	2008*
ASSETS				
Current Assets	213,843	131,749	78,150	102,295
Non-current assets	194,217	117,466	37,816	30,585
Total Assets	408,060	249,215	115,966	132,880
LIABILITIES AND EQUITY				
Short-term Liabilities	302,137	182,283	30,427	129,746

Long-term Liabilities	3,155	6,199	80,786	1,218
Total Liabilities	305,292	188,482	111,213	130,964
EQUITY				
Equity attributable to equity holders of the parent company	102,765	60,730	4,753	1,916
Non-controlling interests	3	3	-	-
TOTAL EQUITY	102,768	60,733	4,753	1,916
TOTAL LIABILITIES AND EQUITY	408,060	249,215	115,966	132,880
INCOME STATEMENT				
Net Sales	336,244	309,601	187,345	385,617
Cost of Goods Sold	(259,062)	(251,161)	(184,447)	(308,449)
Gross Profit	77,182	58,440	2,898	77,168
Other Expenses – Net	(20,338)	(43,256)	(3,881)	(76,271)
Earnings (Loss) before Tax	56,844	15,184	983	897
Tax Expense	14,809	4,207	180	259
Earnings (Loss) for the Period	42,035	10,977	(1,163)	638
Profit (Loss) attributable to				
Holders of the parent company	42,035	10,976	(1,163)	638
Non-controlling interests	-	1	-	-
Total	42,035	10,977	(1,163)	638

*) Financial Statements of KIM only

The increase in balance sheet items is primarily due to the increased amount of issued and paid capital in connection with the capital increase and increased short-term liabilities from other loans to related parties. Meanwhile, the increase in revenues and earnings is contributed especially from the increase of coal sales volume and price of KIM and BHBA, a subsidiary of KIM.

8.4 PT KARYA CEMERLANG PERSADA

a) Brief History

KCP was established pursuant to Deed No. 10 dated September 11, 2007, made before Hanita Sentono, SH, Notary in Jakarta. The deed has obtained approval of the Minister of Justice pursuant to Letter of Decision No. C-07481 HT.01.01.TH.2007 dated December 27, 2007, and has been registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.51.58134 in Company Registration Office of Central Jakarta Municipality No. 3818/BH.09.05/ii/2008 dated February 20, 2008 and published in the State Gazette of the Republic of Indonesia No. 58 dated July 28, 2008, Supplement No. 12392.

The Articles of Association of KCP has undergone several amendments, latest amendment was pursuant to Deed No. 26 dated May 11, 2010, prepared by Deni Thanur, SE, SH, MKn,

Notary in Jakarta, which deed has obtained approval of the Minister of Justice pursuant to Decision Letter No. AHU-30758.AH.01.02 Year 2010, dated June 17, 2010 and has been registered in the Company Register in accordance with UUPT under No. AHU-0045641.AH.01.09.Year 2010 dated June 17, 2010, registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.58134 in Office of Cooperatives, Micro, Small and Medium Enterprises and Trade dated January 10, 2011.

b) Business Activities

Pursuant to the Articles of Association of KCP, the purpose and objective of KCP is to conduct business in the field of agriculture, trading, industry, mining, land/sea transportation, construction and service, except in law and tax sectors.

The current business activity of KCP is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of KCP pursuant to Deed No. 26 dated May 11, 2010 and Deed No. 28 dated June 28, 2010, both were prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta is as follows:

Description	Total Shares	Total Nominal Value (Rp)	Percentage (%)
Nominal Value of Rp1,000,000 per share			
A. Authorized Share Capital	20,000	20,000,000,000	

B. Issued and Fully Paid Capital			
1. PT. Kuansing Inti Makmur	12,014	12,014,000,000	99.99
2. The Company	1	1,000,000	0.01
Total Issued and Fully Paid	12,015	12,015,000,000	100.00
C. Portfolio Shares	7,985	7,985,000,000	

d) Management and Supervision

Pursuant to Deed No. 9 dated September 13, 2011, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-29405, dated September 16, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0074778.AH.01.09.Year 2011, dated September 16, 2011, the current composition of Board of Commissioners and Board of Directors of KCP is as follows:

Board of Commissioners

Chief Commissioner : Ichsanto Gunawan

Commissioner : Bambang Heruawan Haliman

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of KCP taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008*
ASSETS				
Current Assets	7,182	11,575	7,503	31
Non-current assets	23,755	10,338	9,875	240
Total Assets	30,937	21,913	17,378	271
LIABILITIES AND EQUITY				
Short-term Liabilities	23,491	10,078	5,007	0
Long-term Liabilities	1,836	-	12,382	256
Total Liabilities	25,327	10,078	17,389	256
EQUITY				
Equity attributable to equity holders of parent company	5,609	11,834	(12)	15
Non-controlling interests	1	1	1	-
TOTAL EQUITY	5,609	11,835	(11)	15
TOTOAL LIABILITIES AND EQUITY	30,937	21,913	17,378	271
INCOME STATEMENT				

Net Sales	-	-	-	-
Gross Profit	-	-	-	-
Other Expenses – Net	(8,266)	(219)	(27)	1
Earnings (Loss) before Tax	(8,266)	(219)	(27)	1
Tax Expense (Income)	2,042	(65)	-	-
Earnings (Loss) for the Period	(6,224)	(154)	(27)	1
Profit (Loss) attributable to				
Holders of the parent company	(6,224)	(154)	(27)	1
Non-controlling interests	-	1	0	-
Total	(6,224)	(153)	(27)	1

**) Financial Statement of KCP only*

8.5 PT TANJUNG BELIT BARA UTAMA

a) Brief History

TBBU was established pursuant to Deed No. 06 dated August 4, 2006, made before Suprayitno, SH, Notary in the Province of Jambi. The deed has obtained approval of the Minister of Justice pursuant to Letter of Decision No. W20-00025 HT.01.01.TH.2007 dated March 8, 2007, and has been registered in the Company Register in accordance with UUWDP under TDP No. 050216500070 in Company Registration Office of Bungo District under No. 511.1/962/KOP.UKM.PERINDAG, dated August 25, 2010 and published in the State Gazette of the Republic of

Indonesia No. 87 dated October 29, 2010, Supplement No. 36525.

The Articles of Association of TBBU has undergone several amendments, latest amendment was pursuant to Deed No. 27 dated May 11, 2010, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database of the Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to (i) Receipt of Notification of Amendments of TBBU's Articles of Association No. AHU-AH.01.10-14820, dated June 16, 2010 which has been registered in the Company Register in accordance with the UUPT under No. AHU-0045357.AH.01.09.Year 2010, dated June 16, 2010 and (ii) Receipt of Notification of Company's Data Change No. AHU-AH.01.10-14821, dated June 16, 2010 which has been registered in the Company Register in accordance with the UUPT under No. AHU-0045358.AH.01.09.Year 2010 dated June 16, 2010.

b) Business Activities

Pursuant to the Articles of Association of TBBU, the purpose and objective of TBBU is to conduct business in the field of trading, mining, construction, agriculture, and transportation.

The current business activity of TBBU is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of TBBU pursuant to Deed No. 134 dated April 25, 2009 prepared by Suprayitno, SH, Notary in the Province of Jambi and Deed No. 27 dated May 11, 2010, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta.

Description Nominal Value of Rp500,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	2,000	1,000,000,000	
B. Issued and Fully Paid Capital			
1. PT. Karya Cemerlang Perkasa	499	249,500,000	99.80
2. The Company	1	500,000	0.20
Total Issued and Fully Paid	500	250,000,000	100.00
C. Portfolio Shares	1,500	750,000,000	

d) Management and Supervision

Pursuant to Deed No. 10 dated September 13, 2011, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-29572, dated September 19, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0075152.AH.01.09.Year 2011, dated September 19, 2011, the current composition of Board of

Commissioners and Board of Directors of TBBU is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of TBBU taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010 and 2009 which have been audited by Public Accountant Firm Richard Risambessy & Partners while the financial statement of the year ended December 31, 2008 is not audited.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	490	401	189	-
Non-current assets	3,967	2,741	2,305	250
Total Assets	4,457	3,142	2,494	250
LIABILITIES AND EQUITY				
Short-term Liabilities	6,218	3,017	8	-

Long-term Liabilities	-	-	2,240	-
Equity	(2,017)	125	246	250
Total Liabilities and Equity	4,457	3,142	2,494	250
INCOME STATEMENT				
Net Sales	-	-	-	-
Gross Profit	-	-	-	-
Other Expenses - Net	(2,845)	(163)	(4)	-
Loss before Tax	(2,845)	(163)	(4)	-
Tax Income	703	(42)	-	-
Loss of Current Period and Year	(2,142)	(121)	(4)	-

8.6 PT BUNGO BARA UTAMA

a) Brief History

BBU was established pursuant to Deed No. 38 dated October 16, 2006, prepared by Suprayitno, SH, Notary in the Province of Jambi, located in Muara Bungo, District of Bungo. The deed has obtained approval of the Minister of Justice pursuant to Letter of Decision No. W20-00021 HT.01.01.TH.2007 dated March 7, 2007, and has been registered in the Company Register under TDP No. 050216500069 in Company Registration Office of Bungo District under No. 511.1/961/KOP.UKM.PERINDAG, dated August 25, 2010 and published in the State Gazette of the Republic of Indonesia No. 87 dated October 29, 2010, Supplement No. 36526.

The Articles of Association of BBU has undergone several amendments, latest amendment was pursuant to Deed No. 81 dated May 21, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta. The deed of amendments of Articles of Association has been received and recorded in the Legal Entity Administration System Database of the Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to (i) Receipt of Notification of Company's Data Change No. AHU-AH.01.10-22043 dated August 25, 2010 which has been registered in the Company Register in accordance with the UUPT under No. AHU-0064084.AH.01.09.Year 2010 dated August 25, 2010 and (ii) Receipt of Notification of Articles of Association Amendments No. AHU-AH.01.10-22044, dated August 25, 2010 which has been registered in the Company Register under TDP No. 050217500069 in Office of Company Registration of District of Bungo under No. 069/05-02/BH/XI/2010 dated November 10, 2010.

b) Business Activities

Pursuant to the Articles of Association of TBBU, the purpose and objective of TBBU is to conduct business in the field of trading, mining, construction, agriculture, and transportation.

The current business activity of TBBU is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of BBU pursuant to Deed No. 157 dated April 29, 2010 prepared by Suprayitno, SH, Notary in the Province of Jambi and Deed No. 81 dated May 21, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta is as follows:

Description Nominal Value of Rp500,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	2,000	1,000,000,000	
B. Issued and Fully Paid Capital			
1. PT. Kuansing Inti Makmur	499	249,500,000	99.80
2. The Company	1	500,000	00.20
Total Issued and Fully Paid	500	250,000,000	100.00
C. Portfolio Shares	1,500	750,000,000	

d) Management and Supervision

Pursuant to Deed No. 7 dated September 13, 2011, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-29439, dated September 16, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0074859.AH.01.09.Year 2011, dated September 16, 2011, the current composition of Board of Commissioners and Board of Directors of BBU is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of BBU taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	212	145		250
Non-current assets	391	73	-	-
Total Assets	603	218	-	250
LIABILITIES AND EQUITY				
Short-term Liabilities	645	248	-	-
Equity	(42)	(30)	-	250
Total Liabilities and Equity	603	218	-	250
INCOME STATEMENT				

Net Sales	-	-	-	-
Gross Profit	-	-	-	-
Other Expenses - Net	(12)	(30)	(250)	-
Loss before Tax	(12)	(30)	(250)	-
Tax Expenses (Income)	-	-	-	-
Loss for the Period	(12)	(30)	(250)	-

8.7 PT BARA HARMONIS BATANG ASAM

a) Brief History

BHBA was established pursuant to Deed No. 30 dated May 27, 2008, made before Ahmad Yani, SH, Notary in Muara Bungo. This deed of establishment has obtained approval of the Minister of Justice pursuant to Letter No. AHU-35632.AH.01.01.Year 2008 dated June 25, 2008, and has been registered in the Company Register under No.AHU-0051647.AH.01.09.Year 2008 dated June 25, 2008 and has been registered in the Company Register under TDP No. 050217500130 in Company Registration Office of District of Bungo under No. 130/05-02/BH/XI/2010 dated November 10, 2010 and published in the State Gazette of the Republic of Indonesia No. 105 dated December 31, 2010, Supplement No. 42904.

The Articles of Association of BHBA has undergone several amendments, latest amendment was pursuant to Deed No. 125 dated August 25, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta. The deed has been received and

recorded in the Legal Entity Administration System Database pursuant to Receipt of Notification of Articles of Association Amendments No. AHU-AH.01.10-30159, dated September 22, 2011 and has been registered in the Company Register in accordance with UUPT under No. AHU-0076367.AH.01.09.Year 2011 dated September 22, 2011.

b) Business Activities

Pursuant to the Articles of Association of BHBA, the purpose and objective of BHBA is to conduct business in the field of mining, construction, trading, agriculture, transportation and service.

The current business activity of BHBA is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of BHBA pursuant to Deed of Establishment of Limited Liability Company No. 30 dated May 27, 2008 prepared by Ahmad Yani, SH, Notary in Muara Bungo and Deed No. 30 dated November 25, 2008, made before Deni Thanur, SE, SH, MKn, Notary in Jakarta is as follows:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	1,000	1,000,000,000	
B. Issued and Fully Paid Capital			
1. PT. Kuansing Inti Makmur	249	249,000,000	99.60
2. The Company	1	1,000,000	0.40

Total Issued and Fully Paid	250	250,000,000	100.00
C. Portfolio Shares	750	750,000,000	

d) Management and Supervision

Pursuant to Deed No. 15 dated September 13, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-30763, dated September 28, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0077838.AH.01.09.Year 2011, dated September 28, 2011, the current composition of Board of Commissioners and Board of Directors of BHBA is as follows:

Board of Commissioners

Chief Commissioner : Ichsanto Gunawan

Commissioner : Bambang Heruawan Haliman

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of BHBA taken from financial statements of the six-month period

ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	162,185	34,530	250	250
Non-current assets	75,304	13,448	-	-
Total Assets	237,489	47,978	250	250
LIABILITIES AND EQUITY				
Short-term Liabilities	195,557	46,547	-	-
Equity	41,932	1,430	250	250
Total Liabilities and Equity	237,489	47,977	250	250
INCOME STATEMENT				
Net Sales	189,097	67,850	-	-
Cost of Goods Sold	(134,733)	(66,341)	-	-
Gross Profit	54,364	1,509	-	-
Other Expenses - Net	(379)	64	-	-
Earnings before Tax	53,985	1,573	-	-
Tax Expenses	13,484	393	-	-
Earnings for the Period	40,501	1,180	-	-

The increase in balance sheet items is primarily due to the increased amount of issued and paid capital in connection with the capital increase and increased short-term liabilities from other loans to related parties. Meanwhile, the increase in

revenues and earnings is contributed especially from the increase of coal sales volume and price.

8.8 PT BERKAT NUSANTARA PERMAI

a) Brief History

BNP was established pursuant to Deed No. 20 dated March 13, 2008, prepared by Heleni Ritliany, SH, Notary in Jakarta, which has obtained approval of the Minister of Justice pursuant to Letter of Decision No. AHU-18286.AH.01.01.Year 2008 dated April 11, 2008, and has been registered in the Company Register in accordance with UUWDP with TDP No. 09.05.1.51.59450 in Company Registration Office of Central Jakarta Municipality under No. 5347/BH.09.05/VI/2008 dated June 18, 2008 and published in the State Gazette of the Republic of Indonesia No. 46 dated June 6, 2008, Supplement No. 8096.

The latest amendment of Articles of Association of BNP was pursuant to Deed No. 77 dated December 17, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, and has obtained approval of the Minister of Justice pursuant to Letter of Decision No. AHU-05874.AH.01.02.Year 2011 dated February 4, 2011 which has been registered in the Company Register in accordance with UUPT under No. AHU-0009546.AH.01.09.Year 2011 dated February 4, 2011 and has been received and recorded in the Legal Entity

Administration System Database of the Ministry of Justice and Human Rights of the Republic of Indonesia pursuant to Receipt of Notification of Company's Data Change No. AHU-AH.01.10-00734, dated January 7, 2011 and has been registered in the Company Register in accordance with UUWDP with TDP No. 09.02.1.46.59450 in Company Registration Office of Central Jakarta Municipality on March 8, 2011.

b) Business Activities

Pursuant to the Articles of Association of BNP, the purpose and objective of BNP is to conduct business in the field of agriculture, industry, trading, construction, mining, land transportation, printing and service.

The current business activity of BNP is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of BNP is pursuant to Deed No. 77 dated December 17, 2010 prepared by Hannywati Gunawan, SH, Notary in Jakarta.

Description Nominal Value of Rp100,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	20,000	2,000,000,000	
B. Issued and Fully Paid Capital			
1. PT. Kuansing Inti Makmur	5,149	514,900,000	99.98
2. The Company	1	100,000	0.02

Total Issued and Fully Paid	5,150	515,000,000	100.00
C. Portfolio Shares	14,850	1,485,000,000	

d) Management and Supervision

Pursuant to Deed No. 8 dated September 13, 2011, prepared by Deni Thanur, SE, SH, MKn, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-29571, dated September 19, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0075151.AH.01.09.Year 2011, dated September 19, 2011, the current composition of Board of Commissioners and Board of Directors of BNP is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Sandy Susanto

Director : Tjipto Rijanto

e) Summary of Key Financial Data

The following is a summary of financial data of BNP taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009

and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	250	487	5	15
Non-current assets	207	-	-	8
Total Assets	457	487	5	23
LIABILITIES AND EQUITY				
Short-term Liabilities	0	17	-	-
Long-Term Liabilities	-	-	0	8
Equity	457	470	5	15
Total Liabilities and Equity	457	470	5	23
INCOME STATEMENT				
Net Sales	-	-	-	-
Gross Profit	-	-	-	-
Other Expenses - Net	(13)	(34)	(10)	0
Earnings (Loss) before Tax	(13)	(34)	(10)	0
Income Tax	-	-	-	-
Earnings (Loss) for the Period	(13)	(34)	(10)	0

8.9 PT TRISULA KENCANA SAKTI

a) Brief History

PT Trisula Kencana Sakti ("TKS") was established pursuant to Deed No. 16 dated September 21, 2002, made before Gaby

Siantori, SH, Notary in Banjarmasin. The deed has obtained approval of the Minister of Justice pursuant to Decision No. C-22648HT.01.01.TH.2002 dated November 18, 2002, and has been registered in the Company Register in accordance with UUWDP with TDP No. 161015201657 in Company Registration Office of Banjarmasin under No. 005/BH/16-10/II/2003 dated February 11, 2003 and published in the State Gazette of the Republic of Indonesia No. 81 dated October 10, 2003, Supplement No. 9793.

TKS has adjusted its Articles of Association to UUPT pursuant to Deed No. 10, dated July 3, 2008, which deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-56472.AH.01.02.Year 2008, dated August 29, 2008, has been registered in the Company Register No. AHU-0077163.AH.01.02. Year 2008 dated August 29, 2008 and has been registered in the Company Register in accordance with UUWDP under TDP No. 150211000078 in Company Registration Office of North Barito District under No. 510/92/KPPT dated October 2008, 2010 and has been published in the State Gazette of the Republic of Indonesia No. 89 dated November 4, 2008, Supplement No. 22566.

The Articles of Association of TKS has been amended several times. The latest amendment was pursuant to Deed

No. 110 dated June 29, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents among others related to the amendment of Article 3 Paragraph 2 of Articles of Association of TKS. The deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-36772.AH.01.02.Year 2010 dated July 23, 2010 which has been registered in the Company Register in accordance with UUPT under No. AHU-0055439.AH.01.09.Year 2010 dated July 23, 2010 and has been registered in the Company Register in accordance with UUWDP under TDP No. 150211000078 in Company Registration Office of North Barito District under No. 510/96/KPPT dated October 28, 2010.

b) Business Activities

Pursuant to the Articles of Association of TKS, the purpose and objective of TKS is to conduct business in the field of general trading, industry, mining, construction, agriculture, plantation and agribusiness, land transportation, workshop and service.

The current business activity of TKS is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of TKS is pursuant to Deed No. 16 dated September 21, 2002 prepared by Gaby Siantori, SH, Notary in Banjarmasin, as restated in Deed No. 10 dated July 3,

2008 prepared by Hannywati Gunawan, SH, Notary in Jakarta is as follows:

Description Nominal Value of Rp500,000 per share	Total Shares	Total Nominal Value (Rp)	Persentase (%)
A. Authorized Share Capital	2,000	1,000,000,000	
B. Issued and Fully Paid Capital			
1. The Company	350	175,000,000	70.00
2. Anwar Santoso	100	50,000,000	20.00
3. Stefanus Santoso	25	12,500,000	5.00
4. Fransisca Santoso	25	12,500,000	5.00
Total Issued and Fully Paid	500	250,000,000	100.00
C. Portfolio Shares	1,500	750,000,000	

d) Management and Supervision

Pursuant to Deed No. 56 dated April 14, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database of Directorate General of General Legal Administration pursuant to the Receipt of Notification No. AHU-AH.01.10-14625, dated May 13, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0039237.AH.01.09.Year 2011, dated May 13, 2011, and has been registered in the Company Register in accordance with UUWDP under TDP No. 150211000078, dated June 15,

2011, the current composition of Board of Commissioners and Board of Directors of TKS is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Commissioner : Anwar Santoso

Board of Directors

Managing Director : Mochtar Suhadi

Director : Drs. Sardjono Soemardjo, MM

Director : Stefanus Santoso

e) Summary of Key Financial Data

The following is a summary of financial data of TKS taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	31,805	11,142	16,560	1,897
Non-current assets	78,689	60,088	25,957	12,085
Total Assets	110,494	71,230	42,517	13,982

LIABILITIES AND EQUITY				
Short-term Liabilities	115,674	75,062	42,257	9,938
Long-Term Liabilities	966	662	-	3,745
Equity	(6,146)	(4,494)	260	299
Total Liabilities and Equity	110,494	71,230	42,517	13,982
INCOME STATEMENT				
Net Sales	13,602	1,155	191	380
Cost of Goods Sold	(8,170)	(1,155)	(110)	(222)
Gross Profit	5,432	-	81	158
Other Expenses - Net	(7,492)	(6,257)	(99)	(1)
Earnings (Loss) before Tax	(2,060)	(6,257)	(18)	157
Tax Expenses (Income)	(407)	(1,503)	21	(27)
Earnings (Loss) for the Period	(1,653)	(4,754)	(39)	129

The increase in the balance sheet items was mainly due to an increase in short-term liabilities which were other payables to related parties. The increase in revenue was primarily due to the contribution of sales volume of Muara Teweh site which just began the production actively in the second quarter of 2011.

8.10 PT MANGGALA ALAM LESTARI

a) Brief History

MAL was established pursuant to Deed No. 14 dated February 27, 2004, prepared by Yulia, SH, Notary in Tangerang Region. The deed of establishment has obtained

approval of the Minister of Justice pursuant to Decision Letter No. C-13084 HT.01.01.TH.2004 dated May 25, 2004, and has been registered in the Company Register in accordance with UUWDP with TDP No. 090515148572 in Company Registration Office of Central Jakarta Municipality under No. 1339/BH.09.05/VI/2004 dated June 9, 2004 and published in the State Gazette of the Republic of Indonesia No. 51 dated June 25, 2004, Supplement No. 6052.

The Articles of Association of MAL has been amended several times, the latest amendment was pursuant to Deed No. 45 dated October 12, 2010, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents related to the change in authorized, issued and paid capital of MAL. The deed has obtained approval of the Minister of Justice and Human Rights of the Republic of Indonesia pursuant to Decision Letter No. AHU-49755.AH.01.02.Year 2010 dated October 22, 2010, registered in the Company Register in accordance with UUPT under No. AHU-0076466.AH.01.09.Year 2010 dated October 22, 2010 and registered in the Company Register in accordance with UUWDP under TDP No. 09.05.1.46.48572 in Company Registration Office of Central Jakarta Administratif City under No. 18635/RUB.09.05/I/2011, dated January 13, 2011.

b) Business Activities

Pursuant to the Articles of Association of MAL, the purpose and objective of MAL is to conduct business in the field of industry, trading, forestry, mining, service and agriculture.

The current business activity of MAL is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of MAL is pursuant to Deed No. 45 dated October 12, 2010 prepared by Hannywati Gunawan, SH, Notary in Jakarta, in conjunction with Deed No. 68 dated February 18, 2011 prepared by Hannywati Gunawan, SH, Notary in Jakarta is as follows:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	50,000	50,000,000,000	
B. Issued and Fully Paid Capital			
1. The Company	12,939	12,939,000,000	99.99
2. PT Dian Swastatika Sentosa	1	1,000,000	0.01
Total Issued and Fully Paid	12,940	12,940,000,000	100.00
C. Portfolio Shares	37,060	37,060,000,000	

d) Management and Supervision

Pursuant to Deed No. 05 dated September 12, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal

Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-30158, dated September 22, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0076366.AH.01.09.Year 2011, dated September 22, 2011, the current composition of Board of Commissioners and Board of Directors of MAL is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Sandy Susanto

Director : Hartana

e) Summary of Key Financial Data

The following is a summary of financial data of MAL taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009*	2008*

ASSETS				
Current Assets	211	652	398	179
Non-current assets	33,689	33,483	19,222	3,826
Total Assets	33,900	34,135	19,620	4,005
LIABILITIES AND EQUITY				
LIABILITIES				
Short-term Liabilities	25,680	24,375	10,158	3,731
Long-Term Liabilities	-	-	6,956	260
Total Liabilities	25,680	24,375	17,114	3,991
EQUITY				
Equity attributable to equity holders of parent company	8,219	9,759	2,506	14
Non-controlling interests	-	1	-	-
Total Equity	8,220	9,760	2,506	14
Total Liabilities & Equity	33,900	34,135	19,620	4,005
INCOME STATEMENT				
Net Sales	-	-	-	-
Gross Profit	-	-	-	-
Other Income (Expenses) - Net	(1,752)	(1,535)	(2,493)	1
Earnings (Loss) before Tax	(1,752)	(1,535)	(2,493)	1
Tax Income	212	(848)	-	-
Earnings (Loss) for the Period	(1,540)	(687)	(2,493)	1

*) Financial Statements MAL only

8.11 PT NUSA INDAH PERMAI

a) Brief History

NIP was established pursuant to Deed No. 11 dated January 30, 2004, prepared by Yulia, SH, Notary in Tangerang Region. The deed of establishment has obtained approval of the Minister of Justice pursuant to Decision Letter No. C-13083 HT.01.01.TH.2004 dated May 25, 2004, and has been registered in the Company Register in accordance with UUWDP with TDP No. 090515148573 in Company Registration Office of Central Jakarta Municipality under No. 1338/BH.09.05/VI/2004 dated June 9, 2004 and published in the State Gazette of the Republic of Indonesia dated June 25, 2004 No. 51, Supplement No. 6051.

NIP has adjusted its Articles of Association to the UUPT pursuant to No. 10 dated August 14, 2008, prepared by Liza Pribadi, SH, Notary in Jakarta, which deed has obtained approval of the Minister of Justice pursuant to Decision No. AHU-76296.AH.01.02.Year 2008 dated October 21, 2008, has been registered in the Company Register No. AHU-0098942.AH.01.09.Year 2008, dated October 21, 2008, has been registered in the Company Register in accordance with UUWDP under TDP No. 061011000217 in Company Registration Office of Musi Banyuasin Region under No. 11/BH.06.10/V/2010, dated May 20, 2011, and has been

published in the State Gazette of the Republic of Indonesia dated June 6, 2008 No. 46, Supplement No. 8089.

The Articles of Association of MAL has been amended several times. The latest amendment was pursuant to Deed No. 156 dated April 25, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta, of which contents among others are related to the increase of authorized, issued and paid capital of NIP, which deed has obtained approval of the Minister of Justice pursuant to Decision Letter No. AHU-25826.AH.01.02.Year 2011 dated May 23, 2011, and has been registered in the Company Register in accordance with UUPT under No. AHU-0041322.AH.01.09.Year 2011 dated May 23, 2011.

b) Business Activities

Pursuant to the Articles of Association of NIP, the purpose and objective of NIP is to conduct business in the field of industry, trading, forestry, mining, service and agriculture.

The current business activity of NIP is coal mining.

c) Capitalization

The latest composition of capitalization and shareholders of NIP pursuant to Deed No. 156 dated April 25, 2011 prepared by Hannywati Gunawan, SH, Notary in Jakarta, is as follows:

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	45,000	45,000,000,000	
B. Issued and Fully Paid Capital			
1. PT Bumi Kencana Eka Sejahtera	1	1,000,000	0.009
2. MAL	11,294	11,294,000,000	99.991
Total Issued and Fully Paid	11,295	11,295,000,000	100.000
C. Portfolio Shares	33,705	33,705,000,000	

d) Management and Supervision

Pursuant to Deed No. 06 dated September 12, 2011, prepared by Hannywati Gunawan, SH, Notary in Jakarta, which deed has been received and recorded in the Legal Entity Administration System Database pursuant to the Receipt of Notification of Company's Data Change No. AHU-AH.01.10-30098, dated September 22, 2011 and has been registered in the Company Register in accordance with the UUPT under No. AHU-0076305.AH.01.09.Year 2011, dated September 22, 2011, the current composition of Board of Commissioners and Board of Directors of NIP is as follows:

Board of Commissioners

Chief Commissioner : Bambang Heruawan Haliman

Commissioner : Ichsanto Gunawan

Board of Directors

Managing Director : Sandy Susanto

Director : Hartana

e) Summary of Key Financial Data

The following is a summary of financial data of NIP taken from financial statements of the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009 and 2008 which have been audited by Public Accountant Firm Richard Risambessy & Partners.

BALANCE SHEET	June 30, 2011	December 31		
		2010	2009	2008
ASSETS				
Current Assets	122	404	443	668
Non-current assets	8,390	8,620	8,798	12,647
Total Assets	8,512	9,024	9,241	13,315
LIABILITIES AND EQUITY				
LIABILITIES				
Short-term Liabilities	1,112	10,973	10,275	13,295
Long-Term Liabilities	-	-	658	-
Equity	7,400	(1,949)	(1,692)	20
Total Liabilities and Equity	8,512	9,024	9,241	13,315
INCOME STATEMENT				
Net Sales	-	-	-	-
Gross Profit	-	-	-	-

Other Expenses - Net	(651)	(1,537)	(1,712)	6
Earnings (Loss) before Tax	(651)	(1,537)	(1,712)	6
Tax Expense (Income)	-	-	-	-
Earnings (Loss) - Net	(651)	(1,537)	(1,712)	6

The increase in balance sheet items, was primarily due to the increased amount of issued and paid capital in connection with the capital increase, which was used to settle some loans. Coal mining activities have not begun in this area. As of June 30, 2011, NIP still posted a net loss.

8.12 PT DSSP POWER SUMSEL

a) Brief History

DSSP was established pursuant to Deed No. 45 dated August 23, 2011, prepared by Linda Herawati, SH, Notary in Central Jakarta. The deed of establishment has obtained approval of the Minister of Justice pursuant to Decision Letter No. AHU-44363.AH.01.01.Year 2011 dated September 9, 2011 and has been registered in the Company Register in accordance with UUPT under No.AHU-0072961.AH.01.09.Year 2011 dated September 9, 2011.

b) Business Activities

The purpose and objective of the Company is to conduct business in the field of power generation. To achieve the aforementioned purpose and objective, the Company might

conduct business activities as follows: running a business in power generation industry covering generation activities, sales, transmission and other business activities involved in electrical energy.

c) Capitalization

Description Nominal Value of Rp1,000,000 per share	Total Shares	Total Nominal Value (Rp)	Percentage (%)
A. Authorized Share Capital	10,000	10,000,000,000	
B. Issued and Fully Paid Capital			
1. PT Dian Swastatika Sentosa Tbk	2,375	2,375,000,000	95.00
2. The Company	125	125,000,000	5.00
Total Issued and Fully Paid	2,500	2,500,000,000	100.00
C. Portfolio Shares	7,500	7,500,000,000	

d) Management and Supervision

DSSP was established pursuant to Deed No. 45 dated August 23, 2011, prepared by Linda Herawati, SH, Notary in Central Jakarta. The deed of establishment has obtained approval of the Minister of Justice pursuant to Decision Letter No. AHU-44363.AH.01.01.Year 2011 dated September 9, 2011 and has been registered in the Company Register in accordance with UUPT under No.AHU-0072961.AH.01.09.Year 2011 dated September 9, 2011, the composition of Board of Commissioners and Board of Directors of DSSP is as follows:

Board of Commissioners

Chief Commissioner : Fuganto Widjaja

Deputy Chief Commissioner : Ir. Gandi Sulistiyanto
Soeherman

Board of Directors

Managing Director : Lay Krisnan Cahya

Director : Suwandi Mulyono

Director : Lanny

Director : DR. Hermawan Tarjono

9. LICENSING

In order to run its business, the Company and its subsidiaries have obtained permits and approvals required from authorized government agencies, as required under the provisions of existing regulations, among others are as follows:

NO.	COMPANY	DOCUMENT	PERMIT NO.	DATE
1	GEMS	Trading Business Permit (SIUP) - Large	00196-01/PB/P/1/824.271	February 17, 2011
		Mining Permit (IUP) Special Production Operation For Freight and Sales of Coal	206.K/30/DJB/2011	February 4, 2011
2	RCI	SIUP - Large	00194-01/PB/P/1.824.271	February 17, 2011
3	BIB	Coal Contract of Work Agreement and its amendments	007/PK/PTBA-BI/1994	August 15 1994 and June 27, 1997
		Forest Utilization Permit	464/Menhut-II/2008	December 17, 2008

			SK.288/Menhut-II/2010	April 27, 2010
		SIUP - Large	00195-01/PB/P/1.824.271	February 17, 2011
		Special Road Construction Permit	551.21/1258a/DISHUBKOMI NFO/2008	October 23, 2008
		Temporary Storage of Hazardous and Poisonous Waste Permit	383 TAHUN 2010	July 20, 2010
		Production Activity Stage Permit	10.K/40.00/djb/2006	February 17, 2006
4	KIM	SIUP - Large	035/05-02/PB/XII/2008/P	November 10, 2010
		Production Operation Mining Permit	251/DESDM TAHUN 2010	April 23, 2010
			252/DESDM Tahun 2010	April 23, 2010
5	KCP	SIUP - Large	00152-01/PB/1.824.271	January 7, 2011
		Production Operation Mining Permit	350/DESDM TAHUN 2009	Juli 22, 2009
6	TBBU	SIUP - Medium	063/05-02/PM/XI/2010	November 10, 2010
		Production Operation Mining Permit	249/DESDM TAHUN 2010	April 23, 2010
7	BBU	SIUP - Medium	064/05-02/PM/XI/2010	November 10, 2010
		Production Operation Mining Permit	341/DESDM Tahun 2009	Juli 9, 2009
		Production Operation Mining Permit	250/DESDM Tahun 2010	April 23, 2010
8	BHBA	SIUP - Medium	062/05-02/PB/XI/2010	November 10, 2010
		Production Operation Mining Permit	247/DESDM TAHUN 2010	April 23, 2010
9	BNP	SIUP - Medium	01671-01/1.824.271	March 2, 2011
		Approval of Production Operation Mining Permit Ownership Transfer	545/DESDM Tahun 2010	December 15, 2010

10	TKS	Forest Utilization Permit	319/Menhut-II/2010	May 19, 2010
		SIUP - Small	510/078/SIUP Kecil/KPPT	February 16, 2011
		Production Operation Mining Permit	188.45/207/2010	April 26, 2010
		Production Operation Mining Permit	188.45/208/2010	April 26, 2010
		Production Operation Mining Permit	570 Tahun 2009	Desember 31, 2009
11	MAL	SIUP - Medium	00135-01/PB/P/1.824.271	December 28, 2010
		Production Operation Mining Permit	1259 TAHUN 2009	September 11, 2009
		Approval of IUP Expiration Change to March 8, 2021	No. 0672 Tahun 2010	June 10, 2010
12	NIP	Production Operation Mining Permit	1255 Tahun 2009	September 11, 2009
		Approval of IUP Expiration Change to March 8, 2021	No. 0671 Tahun 2010	June 10, 2010
		SIUP - Large	503/24/PERINDAG/UPDNI/ PB/XI/2010	November 12, 2010

10. DESCRIPTION ON COMPANY'S ASSETS

The following are assets owned and controlled by the Company and its subsidiaries:

NO	TYPE OF ASSET	LOCATION	WIDTH	DESCRIPTION
BUNATI PORT				
1	Land	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	14,243 m2	Building Utilization Rights No. 02 dated December 5, 2008
2	Land	Desa Bunati, Kecamatan	9,996	Building Utilization Rights No.

		Angsana, Tanah Bumbu, South Kalimantan	m2	03 dated December 5, 2008
3	Land	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	4,999 m2	Building Utilization Rights No. 04 dated December 5, 2008
4	Land	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	9,999 m2	Building Utilization Rights No. 05 dated December 5, 2008
5	Land	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	9,997 m2	Building Utilization Rights No. 06 dated December 5, 2008
6	Dump Hopper	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	112.75 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
7	Crussing House	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	225 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
8	Transfer Tower 1	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	23 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
9	Reclaim Conveyor 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	58 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
10	Onshore Take Up Tower	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	23 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
11	Loading Conveyor	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	84 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
12	Transfer Conveyor	Desa Bunati, Kecamatan Angsana, Tanah	1,420 m2	Bulding Construction Permit No. 640/0276/PEMB-

		Bumbu, South Kalimantan		IMB/VII/2010
13	Transfer Tower 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	72 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
14	Middle Tower 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	132 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
15	Offshore Take Up Tower 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	432 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
16	Jetty	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	108 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
17	Berthing Dolphin 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	276 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
18	Weight Bridge	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	129 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
19	Getset Room 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	168 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
20	Panel Room 1 and 2	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	168 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
21	Operation Office	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	39 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010
22	Genset Room	Desa Bunati, Kecamatan Angsana, Tanah	24 m2	Bulding Construction Permit No. 640/0276/PEMB- IMB/VII/2010

		Bumbu, South Kalimantan		
23	Pavement	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	13.500 m2	-
24	Security Post	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	69 m2	-
25	SoftCrushing Plant	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	Capacity 500 Tons per Hour
26	Barge Loading Facility	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	Capacity 1000 Tons Per Hour
27	Electrical (Plant Lighting, Plant Lighting Arester)	Desa Bunati, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	-
THE ANGSANA MESS				
28	Land	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	49,991 m2	Building Utilization Rights No. 01 dated November 12, 2009
29	Office	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	912 m2	Building Construction Permit No. 640/0039/PEMB- IMB/I/2009
30	Manager Mess	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	244 m2	Building Construction Permit No. 640/0039/PEMB- IMB/I/2009
31	Visitor Mess	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	245 m2	Building Construction Permit No. 640/0039/PEMB- IMB/I/2009
32	Staff Mess	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South	194 m2	Building Construction Permit No. 640/0039/PEMB-

		Kalimantan		IMB/I/2009
33	Getset Room	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	90 m2	Building Construction Permit No. 640/0039/PEMB-IMB/I/2009
34	Pump Room	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	49.50 m2	Building Construction Permit No. 640/0039/PEMB-IMB/I/2009
35	Water Tower	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	49.50 m2	Building Construction Permit No. 640/0039/PEMB-IMB/I/2009
36	Fence	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	-
37	Pavement	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	4,127 m2	-
38	Drainage	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	Length 4,127 m
39	Security Post and Toilet	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	9.95 m2	-
40	Water Treatment and Water Distribution System	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	-
41	Electrical Area	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	-
42	Genset Stamford 100Kva	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South Kalimantan	-	-
43	Genset Chevron 100Kva	Desa Angsana, Kecamatan Angsana, Tanah Bumbu, South	-	-

		Kalimantan		
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11. INSURANCE

The Company and its subsidiaries have insured their property such as motor vehicles, buildings and the infrastructures, as follows:

No.	Insurer	Name of Insured	Policy Number	Type of Insurance	Object of Insurance	Validity Period	Coverage
1	PT Asuransi Sinarmas	BIB	02.052.2011.10622	Vehicle Insurance	Vehicle	Feb. 2, 2011 up to Feb. 2, 2012	Rp330,000,000
2	PT Asuransi Sinarmas	BIB	02.052.2011.50734	Vehicle Insurance	Vehicle	August 31, 2011 up to August 31, 2012	Rp875,000,000
3	Asuransi QBE Pool Indonesia	BIB	19-M0565187-MCH	Speed Boat	Speed Boat	Feb. 14, 2011 up to Feb. 14, 2012	Rp246,500,000
4	Asuransi AXA Indonesia	BIB	05852011	Marine Cargo	Marine Cargo	Feb. 5, 2011 up to Feb. 5, 2012	Rp5,000,000,000
5	Allianz	BIB	JKT00-G-1010-00E0015303	Civil Engineering	Civil Engineering Work	Oct. 15, 2011 up to Oct. 15, 2012	US\$6,715,165
6	Asuransi Sinarmas	BIB	24.400.2011.00004	Public Liability Insurance	Accidents, property damage and advertising liability	Feb. 15, 2011 up to Feb. 15, 2012	US\$100,000,000
7	Asuransi Sinarmas	BIB	90.400.2011.00008	Directors & Officers Liability Insurance	Directors & Officers Liabilities	Feb. 15, 2011 up to Feb. 15, 2012	US\$35,000,000
8	PT Asuransi Central Asia	BIB	01-01-11-004606	Office and Mess Insurance	Office and Mess In Tanah Bumbu South Kalimantan	August 9, 2011 upto August 9, 2012	Rp29,210,475,950
9	PT Asuransi Central Asia	BIB	01-01-11-300522	Office and Mess Insurance	Office and Mess In Tanah Bumbu South Kalimantan	August 9, 2011 upto August 9, 2012	Rp29,210,475,950
10	PT Asuransi Astra Buana	BIB	MOCC05T36X-1001	Marine Cargo Insurance	Vessel/Conveyance	N/A	US\$280,421.54
11	PT Asuransi Astra Buana	BIB	MOCC05T344-1001	Marine Cargo Insurance	Vessel/Conveyance	N/A	US\$315,826.85
12	PT Asuransi Astra Buana	BIB	MOCC05T360-1001	Marine Cargo Insurance	Vessel/Conveyance	N/A	US\$630,828.62
13	PT Asuransi	BIB	MOCC05T3TT-	Marine Cargo Insurance	Vessel/Conveyance	N/A	US\$634,490.72

	Astra Buana		1001				
14	PT Asuransi Astra Buana	BIB	MOCC05T3PA- 1001	Marine Cargo Insurance	Vessel/Conveyance	N/A	US\$525,551.00

12. MATERIAL AGREEMENTS

In conducting its business, the Company and its subsidiaries entered into a number of material agreements, which are as follows:

No.	Name of Agreement	The Parties	Object of Agreement	Period of Agreement
1.	Agreement for Purchase and Sale of Coal	The Company and ASC	Supply of Coal	May 1, 2010 – August 31, 2012
2.	Agreement for Purchase and Sale of Coal	The Company and TMS	Supply of Coal	June 1, 2010 – December 31, 2011
3.	Master Coal Sale and Purchase Agreement	Purinusa and the Company	Supply of Coal	September 30, 2010 – September 30, 2012
4.	Agreement for Sale and Purchase of Coal	The Company and BHBA	Supply of Coal	March 18, 2011 – March 17, 2012
5.	Work Agreement	The Company and CV Riski Pratama Putra	Coal transportation for minimum 12,500 mt per month	April 3, 2010 – January 31, 2012
6.	Work Agreement	The Company and CV Waletindo Setia Perkasa	Coal transportation for minimum 4,250 mt per month	April 3, 2010 – January 31, 2012
7.	Work Agreement	The Company and CV X Dareh	Coal transportation for minimum 8,000 mt per month	April 3, 2010 – January 31, 2012
8.	Consortium Agreement	DSS and the Company	Bidding Consortium of Power Plant Project	June 16, 2010 – completion of power plant project & power plant project has operated commercially

9.	Mining Supervisory Cooperation Agreement	The Company and ASC	Mining Supervisory Cooperation	April 30, 2010 – fulfillment of obligations of sale and purchase agreement between the Company and ASC
10.	Work Agreement	The Company and PT Surya Persada Erasindo	Coal transportation for minimum 15,000 mt per month	May 24, 2010 – January 31, 2012
11.	Agreement of Shipping facility Service Use of Special Dock for Coal	The Company and PTBA	Provision of coal stockpile area in Teluk Bayur Port, Padang	January 17, 2011 – December 31, 2011
12.	Letter of Key Cooperation Agreement of Operation of Coal Stockpile Area and Coal Handling into Large Ship and Stevedoring Service in Pelindo Teluk Bayur Port,.	The Company and PT Stevedore Putra Mandiri	Provision of coal stockpile area in Pelindo Teluk Bayur Port, large ship loading, and coal stevedoring service.	January 20, 2011 – December 31, 2011
13.	Agreement for Purchase and Sale of Coal	The Company and KIM	Supply of Coal	March 18, 2011 – March 17, 2012
14.	Area Utilization Agreement	BIB and PT Kirana Chatulistiwa	Agreement of Coal Mining Works in HTI area of PT Kirana Chatulistiwa	July 4, 2008 – completion of BIB mining activities in that HTI area
15.	Cooperation Agreement	BIB and PT Buana Karya Bhakti	Borrow and Use of Plantation Area Agreement	August 19, 2005 – completion of BIB mining activities in that plantation area
16.	Cooperation Agreement	KIM and TMS	Coal transportation agreement	February 1, 2011 – January 31, 2015
17.	Mining Service Contract	KIM and IBN	Mining services work agreement	January 1, 2010 – April 30, 2015 or until the coal production has achieved 7,500,000 Metric Ton

18.	Mining Contract	TKS and PT Trinity Mine Resources	Stockpile management operation activities	5 years from the date of work instruction letter or when the coal production has achieved 1,800,000 metric ton
19.	Mining Service Contract	BHBA and PT Artamulia Tatapratama	Minung services work agreement	March 1, 2010 – March 1, 2015 or until the economic coal reserve in the mining area is exhausted
20.	Agreement of Port Service Usage	BIB and PT Tunas Inti Abadi	Rental agreement of BIB's Port	1 year from August 9, 2010
21.	Stockpile Management Implementation Agreement	TKS and PT Kencana Andalan Bersama	Port management to conduct operation activities at the port/ special dock	October 1, 2010 – September 30, 2012
22.	Coal Sales Cooperation Agreement	BIB and Government of Republic of Indonesia	Coal Supply Agreement	January 1, 2011 – December 31, 2015
23.	Coal Transshipment Agreement	BIB and PT Mitra Bahtera Segara Sejati	Barge Rental Agreement	April 1, 2011 – March 31, 2012
24.	Coal Mining & Hauling Contract	BIB and PT Wira Bhumi Sejati	Mining service and coal transportation works	3 years from September 1, 2010 or until the coal production has achieved 4,000,000 MT, whichever comes first
25.	Coal Mining & Hauling Contract	BIB and PT Saptaindra Sejati	Mining service and coal transportation works	5 years from October 17, 2006 or until the coal production has achieved 10,000,000 MT, whichever comes first
26.	Transfer of Marine Part Usage of Kotabaru Port Agreement	BIB and PT (Persero) Pelabuhan Indonesia III Kotabaru Branch	Transfer of Marine Part Usage of Kotabaru Port	July 1, 2007 – June 30, 2017

27.	Port Service Cooperation Agreement at BIB's Jetty	BIB and PT (Persero) Pelabuhan Indonesia III Kotabaru Branch	Port Services	July 1, 2007 – June 30, 2017
28.	Port Operator Service Agreement	BIB and PT Bangun Arta Utama ("BAH")	BIB appoints BAH as the port operator to conduct operation activities at Bunati Port of BIB and to build additional loading conveyor.	3 years after 6 months probation period, from August 9, 2010 for port operator and from November 9, 2010 for additional loading conveyor construction work
29.	Agreement of Equipment Leasing & Coal Loading Service	BIB and CV Bangun Artha	Rental of equipments and coal loading services	5 years from May 1, 2007 or until loading amount has reached 3,000,000 MT
30.	Work Agreement	The Company and CV Miyor	Agreement of Coal Transportation	February 21, 2011 – February 21, 2012
31.	Work Agreement	BHBA and CV Miyor	Agreement of Coal Transportation to the Stockpile in Perawang	February 21, 2011 – February 21, 2012
32.	Work Agreement	BHBA and CV Miyor	Agreement of Coal Transportation to the Stockpile in Teluk Bayur	February 21, 2011 – February 21, 2012
33.	Mining Service Contract	TBBU and PT Artamulia Tatapratama	Coal mining agreement	February 1, 2011 – March 1, 2015 or until the coal production has reached 10,000,000 Ton
34.	Agreement for Purchase and Sale of Coal	BIB and Zhejiang Qiying Energy & Chemical Co.Ltd.	Agreement of coal supply	Shipment Period: May 2011 – June 2012
35.	Mining Service Contract	KCP and PT Inti Bara Nusalima	Coal mining agreement	February 1, 2011 - December 31, 2015 or until the coal production has reached 4,000,000 MT,

				whichever comes first
36.	Agreement to pass through hauling roads	BIB and PT Berlian Indo Bara	BIB gives permission to PT PT Berlian Indo Bara to pass through the hauling roads	May 5, 2011 – May 4, 2012
37.	Agreement for Purchase and Sale of Coal	The Company and PT Intan Sari Prakarsa	Supply of coal	June 27, 2011 – June 26, 2012
38.	Agreement for Purchase and Sale of Coal	The Company and TMS	Supply of coal	July 1, 2011 – June 30, 2012
39.	Factoring Agreement	The Company and PT Sinar Mas Multifinance	Provision of Factoring	May 9, 2011 – May 9, 2012
40.	Agreement for Purchase and Sale of Coal	The Company and Zhejiang Qiying Energy & Chemical Co.Ltd.	Supply of coal	Shipping Period: August 2011 – June 2012
41.	Agreement	BIB and GBU	Use of Overlapping Area	July 19, 2011 – during the life of the mine and/or completion of BIB mining activities in the overlapping area
42.	Agreement for Purchase and Sale of Coal	The Company and TBBU	Supply of coal	July 1, 2011 up to June 30, 2012
43.	Agreement for Purchase and Sale of Coal	The Company and KCP	Supply of coal	July 1, 2011 up to June 30, 2012
44.	Cooperation Agreement of Maintenance of Coal Hauling Roads	BIB and PT Tunas Inti Abadi	Hauling roads maintenance	5 years or until the total volume has reached 15,000,000 MT, whichever comes first
45.	Use of Port Service Agreement	BIB and TMS	Use of BIB port service by TMS	July 18, 2011 – July 17, 2012
46.	Agreement of use of jetty service and Telang Baru port shipping	The Company and PT Aman Kokoh Mandiri	Lease of jetty and port shipping facilities by the	July 1, 2011 – June 30, 2012

	facilities		Company	
47.	Vehicle Rental Master Agreement	The Company and PT Serasi Autoraya	Operational vehicle leasing	July 11, 2011 – terminated by the company or PT Serasi Autoraya
48.	Factoring Agreement	TKS and PT Sinar Mas	Provision of Factoring	May 23, 2011 – May 23, 2012
49.	Work Agreement	The Company and PT Surya Persada Erasindo	Coal Transportation for 15,000 mt per month	May 24, 2010 – January 31, 2012
50.	Agreement of usage and maintenance of access roads for coal transportation	PT Wirakarya Sakti, PT Andalah Nusantara Sejahtera, KIM dan its subsidiaries	KIM and its subsidiaries are entitled to use the access roads in HPHTI area of PT Wirakarya Sakti along the 126.61 km.	August 1, 2011 - as long as KIM and its subsidiaries conduct mining activities or during the validity of HPHTI of PT Wirakarya Sakti, whichever ends first
51.	Coal Sales Agreement	The Company and GMR Singapore	Agreement for Purchase and Sale of Coal	The agreement was signed on August 11, 2011 and valid for 25 years since the first coal shipment
52.	Coal Sales & Support Agreement	The Company, KIM, KCP, TBBU, BNP, BHBA, TKS, BBU, BIB and GMR Singapore	Support agreement to the Company in the Coal Sales Agreement	The agreement was signed on August 11, 2011 and valid for 25 years since the first coal shipment
53.	Management and Technical Support Agreement	The Company and GMR Singapore	Technical consultancy related to preparation and combustion of coal, management and technical advisor services, including infrastructure	The agreement was signed on August 11, 2011 and valid for 8 years since the Company's share has been listed at the Stock Exchange

			planning, infrastructure projects implementation supervisory service and system review, and concentration of procurement system.	
54.	Agreement TKS – CV AS	TKS and CV Andalan Surya	Royalty payment agreement	June 1, 2011 – content of coal is exhausted
55.	Credit Agreement	The Company and KIM	The Company is giving loan with the ceiling of US\$50,000,000	October 25, 2010 – October 24, 2011
56.	Credit Agreement	The Company and DSS	The Company is giving loan with the ceiling of US\$100,000,000	December 2, 2010 – December 31, 2011
57.	Credit Agreement	The Company and TKS	The Company is giving loan with the ceiling of US\$3,000,000,000	April 29, 2011 – April 3, 2012
58.	Credit Agreement	The Company and BHBA	The Company is giving loan with the ceiling of US\$50,000,000	July 19, 2011 – July 31, 2012
59.	Credit Agreement	The Company and BIB	The Company is giving loan with the ceiling of US\$30,000,000	September 15, 2011 – September 30, 2012
60.	Credit Agreement	KIM and KCP	KIM is giving loan with the ceiling of US\$10,000,000	September 15, 2011 – September 30, 2013

61.	Credit Agreement	KIM and TBBU	KIM is giving loan with the ceiling of US\$10,000,000	September 15, 2011 – September 30, 2013
62.	Letter of Credit Offer No.OL.144/2011/CM/CR-AO/TH	The Company and PT Bank Sinarmas Tbk	Bank Sinarmas is approving the SKBDN facility with a ceiling of Rp45 billion.	April 5, 2011 – April 19, 2012
63.	Cooperation in money lending and borrowing	KIM and TMS	KIM is giving loan with the ceiling of Rp3. 5 billion	April 14, 2008 – April 13, 2013
64.	Land Utilization Agreement	BIB and PT Buana Karya Bhakti	Cooperation in using the plantation area of PT Buana Karya Bhakti in accordance with the map attached to the agreement	2015 with 1 year tolerance period from October 4, 2015
65.	Cooperation Agreement	BIB and PT Gagah Putera Satria	Cooperation of land management in mining area of PT Buana Karya Bhakti in accordance with the map attached to the agreement	October 5, 2011 – during the life of the mine
66.	Agreement of upgrading, paving and maintenance of the roads	BIB and PT Emhaindo Usaha Mandiri	Agreement of upgrading, paving and maintenance of the roads in Batulaki Utara, South Kalimantan	October 6, 2011 – month end of September 2012
67.	Coal Supply Agreement	MAL and DSSP	Supply of Coal	October 7, 2011 – 25 years since enactment of Unit 2 coal steam generator power plant in accordance with the Power Purchase Agreement

68.	Agreement of usage and maintenance of access roads for coal transportation activity and others	PT Wirakarya Sakti, PT Andalan Nusantara Sejahtera, KIM and its subsidiaries	KIM and its subsidiaries are entitled to use the access roads in the HPHTI area of PT Wirakarya Sakti along the 102.59 km	From the date of the plan to use the access roads as stated in formal letter of notice of KIM and its subsidiaries to PT Wirakarya Sakti up to and as long as KIM and its subsidiaries conduct coal mining activities or during the validity of HPHTI of PT Wirakarya Sakti, which one ends the sooner
69.	Sale and Purchase Agreement	BHBA-CAI	BHBA purchase heavy equipments in quantity and specifications stated in the agreement	36 months from the Minutes of Handover and the settlement
70.	Heavy Equipments Leasing Agreement	BHBA-CAI	Leasing of heavy equipments of CAI	36 months from the Minutes of Handover

13. TRANSACTIONS WITH RELATED PARTIES

The Company made a number of transactions with related parties, either with shareholders and/or companies of which management is same with that of the Company, and/or other companies under Sinarmas business group, either directly or indirectly. These transactions with related parties have been done historically and will remain to be done in the future by using normal commercial requirements (arm's length basis) or with profitable terms similar to transactions conducted by third parties.

Transaction with related parties is defined as a transaction made between a company or a controlling company with related

parties of the company or related parties of members of Board of Directors, members of Board of Commissioners or major shareholders (shareholders who have at least 20% of the company's shares either directly or indirectly) of the company. Conflict of interest is defined as the difference between the company's economic interests and personal economic interests of members of Board of Directors, Commissioners or major shareholders which might cause losses to the company.

To do transactions with related parties, the Company is required to (i) announce the information to the public and submit proof of announcement and supporting documents to Bapepam-LK within 2 (two) working days after the transaction, where the announcement among others will contain the summary of report of independent appraiser which is registered in Bapepam-LK.

Pursuant to regulation of Bapepam-LK No. IX.E.1. concerning Affiliate Transactions and Conflict of Interest of certain transactions, some related parties transactions only to be reported to Bapepam-LK no later than 2 (two) working days after the transaction without report of independent appraiser registered in Bapepam-LK.

To enter into conflict of interest transactions, the Company is required to obtain approval of majority of independent shareholders, except for transactions with conflict of interest which is exempted from the obligation to obtain

approval of independent shareholders as referred to in regulation of Bapepam-LK number IX.E.1 point 3 letter c.

The following is the detail of type of transactions with related parties:

No .	Name of Agreement	The Parties	Content of Agreement	Validity Period	Nature of Agreement	Value of Transaction	Terms and Conditions
1	Basic Agreement of Sale and Purchase of Coal	Purinusa and the Company	Supply of Coal	September 30, 2010 – September 30, 2012	Sustainable	Rp 336,907,288,600	- Purinusa as the Purchaser, including its subsidiaries; - The Company is the Seller, including its subsidiaries; - Sale and purchase is based on Purchase Order from the Purchaser which will be realized in derivative contract between the parties
2	Consortium Agreement	DSS and The Company	Bidding Consortium of Power Plant Project	June 16, 2010 – completion of power plant project & has been operated	Sustainable	Rp 125,000,000,000	- DSS is appointed as Chief of the consortium; - The parties will establish a joint

				commercially			venture in charge and responsible for running the power plant project activities with the State Electricity Company.
3	Credit Agreement	The Company and DSS	Loan from DSS with ceiling of US\$ 100,000,000	March 24, 2011 – December 31, 2011	Can be extended if required	Maximum Facility Amount of US\$100,000,000	- The Company agrees to bear interest at 8% per annum that must be paid monthly.
4	Rental Agreement	KIM and PT Royal Oriental	Room rental in Plaza BII, Tower III, Basement I	December 5, 2008 – December 4, 2011	Sustainable	US\$941/month	- No service charge - Electricity consumption cost of Rp1,250/kwh
5	Rental Agreement	KIM and PT Royal Oriental	Room rental in Plaza BII, Tower II, 27 th Floor	August 11, 2009 – August 10, 2012	Sustainable	US\$20,440/month (USD13x 1,572.274 m2)	- KIM will bear service charge of US\$7.5 and overtime charge for electricity and AC
6	Rental Agreement	BIB and PT Royal Oriental	Room rental in Plaza BII, Tower II, 7 th Floor	November 10, 2009 – November 9, 2012	Sustainable	US\$13,250/month (USD13x 1,572.274 m2)	- BIB will bear service charge of US\$7.5 and overtime charge for electricity and AC

7	Convertible Bond Agreement	MAL and BKES	Issuance of Convertible Bonds by MAL	April 25, 2011 – April 24, 2012	Can be extended if required	Rp. 20,000,000,000	- These bonds bear interest at 12% per annum; - BKES, before the expiry date, is entitled to convert the bond either some or entire value of the bonds.
8	Factoring Agreement	TKS and PT Sinar Mas Multifinance	Provision of factoring	May 23, 2011 – May 23, 2012	Can be extended if required	USD1,000,000	Interest Rate: 9.5% per annum Provision: 0.5% of ceiling per annum is paid in advance
9	Factoring Agreement	The Company and PT Sinar Mas Multifinance	Provision of Factoring	May 6, 2011 – May 9, 2012	Can be extended if required	Ceiling of Rp70,000,000,000	Interest Rate: 13.5% per annum Provision: 0.5% of ceiling per annum is paid in advance
10	Credit Agreement	The Company and PT Bank Sinarmas Tbk.	Issuance of SKBDN with value of Rp 45,000,000,000	April 5, 2011 – April 19, 2012	Can be extended if required	Maximum Facility Amount of Rp45,000,000,000	Commission: 0.125% min. Rp250,000 Guarantee: Time deposit at 100% of issued SKBDN value

11	Agreement of usage and maintenance of access roads for coal transportation	PT Wirakarya Sakti, PT Andalan Nusantara Sejahtera, KIM dan its subsidiaries	KIM and its subsidiaries are entitled to use the access roads in HPHTI area of PT Wirakarya Sakti along the 126.61 km.	August 1, 2011 - as long as KIM and its subsidiaries conduct mining activities or during the validity of HPHTI of PT Wirakarya Sakti, which one ends the sooner	Sustainable	USD1.3/MT, min 60,000 MT	- KIM and its subsidiaries will pay the cost of road maintenance to the PT Andalan Nusantara Sejahtera as the party that performs road maintenance in the area of PT Wirakarya Sakti - Road Maintenance costs will be reviewed by PT Wirakarya Sakti every 6 months or every price increase of maintenance material exceeds 25% of previous material price
12	Agreement of usage and maintenance of access roads for coal transportation activity and others	PT Wirakarya Sakti, PT Andalan Nusantara Sejahtera, KIM and its subsidiaries	KIM and its subsidiaries are entitled to use the access roads in the HPHTI area of PT Wirakarya Sakti along	From the date of the plan to use the access roads as stated in formal letter of notice of KIM and its	Sustainable	KIM and its subsidiaries will pay to PT Andalan Nusantara Sejahtera access road maintenance technical	- KIM and its subsidiaries are obliged to conduct access roads maintenance and safety guards - KIM and its

		es	the 102.59 km	subsidiaries to PT Wirakarya Sakti up to and as long as KIM and its subsidiaries conduct coal mining activities or during the validity of HPHTI of PT Wirakarya Sakti, which one ends the sooner		consultation service costs of Rp 50,000,000/km/ year or Rp. 5,129,500,000 / year	subsidiaries are obliged to responsible for the entire access roads maintenance costs, access roads upgrading/ modification/ infrastructure addition costs and access roads security guards costs.
13	Certificate of motor vehicle insurance renewal Policy No.02.052.2011.10622	BIB and PT Asuransi Sinarmas	BIB insures Toyota New Camry 1.4 G A/T 2007	February 2, 2011 – February 2, 2012	Sustainable	Coverage value of Rp.330,000,000	- The insurer shall settle the compensation payments within 30 (thirty) calendar days since the existence of a written agreement between the insurer and the insured
14	Public Liability Insurance No Polis	BIB dan PT Asuransi Sinarmas	Insurance against accidents, property	February 15, 2011 – February 15, 2012	Sustainable	Coverage value of Rp100,000,000	- Covering events around the world, with

	24.400.2011 .00004		damage and advertising liability				restrictions in the Agreement
15	Director & Officers Liability Insurance No. Polis 90.400.2011 .00008	BIB dan PT Asuransi Sinarmas	Insurance of current/late r members of Board of Directors and Board of Commission ers	February 15, 2011 – February 15, 2012	Sustainabl e	Coverage value of Rp35,000,000	- covering events in the region of RI - PT Insurance Sinarmas will not be liable for any loss suffered by the individual or business entity that owns 24% or more of the issued capital, equity, or payable of BIB
16	Vehicle standard policy No. 02.052.2011 .50734	BIB and PT Asuransi Sinarmas	BIB insures vehicle BMW X5 3.0i A/T (SUV) 2008 / Grey	August 31, 2011 – August 31 2012	Sustainabl e	Coverage value of Rp.875,000,00 0	- The insurer shall settle the compensation payments within 30 (thirty) calendar days since the existence of a written agreement between the insurer and the insured
17	Sale and Purchase Agreement	BHBA-CAI	BHBA purchase heavy	36 months from the Minutes of	Can be extended if required	Advance payment of USD670,304.4	- Purchase of heavy equipments is

			equipments with quantity and specifications stated in the agreement	Handover and settlement		4 and settlement will follow the price in the market	done through advance payment in installment for 36 months - To secure the advance payment Installment, BHBA is willing to give a guarantee of 5 times the Advance Installment - Settlement is done at Heavy Equipment's prevailing market price minus total amount of advances that have been paid
18	Heavy Equipments Rental Agreement	BHBA-CAI	Rent of heavy equipments of CAI	36 months from the Minutes of Handover	Can be extended if required	USD882,940	- CAI shall conduct maintenance and/or reparation of the heavy equipments as long as the agreement lasts; - CAI shall provide spare

							parts and/or sufficient tools that might support the maintenance and/or reparation of the heavy equipments - CAI shall provide the heavy equipments' operators
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14. LEGAL PROCEEDINGS INVOLVING THE COMPANY

The Company and its subsidiaries are not facing material cases either civil, criminal, bankruptcy, or arbitration cases in the Indonesia National Board of Arbitration (BANI), or Industrial relations cases in the Industrial Relations Court or taxation cases that can materially affect the business operations of the Company and its subsidiaries, other than cases stated below.

As of the date of publication of this prospectus, BIB was recorded in a civil case which at present has been final and binding as follows:

- a. RCI and BIB were recorded in a civil case each in its capacity the defendant II and the defendant III against GE Haryanto as the plaintiff. On June 23, 2008, the Central Jakarta District Court through the Decision on

Case No.363/PDT.G/2007/PN.JKT.PST adjudicated to reject the plaintiff's claims. Furthermore, the Jakarta High Court by Decision No. 608/PDT/2008/PT.DKI, dated January 12, 2009 decided to strengthen the Central Jakarta District Court Decision No.363/PDT.G/2007/PN/JKT.PST dated June 23, 2008 which were filed the appeal. This civil case has been decided at the last level/cassation by the Supreme Court by Decision No. 1680.K/PDT/2009, dated March 18, 2010 rejected an appeal from the plaintiff/cassation applicant; and

- b. The PKP2B holders including BIB through the Association of Coal Mining Indonesia ("APBI") applied for judicial review to the Supreme Court of Regulation Minister of Finance No. 95/PMK.02/2005, dated October 11, 2005 as amended by Regulation of Ministry of Finance No. 131/PMK.010/2005 dated December 23, 2005 which establishes coal as an object of export levies. The request has been decided at the first level (District Court) and the last level by the Supreme Court by Decision No.07P/HUM/TAHUN 2006, dated July 21, 2006 which basically won the APBI and states that the Regulation of Minister of Finance No. 131/PMK.010/2005, dated December 23, 2005 declared annulled by law and ordered the Minister of Finance to immediately revoke the regulation.

Other than the cases mentioned above, the Company and its Subsidiaries are not facing subpoena, reprimand, and not involved in dispute or claim either in court or out of court, that is material and has no impact on business activities and operations of the Company and its subsidiaries or subpoena, reprimand or dispute or claim against the assets or shares ownership in the Company and its subsidiaries.

IX. BUSINESS ACTIVITIES AND PROSPECTS OF THE COMPANY AND SUBSIDIARIES

1. OVERVIEW

PT Golden Energy Mines Tbk. ("the Company") is the parent company of several coal mining companies in Indonesia through ownership of shares in 12 subsidiaries where 10 (ten) of the subsidiaries are engaged in the business of thermal coal mining of which calories range between 5,200-6,100 kcal/kg (adb). The projects which are located in South Sumatra, Jambi, South Kalimantan and Central Kalimantan cover areas of 47,500 hectares.

Based on the Independent Technical Report of PT SMG Consultants on February 2011 and March 2011 and PT Danmar Explorindo on February 2011, in accordance with the JORC standard methodology, the Company and its subsidiaries have more than 1.93 billion tons of thermal coal resources, with coal reserves for approximately 849 million tons. The Company plans to continue its exploration and drilling program in 2011 to increase the amount of coal reserves.

The amount of production has increased from year to year. In 2008, the Company through its subsidiaries produced 1.3 million tons of coal. The total production increased to 1.5 million tons in 2009, 1.8 million tons in 2010 and 1.8 million tons in the six-month period ended June 30, 2011.

The following is a summary of historical production data in the last 3 (three) years:

Block	Production (in Tons)			
	Period of 6 (six) months Year 2011	2010	2009	2008
BIB	1,167,117	1,118,046	1,182,669	1,252,305
KIM	615,367	638,206	353,834	-
TKS	53,383	8,569	-	-
TOTAL	1,835,867	1,764,821	1,536,503	1,252,305

Note:

** KIM was acquired by the Company on May 2009.*

Through the mining supervisory cooperation, the Company obtained additional coal production as much as 265 thousand tons of coal in 2010 and 543 thousand tons of coal during the period of 6 (six) months ended June 30, 2011 from mining area of TBA, a third party. Company has a long-term Sales and Purchase Agreement of coal and Mining Supervisory Cooperation Agreement between the Company and ASC, to conduct off-take of coal and mining supervisory in the area of TBA. ASC is a third party that has Sales and Purchase Agreement of coal with TBA. By conducting mining supervisory, the total production performance of the Company was 2.0 million tons in 2010 and 2.4 million tons in the period of 6 (six) months ended June 30, 2011. In the Company's financial statements, the coal produced from the mining area of TBA is recognized as coal sales and purchase transactions.

Open cut mining methods, a relatively low stripping ratio and the proximity of the mine location with the port facilities, have made operation costs in the Company's mining concessions become competitive. BIB, a subsidiary of the Company has a low stripping ratio, i.e. 1:4 to 1:5.

2. COAL SALES AND MARKETING

Currently, the Company sells coal to Indonesia domestic market as well as to the export markets to meet the needs of customers which mainly consist of power plants, paper factories, cement industries and coal trading companies who purchase coal for resale. Export sales in 2010 were recorded dominating by 64% of the total Company's sales. Exports are made to various customers, especially China, India, and Thailand. 31% of the Company's coal sales were made under coal contract sales agreement, with the coal selling price was negotiated and adjusted annually or in shorter term based on the quality and specification of the coal with reference to the coal price prevailing in the market. Meanwhile, 69% of coal sales in 2010 were made in the spot market. The Company's sales do not depend on the sales to related parties. In the long range, the sales and offers will be directed into long-term sales contract of coal.

In line with the increase in production, the number of sales has increased from 1.2 million tons in 2008, to 1.6 million tons in 2009, 1.5 million tons in 2010 and reached nearly 2

million tons in the six-month period ended June 30, 2011. Meanwhile, the sales value was fluctuating following the selling price and the amount of coal sales. The coal sales volume data and historical sales value in the last 3 (three) years is as follows:

	Coal Sales Volume (in Tons)				Sales Value (in million Rupiah)			
	2008	2009	2010	June 2011	2008	2009	2010	June 2011
BIB	1,247,110	1,214,951	837,237	1,291,834	447,387	518,920	280,248	510,858
KIM	-	353,834	614,342	629,780	385,617	187,345	309,601	336,244
TKS	-	-	-	34,702	-	-	-	13,602
Total*)	1,247,110	1,568,785	1,451,579	1,956,316	833,004	706,265	589,850	860,432

Source: The Company

Note:

**) the total figure is the sum from respective subsidiaries and does not constitute consolidated figures of the Company's sales*

The Company and its subsidiaries recorded a historical gross profit margin and net profit margin for 26.72% and 3.66% in 2010. These gross profit margin and net profit margin increased to become 32.63% and 13.24% in the six-month period ended June 30, 2011.

The Company also operates a coal trading business, where the external coal spot purchases from various sources is made for resale. In future, this trading business is also intended for the purpose of mixing coal quality in order to get coal quality that suits the special needs of the customers who come

from a variety of different market segment targets, either domestic or abroad. These trading activities were started in month of April 2010. The volume of coal trading during 2010 was 607 thousand tons.

The export coal sales prices of the Company are determined by referring to Newcastle Global Coal Price Index. Requirements of payment and delivery of coal vary among the customers. The customers purchase coal from BIB in FOB (free on board price basis. Meanwhile, for KIM and TKS, the coal sales-purchases were made at various price basis, among FOB, CNF (cost and freight) and/or FOT (free on truck).

3. BUSINESS PROSPECTS

Increased energy demand from China, India and other Asian countries due to rapid industrial development, urbanization and population growth is expected to led to strong growth in demand for thermal coal in the coming years. The study results Directorate General of Mineral and Coal Energy and Mineral Resources Ministry said that this year the needs of China's coal imports reached 180 million tons. Indian coal demand is estimated to reach 696 million tons over this fiscal year through March 2012, while the domestic supply is approximately only 554 million tons. In other words, there is insufficient coal supply in India for approximately 142 million tons.

The power generation industries in India and China have started to use coal with capability to burn coal in calorie quality less than 5,000 kcal/kg. The development of power plant industries that led to the demand for coal in medium and low calories quality, giving the potential for the coal assets owned by the Company which mostly have an average calorific value range between 5,200 kcal/kg (adb) to 6,100 kcal/kg (adb) to be produced in the long term to meet the Asian markets supply.

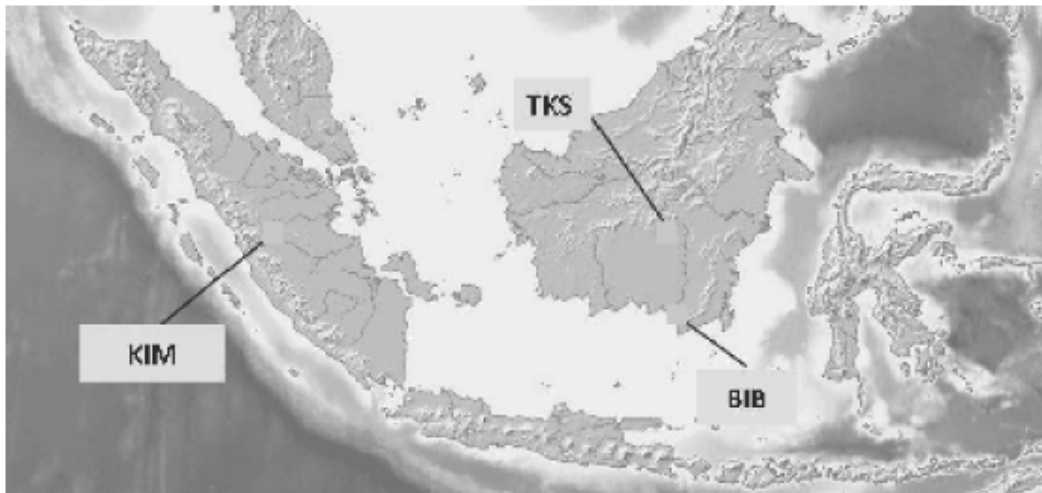
In general, Indonesia has an additional advantage due to its strategic location, near to Asian customers. This strategic advantage leads to cheaper shipping cost compared with other coal producers from Australia and South Africa.

In terms of price, the coal prices are divided into several categories that include bituminous, eco coal, low rank and super low rank. It is estimated that from year 2012 ahead, the price of bituminous type of coal from Indonesia is USD80/ton, USD49/ton for eco coal, USD44/ton for low rank type, and USD41/ton for super low rank type. Though it is predicted a decline in the coal prices from 2009 to 2012, but in the long run, the coal prices are expected to be stable.

4. COMPETITIVE ADVANTAGE

The Company and its subsidiaries have major competitive advantages as follow:

- The Company has coal assets with quality that can be accepted by the market. The Company's coal quality have average caloric value range between 5,200 kcal/kg (adb) to 6,100 kcal/kg (adb). The development of power plant industries that led to the demand for coal in medium and low calorie qualities, giving the potential for the Company's coal assets to increase its market share either domestic or abroad.
- The Company is a coal producer with the ability to produce coal in a relatively lower cost. Relatively lower stripping ratio and the proximity of the mines location to the port facilities, has made operation cost in the mining concessions of the Company is competitive.
- The Company has a large amount of coal resources and reserves, i.e. 1.93 billion tons of thermal coal resources, with coal reserves approximately for 849 million tons. This substantial coal reserves could potentially provide a positive prospect for the operation performance and financial growth in the future for a considerable length period. The Company plans to increase coal production capacity from 2.0 million tons in 2010 to 6 million tons in 2011.
- The Company is managed and operated by a management team experienced in the coal mining business. Majority of the senior management has experience in the mining field.



Sumber: Perseroan

5. PKP2B AND IUP AREAS

The following map shows the location of PKP2B and IUP areas of the Company:

PKP2B areas of BIB

The PKP2B concession area of BIB covers an area of approximately 24,100 hectares. This concession is located in South Kalimantan province; about 200 km east of Provincial Capital Banjarmasin, in the administration of local government of Tanah Bumbu Regency. The potential coal areas of BIB consist of four separate coal blocks: Batulaki Block in the southwest, Girimulya and Kusan Blocks in the north and Sebamban Block in the southeast.

Based on PKP2B, the Company might conduct exploration and exploitation of coal resources for a period of 30 years from the commencement of the production phase in 2006 until the

year 2036. PKP2B may be extended before expiration date through agreement between the PKP2B holders and the Government. Meanwhile, the Ministry of Energy and Mineral Resources can terminate the PKP2B if the PKP2B holders fail to fulfill the requirements as stipulated in the PKP2B.

Mining operations are currently located in Batulaki and Sebamban Blocks. Coal mining operations in the future will be made in Kusan and Girimulya Blocks.

The table below shows the estimation summary of proven and probable coal reserves within PKP2B concession area of BIB and production data of 2009, 2010 and the six-month period of 2011.

Block	Mineable Reserve (in million Tons)			Production (in Tons)		
	Proven	Probable	Total	2009	2010	Six-month period of 2011
Batulaki	NA	NA	NA	915,660	801,141	521,309
Sebamban	NA	NA	NA	267,010	316,905	654,323
Kusan	239.0	97.0	336.0	-	-	485
Girimulya	176.0	234.0	410.0	-	-	-
Jumlah	415.0	331.0	746.0	1,182,669	1,118,046	1,167,117

Source: The amounts of mineable reserves are from Independent Technical Report of SMGC on March 2011.

The amount of proven and probable coal reserves are calculated using JORC standard methodology.

The table below shows a summary of estimated amount of measured, indicated and inferred coal resources according to JORC standard methodology in Kusan, Girimulya, Batulaki and Sebamban blocks as of June 30, 2011.

(in Million Tons)

Block	Estimated Coal Resources			
	Measured	Indicated	Inferred	Total
Batulaki	10.9	7.8	7.5	26.2
Sebamban	19.1	6.4	2.1	27.6
Kusan	330.1	215.3	318.8	864.3
Girimulya	260.1	284.2	173.6	717.9
Jumlah	620.2	513.7	502.0	1,636.0

Source: The amounts of mineable reserves are from Independent Technical Report of SMGC on February and March 2011.

Concession area of KIM

Total concession area of KIM and its subsidiaries covers area of 2,610 hectares. This concession is located in Sumatra, approximately 260 km to the southeast of city of Padang in Jambi province, Jujuhan district and Muara Bungo Regency.

Mining operation area of KIM consists of a number of different concessions. However, due to the adjoining location of concessions, in mining practice these different concessions are treated as one mining area.

The Batang Asam river that crosses the mining concession of KIM divides concession area of KIM into two major blocks,

namely:

(iii) KIM East Block; includes KIM1, KIM2, KCP, and BBU.

(iv) KIM West Block; includes TBBU, BNP and BHBA.

Currently, the mining operations have been carried out in both blocks.

The table below shows the summary of estimated proven and probable coal reserves within the IUP concession area of KIM and production data of 2009, 2010 and the six-month period of 2011.

Block	Mineable Reserve (in million Tons)			Production (in Tons)		
	Proven	Probable	Total	2009	2010	Six-month period of 2011
East KIM	37.6	11.0	48.6	353,834	568,581	208,902
West KIM	23.8	7.2	31.0	-	69,625	406,465
Jumlah	61.4	18.2	79.6	353,834	638,206	615,367

Description:

- Source of information about the amounts of mineable reserves are the Independent Technical Report of SMGC on February 2011.

- *) Not including the production of coal from the mining area of TBA which are 264, 874 tons in 2010 and 542, 561 tons during the period of six (6) months ended June 30, 2011.

The amount of proven and probable coal reserves are calculated using JORC standard methodology.

The table below shows a summary of estimated amount of measured, indicated and inferred coal resources according to JORC standard methodology.

(in Million Tons)

Block	Estimated Coal Resources			
	Measured	Indicated	Inferred	Total
KIM East	66.3	26.9	8.7	102.0
KIM West	80.8	43.3	35.4	7.5
Jumlah	147.1	70.2	44.2	261.5

Source: The amounts of mineable reserves are from Independent Technical Report of SMGC on February 2011.

Concession Area of TKS

The concession area of TKS owned by the Company covers an area of 9,707 hectares. This concession is located in Muara Teweh Regency, in the south of the equator in Central Kalimantan. TKS is located approximately 270 km from the city of Samarinda, East Kalimantan and 500 km from the city of Banjarmasin, South Kalimantan.

The aforementioned concession area of TKS does not include IUP concession area of TKS pursuant to the Decision of Regent of East Barito No. 570 Year 2009 regarding the Approval of Alteration of Exploration Mining Permit into Production Operation Mining Permit of TKS dated December 31, 2009 in an area of 1,748 hectares. This concession is located in East Barito Regency, Central Kalimantan. All the coal excavation activities in this concession area, including but not limited to coal transport to the stockpile, repair and/or maintenance of roads, mine drainage, up to the reclamation is carried out by PT Samudera Bahtera Kencana Sakti (hereinafter referred to

as "SBKS") pursuant to the Cooperation Agreement between TKS and SBKS dated September 1, 2008. The scope of these works will finish when the coal reserves in this concession area is exhausted and all of the mining costs, including but not limited on taxes, employees' social security, insurance for all workers who work in the concession area will be the burden of SBKS. The coal produced in this concession area will be purchased by SBKS as provided in Article 4 paragraph 1 of the Cooperation Agreement.

The Company has started the production trial phase in 2010. The production activities will be started in the second quarter of 2011.

The table below shows the summary of estimated proven and probable coal reserves and production data of 2009, 2010 and the six-month period of 2011 in IUP concession area of TKS in Muara Teweh.

Block	Mineable Reserve (in million Tons)			Production (in Tons)		
	Proven	Probable	Total	2009	2010	Six-month period of 2011
TKS	30.6	2.6	33.2	-	8,569	53,383

Source: The amounts of mineable reserves are from Independent Technical Report of Danmar Explorindo on February 2011.

The amount of proven and probable coal reserves are calculated using JORC standard methodology.

The table below shows a summary of estimated amount of measured, indicated and inferred coal resources according to JORC standard methodology.

(in Million Tons)

Block	Estimated Coal Resources			
	Measured	Indicated	Inferred	Total
TKS	38.0	3.3	1.9	43.2

Source: The amounts of mineable reserves are from Independent Technical Report of Danmar Explorindo on February 2011.

The total production of coal in the three mining areas shows an increase from year to year. This is because the availability of supporting facilities and infrastructures and the opening of new pits. In line with the increase in production quantities, the amount of coal sales of the Company and its subsidiaries in an outline also increased from 1.25 million tons in 2008 to 1.57 million tons in 2009, 1.45 million tons in 2010, and 1.96 million tons in the six-month period ended June 30, 2011. With the addition of infrastructure facilities and opening new pits, it is expected that the amount of coal production of the Company and its subsidiaries will increase significantly in the years to come.

Concession Area of MAL

The concession area of MAL covers an area of 4,836 hectares. MAL is located in South Sumatra, approximately 266 km the

south-east of the city of Padang, the capital of West Sumatera Province.

Coal mining activities have not been started in this area.

Concession area of NIP

The concession area of NIP covers an area of 4,500 hectares. NIP is located in South Sumatra, approximately 266 km the south-east of the city of Padang, the capital of West Sumatera Province. This area is located adjacent to the concession area of MAL.

Coal mining activities have not been started in this area.

6. COAL PRODUCTS

The Company has a variety of coal products. The following are specifications of products owned by the Company:

Coal Products of BIB

Coal reserves of BIB are sub-bituminous type of coal of Warukin formation. Coal reserves of BIB are contained within several coal layers where the slopes of the layers range from 10 to 25 degrees.

- Batulaki block was identified to have 52 coal layers and sub-layers. The thickness of coal layers range from 0.4 to 13.9 meters.
- Sebanban block was identified to have 23 coal layers and sub-layers. The thickness of coal layers range from 0.4 to 8.6 meters.

- Kusan block was identified to have 41 coal layers and sub-layers. The thickness of coal layers range from 0 to 26.4 meters.
- Girimulya block was identified to have 36 coal layers and sub-layers. The thickness of coal layers range from 0 to 13.0 meters.

BIB's coal which is currently sold to customers is the product of Batulaki and Sebampan blocks with calorific value ranges from 5,200 kcal/kg to 5,700 kkal/kg (adb). General specifications of the BIB's coal are summarized in the table below:

Coal Specification	Batulaki Block	Sebampan Block	Kusan Block	Girimulya Block
Total Moisture (ar%)	33.00	39.00	34.90	35.10
Inherent moisture (adb%)	15.00	13.00	15.10	15.20
Ash content (adb%)	3.90	5.50	6.70	7.60
Total Sulfur (adb%)	0.16	0.22	0.20	0.30
Calorific Value (adb kkal/kg)	5,700	5,500	5,300	5,200

Source: The Independent Technical Report of SMGC on February and March 2011

Coal Products OF KIM

Coal reserves of KIM and its subsidiaries are sub-bituminous type of coal which were formed in Pliocene age and were included in Muara Enim formation. The mining areas of KIM and its subsidiaries were identified to have eight layers and sub-

layers with six main layers. The thickness of coal layers range between 0.32-2.2 meters.

Currently, coal products of KIM are sold without going through the washing process. ROM coal from the mining area of KIM are crushed to size 50 mm to produce coal products that meet the needs of today's market.

Coal products of KIM and its subsidiaries which are currently sold to customers have calorific values range between 5,600-6,000 kcal/kg (adb). General specifications of KIM's coal are summarized in the table below:

Coal Specification	KIM
Total Moisture (ar%)	25.00
Inherent moisture (adb%)	13.00
Ash content (adb%)	16.50
Total Sulfur (adb%)	1.00
Calorific Value (adb kkal/kg)	5,600-6,000

Source: The Independent Technical Report of SMGC on February 2011

Coal Products of TKS

Coal reserves of TKS are bituminous type of coal which were formed in Eocene age and were included in Tanjung coal formation, Oligocene age Montalat formation and Miocene age Warukin formation. There are at least 13 layers and sub-layers identified in this mining area. The average thickness of coal layers range between 0.5-3.4 meters.

General specifications of TKS' coal are summarized in the table below:

Coal Specification	TKS
Total Moisture (ar%)	24.79
Inherent moisture (adb%)	14.88
Ash content (adb%)	7.64
Total Sulfur (adb%)	1.97
Calorific Value (adb kkal/kg)	5,700-6,100

Source: The Independent Technical Report of Danmar Explorindo on February 2011

Coal Products of MAL

MAL's coal is included in sub-bituminous coal with high total moisture content, medium and low level of ash content and low sulfur coal. The estimated average calorific value of coal products of MAL is 5,200 kkal/kg (adb).

General specifications of MAL's coal are summarized in the table below:

Coal Specification	MAL
Total Moisture (ar%)	44.2
Inherent moisture (adb%)	14.1
Ash content (adb%)	9.5
Total Sulfur (adb%)	0.4
Calorific Value (adb kkal/kg)	5,211

Source: The Independent Technical Report of SMGC on February 2011

Coal Products of NIP

NIP's coal is included in sub-bituminous coal with high total moisture content, medium and low level of ash content and low sulfur coal. The estimated average calorific value of coal products of NIP is 5,200 kcal/kg (adb).

General specifications of NIP's coal are summarized in the table below:

Coal Specification	NIP
Total Moisture (ar%)	43.5
Ash content (adb%)	14.4
Total Sulfur (adb%)	0.36-2.0
Calorific Value (adb kkal/kg)	4,868-5,472

Source: The Company

To ensure that the customers will receive products of coal in accordance with the specifications of the contract agreed upon, the Company exercise control over product quality of coal carried from exploration stage to the mining stage, transporting, crushing and loading coal. Quality control is conducted by analyzing the products in a regular basis in an independent laboratory such as Sucofindo and Geoservices.

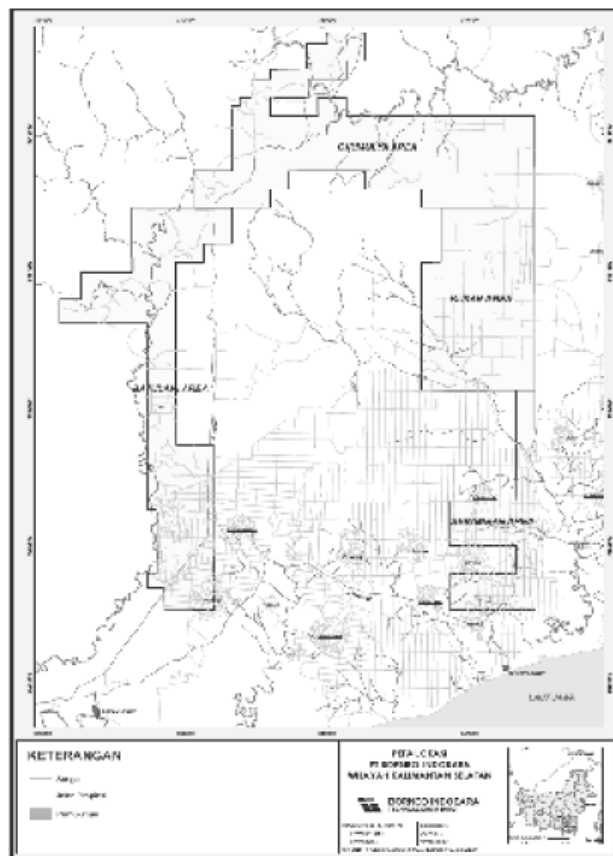
7. COAL MINING PROJECTS

The Company indirectly runs coal mining business, through its investments in a number of its subsidiaries who are engaged in coal mining field.

BIB

The work area of BIB is specified under Second Generation of Contract of Work No. 007/PK/PTBA-BI/1994 dated August 15, 1994 between the government and PT Tambang Batubara Bukit Asam for initial work area covering 93,164 hectares. This agreement was amended in 1997, with the transfer of all rights and obligations of PT Tambang Batubara Bukit Asam. Through the release of land rights, the area of BIB has been reduced to become 24,100 hectares.

The following map shows the layout of the PKP2B project site of BIB:



Stripping ratio of BIB in the period ended June 30, 2011 ranged from 1:3 up to 1:4 and for the years 2009 and 2010 respectively of 1:3 up to 1:4 and 1:5.07 up to 1:5.72.

Like most coal mines in Indonesia, BIB relies on the use of mining contractors services to perform all of the mining activities, starting from the land opening, removal of topsoil and OB, coal mining, coal transportation and dewatering. The contractors use conventional small-scale mining equipments such as excavators and trucks.

Mining operations of BIB are performed by mining contractors which operate under instructions of the Company. The operation in Sebamban was first started in the Andaru pit at the end of 2006.

Since the work area is near the sea, BIB has a mine location which is near to port facilities. Batulaki block is located 13 km from coal processing/crushing and barge loading facilities in Abidin Port. Meanwhile, Sebamban block is located at a distance of 7 km from coal processing/crushing and barge loading facilities in Bunati Port.

Work area of Kusan Block and Girimulya Block are located at a distance of approximately 27 km and 44 km from coal processing/crushing and barge loading facilities in Bunati Port.

The mining activities of KIM and its subsidiaries are conducted by obtaining Mining Permits which validity periods vary between 6 to 20 years.

[illegible]

Similar to BIB, the mining operations of KIM rely on the use of mining contractors services. All of the mining activities, starting from the land opening, removal of topsoil and OB, coal mining, coal transportation and dewatering are conducted by the contractors. The contractors use conventional small-scale mining equipments such as excavators and trucks.

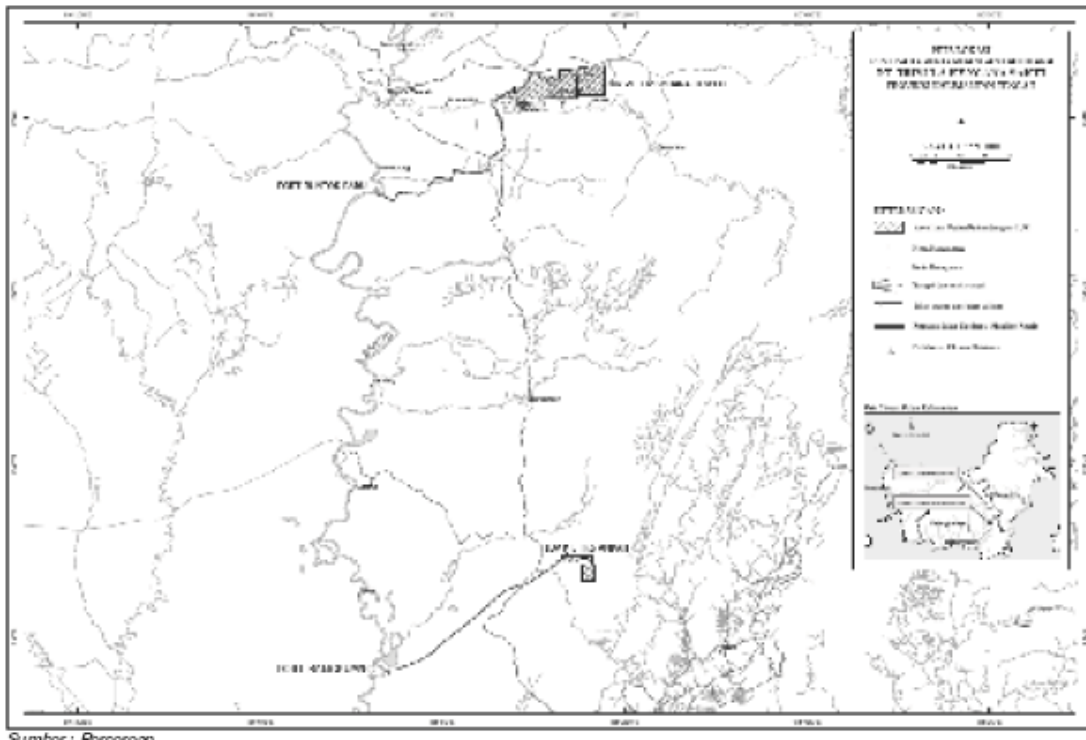
Currently most of the coal from the mining location of KIM are sold to China and India besides to the related parties of to the Company. Coal sales to the related parties are performed in normal commercial (arm's length basis).

The work area of KIM is located at an approximate distance of 260 km from Teluk Bayur Port, Padang and 260 km from Telang Dukuh Port, Jambi.

TKS

The mining activities of TKS in Muara Teweh is performed by obtaining IUP-Operation No. 188.45/207/2010 dated April 26, 2010, and IUP-Operation No. 188.45/208/2010 on 26 April 2010. These mining permits are valid for periods of 16 to 18 years.

The mining location of TKS is shown in the following map:



GEMS plans to transport the coal from the mining location of TKS through the coal hauling road in approximately 70 km long to the Barito River, to the area of piling, crushing and barge loading facilities. From this location the coal will be transported through the river to the transshipment point to be loaded into larger capacity coal freighter in estuary of Barito River in Banjarmasin Port.

8. EXPLORATION ACTIVITIES

The entire technical activities of mining activities including topographic mapping, geological modeling, optimization of reserves and subsidiaries' mine planning studies are conducted with the support of a series of integrated exploration activities that are used as the basis for the implementation of feasibility study of the mine.

Exploration drilling in the mining areas of BIB has been done in 1998 and 2003. Broader programs were performed from 2006 and continuing in 2010. There were at least 1,334 holes with an approximate total depth of 113,000 feet in this location, with distance between the drill point ranged from 50-200 meters in Batulaki and Sebamban blocks, and 150-200 meters in Girimulya and Kusan blocks. The exploration drilling activities were performed by following the JORC standard. The drilling statistical data is summarized in the following table:

Block	Number of open holes	Number of coring holes	Total
Batulaki	238	55	293
Sebamban	170	39	209
Kusan	501	154	655
Girimulya	154	23	177

Source: The Company

For the mining areas of KIM, the exploration drilling was conducted since 2007 with 198 total drill holes. Intensive drilling was completed in October 2010 to 304 holes with depths ranging from 50 meters to 200.

The drilling statistical data is summarized in the following table:

Block	Number of open holes	Number of coring holes	Total
KIM East	128	70	198
KIM West	73	33	106

Source: The Company

For the mining areas of TKS, the exploration drilling was conducted since 2005 with 335 drill holes and total depth of 20,287 meter.

Drill point plan, geological models, mining location plan of subsidiaries were verified by the mining consultants to ensure the location of the drill point and optimal the mine planning.

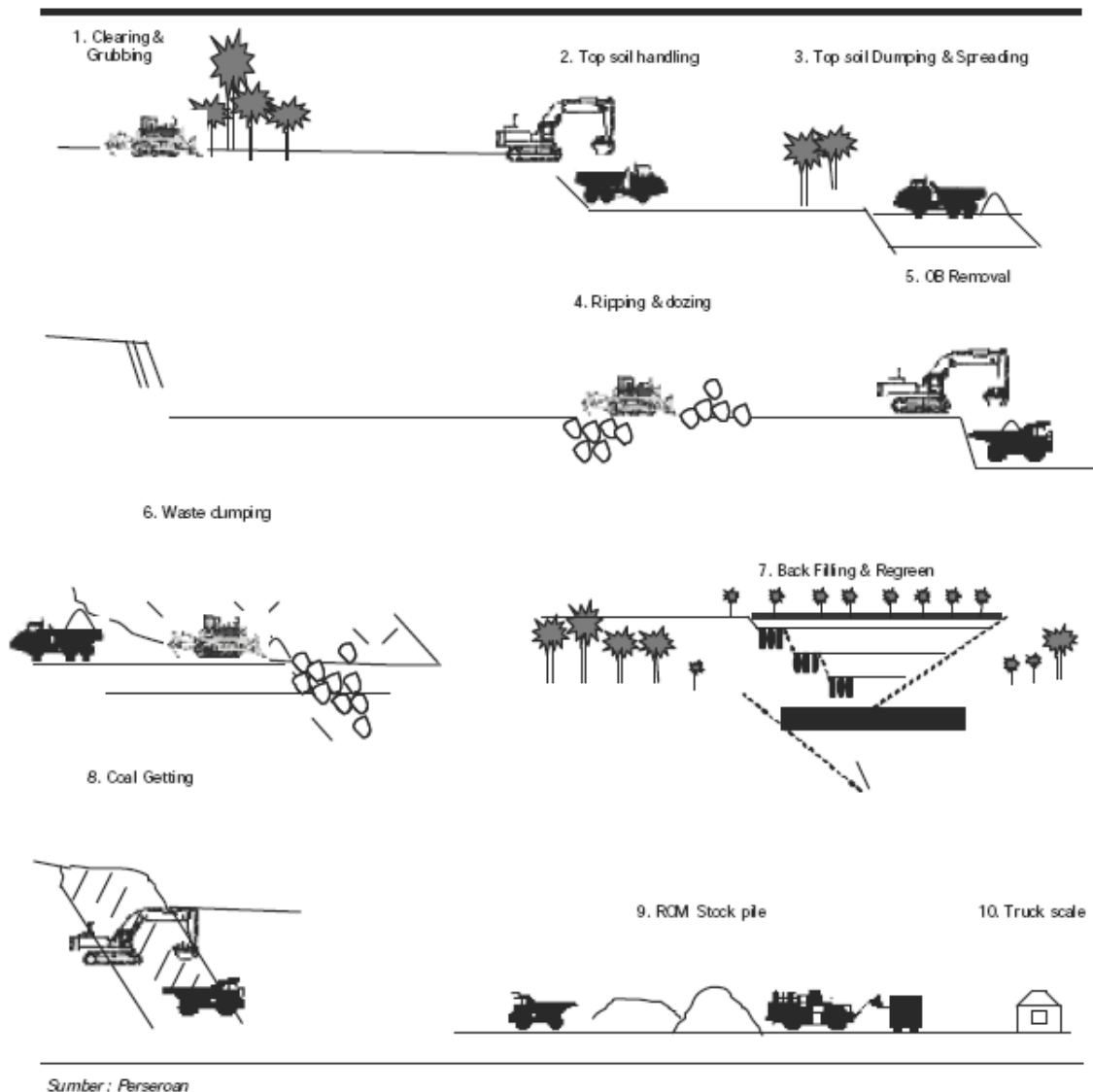
9. LAND COMPENSATION AND CULTIVATED PLANTS

As part of the production activities, mine planning division of the Company to identify the land needed for a variety of use and provide panning reports to the department of land compensation. After confirming, the department of land compensation prepares an inventory of land ownership and verification through the local government to resolve overlapping land claims, if any. After the actual ownership has been confirmed, the department of land compensation will prepare a detailed map by using survey equipments and GPS measurements. Based on the map and measurements, the related Company negotiates with the concerned landowners of the required area width and provides adequate compensation. Compensation for PKP2B area use with respect to the production plan in 2011 has been completed by respective related companies.

10. MINING OPERATION ACTIVITIES

The following is the mining process and production of coal performed by the subsidiaries:

a. Mining Process and Production of Coal



The stages of mining activities by means of open pit consist of:

1. Land clearing, Stripping and Removing the Topsoil

Mine clearing operations are conducted at locations where mines will be opened or open pit. In connection with this operation, there are a number of works to be done which are:

a) Clearing of bushes and shrubs

This work is done by using a bulldozer, which perform the digging-pushing function by utilizing the blade and the big pushing power. Bushes and shrubs that cover the mining area would be pushed to the edge of the mining areas.

b). Felling trees and cutting woods

Before the mining area clearing operations, it is necessary to fell trees and cut woods on the area to be cleared. In removing the woods, it is used heavy load lifting equipments and iron chains for binding and pulling, before transported by truck.

c) Topsoil stripping operation

The topsoil, that contains lots of organic materials resulted from of weathering process that enrich the soil, stripping operation is performed after clearing the mine. This fertile soil layer is stripped by using the blade of bulldozer. The and topsoil layer is pushed and piled at specific locations close to bulldozer operations area, and then loaded using excavators and transported with a dump truck into the topsoil storage area. This fertile soil pile will be utilized when performing the reclamations work.

2. Excavation and overburden removal operations

The operation of excavating the cover layer in the form of overburden and inter-burden, is performed by using excavator Komatsu PC-400, or other of the same class, and assisted by bulldozers Komatsu D155A and Komatsu D375A or others of the same class. Soft to moderate materials are directly excavated and loaded into dump trucks.

For hard to very hard materials, the dismantling method is done in two ripping ways. The ripping process is performed for the material that has been hard on the assumption that dismantling by using the excavator is no longer optimal (direct/free digging). Ripping is done by using the Bulldozer equipped with a Ripper. The equipment used is Komatsu D155A and Komatsu D375A or others of the same class.

Removal of excavated overburden material, is performed by using the excavator as a loading equipment, and dump trucks Nissan CWB or others of the same class as the means of conveyance. The cover soil layer is transported from the mining area to the planned dumping area, which is the nearest former mining area or dead areas nearby the mine. To overlay, leveling and compress the disposal, it is used Bulldozer Komatsu D155A or others of the same class.

At first the cover soil will be piled at the dumping area that has been provided outside the excavation area

(outside dumping). The outside the dump is planned to be located in the northern part of the mine location. But if there is a mined area that has been completed then the "back filling" is performed, which is the hoarding of cover soil on mined areas. This method will reduce the distance of transportation besides it will also reduce environmental impact by refilling mined holes, then sown with the top soil prior to the reclamation work.

The overburden excavation location and the location of overburden and top soil dumping area might be seen on the mining plan map. Specifically for mining roads, the maintenance is performed by using graders, compactors, and dust controller, in front of the mine area it is performed by using the water truck.

3. Excavation and Removal of Coal Operations

Prior to the coal getting or the taking of coal activity the Coal Cleaning activity is performed, which is to clean the coal surface from non-coal materials such as the remaining cover soil from the stripping process or insertions between/in the coal layers and other foreign materials. The instrument used for Coal Cleaning is the Excavator Komatsu PC-200 or other of the same class which is equipped with a bucket completed with Cutting Edge. For Coal Getting activity, coal excavation operation is performed by using Excavator Komatsu PC-200 or other of the same class assisted by bulldozers. For soft to

moderate strength of coal, it will be directly excavated and loaded into dump trucks. For hard coal, first to be dismantled by using bulldozer Komatsu D155A or D375A or others of the same class, then dug and loaded by using the excavator.

4. Transportation of Coal to the Stockpile (ROM), ROM into port, or from the pit directly to the port is the activity of transporting coal from the mines (Front Loading) to the location of Raw Coal at the Stockpile. The transportation is using Dump Truck Nissan CWB or other of the same class with capacity of 20 tons.

5. Coal stockpiling

is the stacking of Raw Coal in an area designated for the stockpiling purpose. To set the stack, it is used the Wheel Loader Cat 966 F and Excavator Komatsu PC-200 or other of the same class.

6. Coal crushing

is the process of crushing / sizing the coal

7. Coal barge loading

is the process of loading the coal into barges

11. PRODUCTION INFRASTRUCTURES AND FACILITIES

The entire coal products of BIB are transported to the location of coal stockpiling and barge loading facilities. Currently, the coal from Batulaki block is transported to the

loading facilities at Abidin Port, while the coal from Sebampan block is transported to the Bunati Port. Abidin Port and Bunati Port respectively has an approximate capacity of 2 million tons per year and 2.5 million ton per year. Each port has a processing facility for coal crushing and screening. In both ports, the coal is crushed to size 50 mm before stockpiled and then loaded onto a barge with a capacity up to 8,000 tons. The process of barge loading generally takes more or less 5 (five) hours. The coal obtained from BIB mining operations is usually shipped directly to end users in Indonesia or to offshore transshipment point.

Abidin Port is a port owned and operated by a third party, while Bunati Port is a port owned by BIB and operated by a third party.

The Company currently plans to develop the capacity of Bunati Port. This development is planned for completion by mid to late 2011. This expansion is expected to increase the loading capacity up to nearly double with the target of loading capacity is up to 4.5 million tons of coal per year.

In contrast to the BIB, the majority of coal production of KIM is currently transported by trucks with capacity of 30 tons over public roads and/or private roads to end users which are related parties of the Company. Only in about late 2010, KIM began transporting the coal to two ports locations in Padang and in Jambi for the purpose to export the coal.

Each of this port has a capacity of 2.5 million tons per year with a loading capacity of 32,000 tons in a period of 5-6 days.

Currently KIM has 2 ROM stockpiles and has now started the construction of an additional ROM stockpile completed with conveyor facilities in an area of 6 to 8 hectares. Through the coal quality management plan, the blending requirements of certain quality of coal are already identified before the coal is transported to the coal stockpile area to be stockpiled at four different locations for four different types of coal quality.

The mining activities at TKS' location will begin to be actively conducted in the second quarter of 2011. The coal is planned to be transported by road along the 72 km, with hauling capability to 150 tons of coal per day. Barge loading is planned to be performed by using Buntok Baru Port facilities located on Barito River, South Kalimantan. This port is capable to accommodate up to 25,000 tons of coal.

12. COMPETITION

In running its business, the Company faces competition from other coal producers and competition from the suppliers of alternative energy resources.

The competition among coal producers is generally based on coal quality and selling price factors.

The main competitors of the Company and its subsidiaries in the domestic market among others are PT Adaro Indonesia Tbk., PT Bayan Resources Tbk., PT Berau Coal Energy Tbk., PT Bumi Resources Tbk., PT Indo Tambangraya Megah Tbk., PT Harum Energy, Tbk. and PT Tambang Batubara Bukit Asam Tbk. Among these competitors, PT Bumi Resources Tbk and PT Adaro Indonesia Tbk produce coal with quality similar to quality of coal produced by the Company and its subsidiaries.

The main competitors of the Company and its subsidiaries in export markets among others are coal producers from Australia, South Africa, China and India.

The Company believes in its capability to compete since it has competitive advantages compared to other coal producers.

Meanwhile, the shortage of coal supply in China and India, and because of the big flood in Australia which led to the cessation of coal production activities and delayed ability to provide coal supplies, has resulted in reduced competition in the export market in the short term. In addition, with a favorable geographical position, The Company and its subsidiaries have a competitive advantage over other competitors in international markets.

13. BUSINESS STRATEGY AND DEVELOPMENT PLAN

The Company and its subsidiaries continue to strive to improve performance and to achieve long term sustainable growth. To

achieve this goal, the Company and its subsidiaries determine the primary business strategy which includes:

- **Increase in coal production**

The Company plans to increase the coal production capacity from 2.0 million tons in 2010 to become 40 million tons in the period of eight years ahead. The biggest contribution of this increase in production capacity is planned to be obtained from Kusan and Girimulya blocks in the coal mining area of BIB.

- **Improvement in mining cost efficiency**

The company has a competitive advantage in terms of mining operational costs by the open-cut mining method, relatively low stripping ratio and the proximity of the mining location to port facilities. The Company is committed to continue striving to improve the efficiency of coal production costs in the long run by selectively choosing mining contractor services, coal transportation and shipping contractors in line with an increase in coal production capacity of the Company.

- **Development and improvement of customer relations**

The Company and its subsidiaries are committed to continue to foster good relations with current existing customers. In the meantime, considering that currently most of coal sales of the Company and its subsidiaries are

performed in spot sales, the Company and its subsidiaries also plan to enhance the good relationships with customers through the realization of long-term contracts.

- **Expansion of Market Distribution Network**

In addition to fostering good relationships with existing customers, the Company plans to expand the marketing network, for both domestic and export needs. The export sales are planned to focus on Asia such as China and India.

- **Increase in the amount of coal resources and reserves**

The Company plans to continue its exploration activity and performing continued drilling program to obtain additional coal reserves. The Company will also perform other strategic coal mines acquisition or and optimize the mining plan of the mining locations which are already owned.

- **Improving the quality of Human Resources**

The Company realizes that the success of the Company in achieving its objectives is inseparable from the role of human resources owned by the Company. Therefore, the Company constantly strives to develop the human resources sustainably by providing training and education to all employees.

- **Updating Technology**

The Company will update the technologies required to support the implementation of mining and production operations.

- **Development of good relations with local communities**

The Company is committed to maintain and develop a good relationship with communities around the mine site. The Company's commitment is realizable through the implementation of Corporate Social Responsibility.

14. GOOD CORPORATE GOVERNANCE

The Company always tries to implement the principles of Good Corporate Governance. In this regard, the Company has appointed the Independent Commissioner, Non-Affiliated Director and Corporate Secretary. In addition, the Company is also committed to establish the Audit Committee in accordance with applicable regulations, i.e. at the latest within a period of 6 (six) months from the date of commencement of listing and trading of the Company's shares at the Stock Exchange.

15. CORPORATE SOCIAL RESPONSIBILITY

To fulfill its corporate social responsibility, the Company has undertaken various activities, among others is the implementation of community development programs and provides

guidance regarding health and safety and environmental sustainability that is focused on communities surrounding the mine location.

The programs which are implemented by the Company include community relationship development, society empowerment through job creations, infrastructure development and allocation of aid for natural disasters.

The performed environmental management, monitoring and reporting includes:

- Built settling pond at the mine area
- Maintaining pH stability of the water in the settling pond (pH of water in the settling pond is between 6 to 9),
- Cooperation with the sub contractors to perform the management and storage for Hazardous and Toxic Waste (B3) such as used oil, gemuk, used batteries and used machinery cotton waste.
- Efforts to minimize the mine waste that can pollute the environment by conducting daily and weekly inspections and monthly evaluations.
- Daily monitoring of water quality at the mine location.
- Monthly monitoring of water quality at mine location by the Lab.

- Perform air/emission and ambient and noise tests by the Lab per semester.
- Monitoring noise and dust around the mine site.
- Monitoring the level of erosion.
- Monitor slopes and embankments.
- Monitoring the acidity of overburden.

The Company is committed to continue developing community relations through the development programs that focus on health and education and technical assistance as well as jobs creation for the local people.

16. ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

The operations of mineral and coal mining which is the mining business activities beyond the geothermal, petroleum and natural gas, and ground water has an important role in providing real added value to national economic growth and sustainable regional development. The mining a collection of minerals in the form of ores or aggregates, beyond geothermal, petroleum and natural gas, and ground water. Coal mining is the mining of carbon deposits which are contained within the earth, including solid bitumen, peat moss and asphalt aggregates. In the Act it is stated that to obtain a Mining Permit (IUP) for Exploration (Article 39) and the Special

Mining Permit (IUPK) (Article 78) one of the requirements is to conduct the EIA.

The State Ministry of Environment (KLH) is the government agency that serves to implement and supervise the implementation of government policy in the environmental field, in the environmental impact control, and supervise the mining operations of the Company by local government agency. KLH is directly under the President and in coordination with other Agencies or Departments of the Government including the Ministry of Energy and Mineral Resources (ESDM) in the case of mining.

In the Company's organization, the party who is responsible for the environmental management is the Environment Superintendent who is part of the Department of Technical Services and Engineering, and assisted by the Head of Mining Engineering. In addition, the Company has a special officer to perform daily monitoring of the environment, rehabilitation and mine vegetations. The Company oversees the mining activities quarterly and biannual surveillance by the Government authorities. The Company has obtained the approval of the EIA.

The employees of environment division monitor the Company's daily operations activities and report reclamation of the areas which are formerly mined to be filled and replanted by using the services of local companies, so the Company also

contributed to the progress and prosperity of the local community's business. After reclaimed, the temporary utilized land or forest area will be handed back to the Ministry of Forestry. After reclamation the land which is not included in the Forest Area Temporary Utilization Permit will be planted with commercial crops, fish farms and the development of recreational areas.

BIB, which is a company under control of the Company through the Company's investments in RCI, has had the approval of the EIA on the implementation of coal mining activities pursuant to Decision of the Regent of Tanah Bumbu No. 29 Year 2005 dated February 25, 2005 regarding Approval of Environmental Impact Analysis (Andal), Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) of PT Borneo Indobara. On coal mining activities in the Satui, Sei Loban and Kusan Hulu Districts of Tanah Bumbu Regency, South Kalimantan Province, ("**SK 29/2005**") which is in effect from the date of commencement of SK 29/2005, among others, regulates that BIB might perform the coal mining activities and shall comply with the implicit provisions in approved documents of Andal, RKL and RPL. SK 29/2005 is valid for five years from the date of enactment.

On May 6, 2010, Regent of Tanah Bumbu issued Decision No. 261 Year 2010 on the Environmental Feasibility of Coal Mine Activities of PT Borneo Indobara in Satui District, Angsana

District, Sungai Loban District, Kuranji District and Kusan Hulu District, Tanah Bumbu Regency, South Kalimantan Province (**"SK261/2010"**). SK261/2010, among others set, that Andal, RKL and RPL of BIB could be approved and might perform the coal mining activities.

In connection with the coal stockpile special port activities located in the Angsana village, Tanah Bumbu District, South Kalimantan, BIB has obtained UKL and UPL which have been approved by the Regent of Tanah Bumbu as evident from the Decision of Tanah Bumbu Regent No. 169 of 2006 (**"SK169/2006"**). Furthurmore, on July 20 2010, Tanah Bumbu Regent issued Letter of Decision of Regent No. 379 Year 2010 on environmental feasibility of the construction and operational activities of special coal terminal of BIB in Bunati village, Angsana District, Tanah Bumbu Regency, South Kalimantan Province (**"SK 379/2010"**). The intended SK sets, among others, that Andal, RKL and RPL of BIB could be approved and might perform special terminal activities.

On September 7, 2011, the Local Environmental Impact Management Agency (**"Bapedalda"**) of Tanah Bumbu District issued Letter No. 660/75/BAPEDALDA/2011 which in essentially revoked SK 261/2010 (**"SK 660/75/2011"**) and Letter No. 660/76/BAPEDALDA/2011, which revoked SK 379/2010 (**"SK 660/76/2011"**).

On 8 September 2011 the Environmental Agency of South Kalimantan Province ("**BLHD**") issued a Letter No. 660/497-A/APDL/BLHD regarding Clarification on EIA of the Mine of PT Borneo Indobara ("**BLHD Letter**") to BIB, and also copied to Bapedalda, which among other things clarifies that:

- (1) BIB has had the EIA document pursuant to SK/29/2005 which was valid for 5 years,
- (2) based on the EIA review in SK 29/2005 Year 2005, BIB has a production capacity of 5 million ton/year with a planned production activities until the 26th year, according to the existing reserves deposit which amounting to 114.5 million tons and the scope of the study of the whole PKP2B area which covers 24,100 Ha,
- (3) in accordance with Article 25 and Article 26 of Government Regulation No. 27 Year 1999 concerning the EIA, the decision on environmental feasibility (EIA) is basically valid for the life of the business and/or activities, as long as the proponent does not move the location, change the design and/or process and/or capacity and/or raw materials and/or auxiliary materials,
- (4) related to item (3) above, and based on the results of verification that has been performed and information submitted by BIB, the current mining activities of BIB are still in the capacity of existing EIA (year 2005),

(5) related to the enforceability SK/29/2005 which is for 5 years and by considering the point (3) above, it is advisable to BIB to request the Bapedalda to publish amendment to SK/29/2005.

Subsequently, on September 30, 2011, the Ministry of Environmental of the Republic of Indonesia also has issued a Letter No. B-8894/Dep.I/LH/09/2011 dated September 30, 2011 concerning Clarification of Withdrawal of Letter of Decision of Environmental Feasibility of PT Borneo Indobara addressed to the respective Head of BPLHD of South Kalimantan Province, Head of Bapedalda of Tanah Bumbu Regency and Director of BIB (**"Letter of KLH No. 8894/2011"**). The Letter of KLH No. 8894/2011, explaining, among others, that:

- (1) Bapedalda has been right to revoke SK 261/2010 and SK 379/2010 due to (i) SK 261/2010 cannot be regarded as an extension of letter of feasibility and (ii) the content of the SK 261/2010 does not refer to the SK 29/2005,
- (2) BIB mining activities have had the EIA pursuant to SK 29/2005,
- (3) by considering that BIB does not make a change or an increase in capacity and operation activities and refers to Article 24, 25, 26 and 27 of Government Regulation No. 27 Year 1999, then one of the dictum in SK 29/2005 which states that the letter of feasibility is valid for 5 (five) years from the date of enactment needs to be

amended due to basically (i) an EIA is still relevant and valid as long as it is not expired, no change of location, design, process, capacity or raw materials or auxiliary materials and/or a fundamental change in the environment and (ii) the clause does not have a legal basis and would create legal uncertainty for investment,

- (4) related to special ports, BIB has had UKL and UPL documents pursuant to Regent Decision No. 169 Year 2006 on Approval on Environmental Management Efforts (UKL) and Environmental Monitoring Efforts (UPL) of BIB on the activities of Special Port and Coal stockpile at the Angsana Village, Satui District, Tanah Bumbu Regency ("**SK169/2006**"). In connection with the plan of change, BIB has submitted the EIA and has obtained approval pursuant to SK 379/2010.

Furthermore, in its conclusion the KLH Letter No. 8894/2011 explaining, among other things:

- (1) revocation of respective SK 261/2010 and SK 379/2010 is appropriate because they were issued without a proper EIA assessment process;
- (2) considering activities of BIB has been running and in order to provide legal certainty, the Regent of Tanah Bumbu is requested to make an addendum to the SK 29/2005 which revoked the forth dictum of the same Decision Letter which contains the clause that SK Approval is

valid for 5 (five) years from its enactment, thus the EIA of BIB mining pursuant to SK 29/2005 remains legally valid;

- (3) UKL and UPL owned by BIB have included the special port activities in the Bunati village. However, because BIB has planned a change, then the preparation of the EIA is required, while SK 379/2010 which includes the change has been revoked, so it is required a follow-up actions. Pursuant to Letter of KLH No. 8894/2011, the follow-up is by performing field verification to identify scope of activities which are currently running and the scope of UKL-UPL activities. In the case of capacity of the special port activities which are still in accordance with the scope of UKL and UPL, BIB could still refer to SK 169/2006 and in the event of changes in width or capacity of the special port, then the changes could be proposed to be subject to compulsory environmental audit. If specified by the Compulsory Environmental Audit, the special port activities of BIB could be continued as long as BIB has a valid license for the operation of special port in question.

On October 5, 2011, the Directorate General of Mineral and Coal issued a Letter No. 2251/37.03/DBT/2011 addressed to BIB and copy forwarded to the Regent of Tanah Bumbu (**"Letter of DG Mining No.2251"**), which was basically in line with what is

referred to in the Letter of KLH No.8894/2011, and further explained that in principle Andal, RKL and RPL as have been approved by SK 29/2005 are still relevant and could accommodate the production operation activities of BIB coal mining.

Subsequently, on October 17, 2011, Bapedalda issued a Notification Letter No.660.4/762/APDL/BAPEDALDA/2011 (**"Bapedalda Letter 660/2011"**) which contents refer to letter of KLH No. 8894/2011 and among others, explained the following:

- (1) The EIA of BIB as contained in SK 29/2005, valid for 5 years, whereas in Act No. 32 Year 2009 regarding the Environmental Protection and Management and Articles 24, 25, 26 and 27 of Government Regulation no. 27 Year 1999 regarding EIA, unless there is a change in design and/or process and/or capacity and/or raw materials and/or auxiliary materials and/or activities are not conducted in period of 3 years from the issuance of decision, then there is no limitation on EIA validity, and based on the evaluation, there is no changes in the mining activities of BIB coal;
- (2) Taking into account the Letter of KLH No. 8894/2011, in order to do an addendum to SK 29/2005 which revokes the fourth Dictum of SK 29/2005 which contains the clause that SK 29/2005 is valid for five years from enactment;

- (3) Given point number 1 and 2 of the Bapedalda Letter, currently SK 29/2005 is in the process of revocation of the forth dictum as stated in the SK29/2005 which contains a clause that SK 29/2005 is valid for five years from the date of enactment;
- (4) The EIA of Special Port of BIB is currently in the evaluation process in order to the Compulsory Environmental Audit in accordance with the provisions of Act No. 32 Year 2009 regarding Environmental Protection and Management with guidelines in accordance with Decision of the Environmental Minister No. 30 year 2001 and in performing its activities, BIB refers to the UKL-UPL in accordance with SK 169/2006 regarding approval on UKL and UPL of BIB on the special port activities and coal stockpile in Angsana Village, Satui District, Tanah Bumbu Regency, South Kalimantan province.

The Company confirms that as of the publication date of this Prospectus, BIB did not perform business activities beyond the provisions or capacity as provided in Andal owned by it pursuant to SK29/2005. In this regard and with reference to Letter of KLH No. 8894/2011, Letter of the Director General of Mineral and Coal Mining No.2251 and Letter of Local Environmental impact Management Agency (Bapedalda) 660/2011, SK29/2005 remains in effect so that BIB can perform its business. Furthermore, related to UKL and UPL special port of

BIB, until the date of this Prospectus, the Company believes that there are no things that can result in Decision 169/2006 be revoked or material things that can lead to expansion than the UKL and UPL port BIB specifically intended to be unenforceable.

17. OCCUPATIONAL HEALTH AND SAFETY (K3)

The Company is fully committed in implementing K3 in accordance with Decision of the Minister of Mining and Energy No. 555.K/26/M.PE/1995 Occupational Health and Safety by way of complying regulations related to K3 and prevailing rules and provisions. The Company sets K3 measurable goals and strives to achieve best performance, using the risk management system to identify hazards that may arise in any scope of work. The Company works shoulder to shoulder with all employees and contractors to implement K3 management in order to create a safe and comfortable work environment.

The Company's K3 programs among others include the followings:

- Emphasizing the use of personal protective equipment during work hours. The Company has always tried to meet the needs of personal protective equipment in sufficient quantity,
- Perform safety training, especially for new employees and employees who return from leave to refresh the

understanding of the importance of safety and health issues in doing the work,

- Implement safety campaign by putting the slogan and making K3 brochures to be placed at work sites,
- Perform weekly safety talk among the employees in accordance with the schedule and topics prepared by the committee of safety and health division,
- Perform safety meeting committee with representatives of all contractors.
- Perform planned inspections daily, weekly and monthly, which are intended to eliminate unsafe conditions at work,
- Implement the existing standard safety operating procedure,
- Conduct safety and health training and installing traffic signs and other warning signs.

X. COAL MINING INDUSTRY

Coal plays a very important role for centuries, not only serves as power generator, but also an essential fuel for steel and cement productions, and other industrial activities as well. Coal is a carbon energy natural resource which is widely used and mined using the method of open mining (surface-open-cut) and underground. Coal is generally considered as the cheapest fossil fuel based on the heat it contains and since fuel costs are the largest cost component, hence coal is widely used as an energy source for electricity generation. Other advantages include relatively stable supply of coal from various geographic locations, easy and safe storage, and easy transportation. The aforesaid factors has made the power generation industry depends on coal, particularly specially set utilities in energy importing countries. In general the coal industry is divided into two major segments, namely thermal coal and coking coal which are parts of bituminous and sub-bituminous coal categories. Coking coal and thermal coal markets relatively have no significant relationship with one another. However, substitution might occur in the use of certain types of thermal coal with low quality coking coal.

The level of change experienced by the coal, from peat to become anthracite, has an important relation and might be cited as the quality of coal. Low quality coal such as young

coal and sub-bituminous is usually softer with fragile material and colored dull black like the ground. Young coal has higher humidity and low carbon content so that the energy content is also low. High quality coal is generally harder and stronger and often colored shiny black like glass. Higher quality coal has lower humidity and produces more energy. Anthracite is the best quality coal thus has higher carbon content and energy with lower humidity level.

1. Thermal Coal

is also known as steaming coal, the type of coal that is widely used in electricity generation. In addition, thermal coal can also be used in direct heating process, space and water heating, heating process and cement production. All black coal (except those classified as coking coal) is part of thermal coal. In general, all types of coal can be used as thermal coal, but not all of the coal can be used for coking purpose.

2. Coking coal

is the type of coal that can be used to produce coke as a reductant in the production of iron and steel type. Coking coal is used to produce metallurgical coke, which is an important raw material in the production of pig iron in blast furnaces. Besides, coke is also used in casting and smelting processes of various metals.

Generally in coal industry, coking coal is divided into 6 (six) categories based on the characteristics of the coal (ash content, coke strength and fluidity, and the volatility of the material); those are:

- Premium hard coking
- Standard hard coking
- Semi-hard coking
- Semi-soft coking
- Low-volatile Pulverized Coal Injection (PCI)
- High volatile PCI coal.

In general, the premium coal is the largest content ("base load") of hard coking in the mixture of coking coal in large steel factories, between 15% and 40% of the total mixture, or up to 50% in the a merchant coke plant mixture. Lower quality coking coal such as semi-soft coking coal is usually used as coking mixed component or as PCI coal. PCI coal is generally incorporated into the blast furnace to obtain the necessary carbon in the iron making process and sometimes might replace the hard coking coal.

Thermal coal demand is expected to remain strong due to the relatively abundant supply, cost advantage and reliable supply compared to other energy sources. It is estimated that average import demand growth rate is lower than that occurred ten

years earlier because of the maturity of the developing countries. However, the continued capacity expansion of coal fired steam power plant in China and India will ensure strong prospect of thermal coal demand.

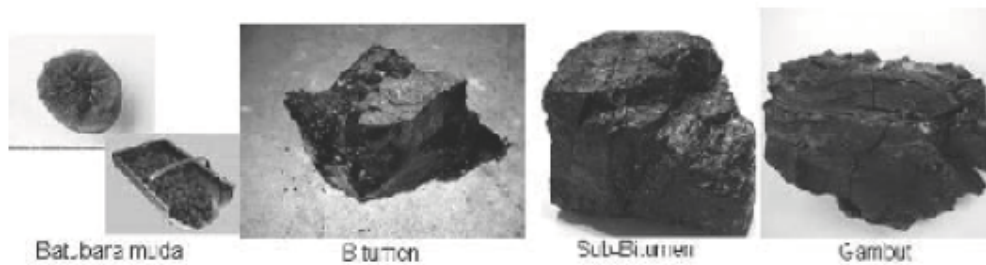
At country level, coal exporters from Indonesia are superior in terms of ocean freight costs when performing deliveries to Asia, compared to its main competitor countries. This is important because most of the additional demand for thermal coal traded globally will be driven by developing countries in Asia, particularly China and India. And it is estimated that world's shipping rates will rise due to rising shipping costs. It enhances the competitiveness of coal exporters in Indonesia and in Asia over other exporters from Australia and South Africa.

Among other world's major exporters, only Colombia and Australia whose exports are expected to increase significantly. Thermal coal exports from both countries are expected to be significantly affected by two major obstacles that affect the world's thermal coal exports, which are the domestic demand and infrastructure constraints. In Australia, the latest deal on a new system for access to Newcastle port, which uses long-term contracts, would support the large expansion of exports from Hunter Valley. As a result, the standard of thermal coal contract prices are expected to increase in the short term, which would also be supported by

higher production costs arising from increased stripping ratio and lower mining levels.

Indonesia is expected to remain as the largest thermal coal exporter in the years to come. However, the position of Indonesia as the largest thermal coal exporter in the world might someday be competed by Australia, depends on the domestic demand for coal in Indonesia. The growth of Indonesia's thermal coal exports will be affected by the "fast track program" of the Government of Indonesia which has set policies to increase the share of coal in its combined energy approximately from 11% to 33% in 2025. The Government of Indonesia is also trying to achieve the reserve margin capacity at least at 30% which is now estimated at about 15%. PT State Electricity Company (PLN), as a State Owned Company plans to install the capacity of a coal-fired steam power generation of 9GW with additional 1GW from independent power generation. This will increase the domestic capacity of coal fired power generation for 10GW and slow down the growth of export tonnage. The proposed bituminous coal project in Indonesia and other parts of the world, which is currently in the due diligence stage and submission, has been delayed for several months due to the difficulty in trying to get project funding.

Coal Quality Parameters



Source:

- Website of Chemical engineering
- Website of University of Kentucky

1. Energy content

Energy content, referred to as specific energy or calorific value, usually measured as the heat that is released after full combustion, expressed as the amount of heat (usually measured in kilo calories) per unit weight of coal (in kilograms) or 'kcal/kg'.

Standard of bituminous thermal coal of Australia is the coal of Hunter Valley with an energy content of 6,322 kcal/kg (gar). The export thermal coal has an energy content which is significantly higher than export thermal coal of Indonesia (including bituminous and sub-bituminous coal).

2. Ash

The ash content of thermal coal traded internationally, particularly from South Africa, Australia and China, is

relatively high (10% to 15%) and adding a substantial disposal costs for coal customers, especially in densely populated countries with high or increasing environmental awareness such as Hong Kong, Taiwan, Japan, and Eastern Europe. The customers' pressure on suppliers to reduce the ash content will continue and will likely be used as a bargaining point by buyers and suppliers of sub-bituminous who try to enter the market.

3. Sulfur

In order that the power generation plant could delay the installation of flue gas desulphurization unit (FGD), coal producers are constantly pressured to supply low-sulfur coal. Only if the power producers to install FGD units, as most Western European companies do, then only the high-sulfur coal can be bought if the price is competitive.

In general, high-sulfur coal will become less competitive compared with low-sulfur coal in the power generation. This is due to the characteristics of high-sulfur coal that would cause a greater penalty price than the low-sulfur coal to compensate higher sulfur dioxide (SO₂) emission. In other words, high-sulfur coal would be avoided in the market where there are no FGD units installed and tighter environmental restrictions on SO₂

emission. Maximum sulfur content at 1% is generally acceptable level in power generation plants, but this could vary depends on the mixing options of the independent electricity generation.

In the future, low-sulfur coal will be preferred by many utilities. Some of the utilities will purchase such coal to avoid the installation of flue gas desulphurization equipment, and some others will be able to mix low-sulfur with high-sulfur coal.

4. Moisture Content or Humidity

Humidity absorbs heat in the evaporation process during combustion, which is mostly lost in the flue gas. Sometimes it is something that is practical for some of the output or a particular size of faction to pass through a wet process without exceeding the specifications of the ash, thereby reducing the water content in it. Water should be added to some particular coal to reduce the environmental problems of dust coagulation in stockpile and conveyance, and in some cases to eliminate the risk of coal ignites spontaneously.

Global Coal Production and Supply

Most of the world's coal production is consumed in the country where the coal is produced and exports represent the total world's production which is relatively small. In 2009, most of the coal produced by the United States and China, two of the biggest coal producers in the world, consumed domestically. In contrast, Indonesia's coal industry is highly dependent on export trade with the use of sea freight. Indonesia is the biggest thermal coal exporter in the world in 2009, with estimated total exports at 178 million tones. That export quantity achieved approximately 26% of estimated thermal coal export trade in the world in 2009. After two years of high export growth, which was respectively 9.2% and 6.8% in 2004 and 2005, the supply of global thermal coal exports grew by 4.9% to be 590 million tons in 2006. Global thermal coal exports are expected to rise to 721 million tons in 2020.

- Coal mining method

The selection of mining method is highly determined by the geological elements of coal deposits. The use of the most appropriate mining techniques is determined by the characteristics of the coal layers such as location, depth and amount of economically mineable coal reserves. In general, thick coal layer which is located close to the surface is easier to be mined than thin coal layer located far under the ground. The coal is mined using

open pit mining method (surface or opencut) and the underground method which is divided into two kinds of mine namely room and pillar and longwall.

Open pit mining methods are generally used when the depth of coal layer is less than 80 meters below the surface, although this method has ever been performed in the depth up to 250 meters. In world's coal industry, a large scale mining by using open pit mining method is still relatively new. Costs related to removal of overburden (material lift that has no economic value which are at the coal seam) is the main reason of limiting the use of open pit mining methods. However, technological developments have made the mining activities that use such method to be economically feasible.

Open pit mining has advantages compared to underground mining in terms of safety and the amount of economically minable coal because underground mining requires the use of the pillars to support the mining activities hence reducing the amount of mineable coal. Meanwhile, open pit mining method can mine the coal in full.

- **Coal processing**

Coal which is directly taken from the underground is called run-of-mine (ROM) coal. Often contain a mixture of unwanted rock and mud and in the form of irregular fractions in various sizes. However, the coal users

require coal with consistent quality. Coal processing which is commonly called coal washing leads to the handling of ROM coal to ensure the quality consistency and conformity with the needs of specific end users.

The processing depends on the content of the coal and the intended use. Coal might only require a simple breaking, or may require complex manufacturing processes to reduce the content of the mixture.

- Rank of coal

One unit of coal can be classified according to achieved geological maturity level and can be observed based on its physical properties. The ranking system begins with peat (the first step in the formation of coal), followed by lignite, sub-bituminous, bituminous and anthracite.

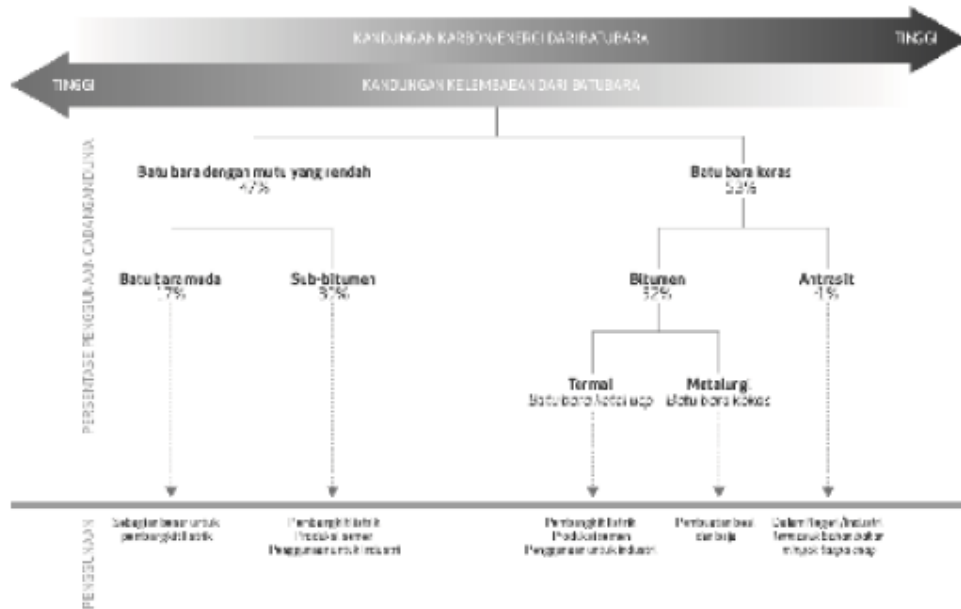
Distinguishing characteristics of coal rank are as follow:

- Lignite is a brown colored coal and has the appearance of wood or clay. When first mined, lignite has a water content of 30% -40% with a low potential energy. Water content in the lignite might lose when it is connected directly to the weather conditions so that it can ignite spontaneously. When crushed, lignite will form a brownish color powder, whereas most of the coal (except cannel coal) generally become black colored powder.

- Sub-bituminous coal can be distinguished from lignite by its black color and is no longer shaped like wood. It can also be distinguished from bituminous coal from the slack when it is mined (the cracks and dehydration formation which are pervasive in the parts which are affected by weather conditions).
- Bituminous coal group consists of various types of coal which are not much affected by weather conditions, except when it is connected directly to the weather for a long period of several months which might cause coal to begin to break and form a prism. The coal group has a fuel ratio of 3 (three). Fuel ratio is often used in the evaluation of thermal coal, it is the total of fixed carbon divided by volatility of the element. All types of coking coal are bituminous type and this type of coal is the most widely traded internationally. In general, all types of coal can be used as thermal coal, but with more stringent requirements for coking coal.
- Anthracite is the hardest type of coal, smokeless and high level of fuel efficiency (although lower than the semi-anthracite type), with fuel ratio between 10 and 60. Types of coal that has a ratio

exceeding 60 would be difficult to burn and near to graphitic composition.

Types of the coal:



- Thermal coal market

Since 2002, growth in coal consumption has exceeded growth of oil consumption. And from 2003, coal consumption growth is recorded as the highest compared to oil and gas and is quite resilient despite the global economic recession. Coal is an option of alternative energy source despite its price is rising faster than the oil price. This means the energy conversion at the global level has been more real.

Among the 10 countries that use the global primary energy, China and India are countries where the level of

dependence on coal energy is very high. The trend towards clean energy conversion such as biofuels, gas and hydro-electric takes place in more developed countries where the level of awareness of the greenhouse gas effect is greater.

Thermal coal trade in global markets during 2010 reached 758 million tons, increase 5%, driven by demand growth in China, Japan, Korea and India. Asia import growth brings positive impact on coal exporters such as Indonesia, Australia, Russia and Kolombia. The coal trade in the Atlantic market in 2010 was declining due to the crisis in EU countries and the U.S. Global coal trade in 2011 is predicted to rise and still be very dependent on imports of emerging Asia countries and moderate consumption growth is estimated to occur in industrialized countries in the European Union.

Coal imports by China and India over the years showed a significant rise to replace Japan as the major target market.

During 10 months period of 2010, China's thermal coal imports reached 98 million tons, increase 48% yoy. For FY 2010 China's coal imports was expected to reach 120 million tons. Increased coal production in China is not able to counterbalance the growth in domestic coal consumption. The factors which had driven the high imports of China in

2010 was related to the transportation problems in North China and South-East China, high demand for power generation, high price of domestic coal and low cost of sea freight. The growth of China's domestic coal production is limited by the closure of small mines for safety reasons and as part of the policy of the Government of China to consolidate the coal mining industry.

- **Indonesia's important position as Global Coal Producer**

At present Indonesia is the world's biggest coal exporter in spite of the reserve quantity is only at 14th rank, and dominates only 0.5% of the global coal reserves share. In addition, the use of coal as primary energy source in Indonesia is only 24%. The importance of the position of Indonesia in the global coal market, strengthen the bargaining position of Indonesia in the determination of coal prices.

During recent years Indonesia has become the most aggressive country to increase the production level. In year 2009, Indonesia's production growth is highest compared to other major manufacturers. Exports of Indonesia are expected to grow by 11% to 260 million tons in 2010 and expected to rise by 4% in 2011. During 1H10, the thermal coal exports rose by 77% to 151 million tons, which was driven by strong demand in Asia. From

mid-2010 demand from North Asia market was slowing and there were high rainfall. Exports to China in Q310 decreased by 12.4% QoQ. But rising oil prices would impact on the high cost of China's imports transportation from South Africa, Australia and Colombia thus benefited Indonesia as the nearest coal supplier of China.

- **Global Coal Supply Has Started to be Tight**

On the supply side, there were several disorders that affect the decline in coal production, among others, limited working capital for small and medium-scale coal producers and changes in seasonal conditions/weather to disrupt the activities of mining and shipping. Infrastructure constraints still characterize the coal mining industry, especially in Australia and Africa as the biggest exporters other than Indonesia. Major floods that hit Australia likely reduced production and port shipment activities.

The high rainfalls reduce production level. In 2010, the rain occurred 15 days in a month (in average two times higher than the conditions in the last 5 years). Several large manufacturers could only produce 90-95% of the target, even some companies were only capable of producing 75% of the set targets. However, high rainfall on the one hand brings a positive influence on the height of the river water discharge that can be used to supply the dry

season. The Government predicts coal production in 2011 will increase by 19% to 327 million tones. Coal production in some major coal producers in Indonesia in 2010 especially on the 2Q10 and 3Q10 showed a decline due to high rainfalls, but still an increase on the annual basis. Production decline also occurred in Australia and Colombia as a result of the stock which was running low.

- **High Level Coal Price**

The average thermal coal price in 2010 reached US\$ 98 per ton. Even since early November 2010, Newcastle coal price was above US\$ 100 per ton and continued to rise. Currently, the price has reached US\$ 131.8 per ton because of the floods that hit Australia resulting in lower levels of production and export shipping activities through ports.

Expectation of rising prices for oil and gas, supported by coal imports by China and India as well as disruption of supply has made the coal prices are expected to remain at high levels. However, price increases will be constrained by some of the downside risks, among others, the European debt crisis that still continued slows the movement of the coal price in the Atlantic market and the plan of China Government to intervene in the coal market in China for dereliction of energy price to reduce the rate of inflation.

On one side the oil price increase has a positive effect on coal demand and coal price increase, but on the supply side, higher oil price will affect the cost structure of coal mining industry, given the price of fuel for industries including coal mining industry is no longer subsidized. Fuel component in the cost structure of mining is approximately 30% of the total production cost.

In general, the coal company's financial performance during the nine months of 2010 was lower than the previous year. This was caused by the low contract price since using benchmark price in 2009 which was lower. Decline in financial performance was also due to the stronger IDR currency against the US\$. However, operational margin was maintained at a fairly high level.

XI. REGULATION OF COAL INDUSTRY IN INDONESIA

Mining Regulation

Mining activities in Indonesia are generally stipulated by the Mining Law Year 2009, which replaces the Mining Law Year 1967. However, implementing regulations for the Mining Law of 1967, including the Government Regulation no. 32 year 1969 concerning implementing regulations of The Mining Law of 1967, as amended by Government Regulation No. 79 Year 1992 and Government Regulation no. 75 Year 2001 ("Government Regulation no. 75") and Decision of the Minister of Energy and Mineral Resources No. 1614 Year 2004 concerning Processing Guidelines for Contract Agreement Application and Coal Mining Work Agreement in the framework of foreign investments ("Decision No. 1615"), remain valid as long as not contrary to the provisions of the Mining Act 2009. Mining Law of 2009 was enacted in Indonesia on January 12, 2009. Afterwards the Government issued several implementing regulations to the Mining Law which are Government Regulation no. 22 Year 2010 concerning Mining Area ("Government Regulation no. 22") and Government Regulation No. 23 Year 2010 on Implementation of Coal Mining Operations ("Government Regulation no. 23") on February 2010, and Government Regulation No. 55 Year 2010 concerning Development and Supervision of Mineral and Coal Mining Business Management Implementation on July 2010 and

issued Government Regulation no. 78 concerning Reclamation and Post-mining on December 2010.

The Mining Law of 2009, determined that the mineral and coal contained within Indonesian mining jurisdiction of is a non-renewable natural resources that have an important role in meeting the welfare of the people, therefore, its management should be controlled by the State to provide real added value to the national economy in order to achieve equitable prosperity and welfare. Authorization of coal should be in the hands of the Central Government and/or local government concerned. The Mining Act 2009 also establishes that the coal cooperation agreements based on the Mining Law of 1967 shall remain in force until the expiration of the agreements. However, certain provisions contained in those coal cooperation agreements, shall be adjusted by the provisions of the Mining Act of 2009, no later than January 12, 2010 (except the provisions relating to State Revenue).

Furthermore, pursuant to Government Regulation no. 23, mining activities could only be carried out after treating the Mining Permit ("IUP") that could be given to business entities, cooperatives or individuals. IUP is composed of two types, which include: (i) Exploration IUP and (ii) Production Operation IUP. Exploration phase includes the activities of a general investigation, exploration and feasibility studies. Production operation phase includes stages of construction,

mining, processing and refining, transportation and sale. Further provisions with respect to content, authority, limits and certain other aspects of mining concession shall remain in force as far as not contrary to the Mining Law of 2009.

Under the terms of the Mining Act 2009, the IUP granting is conducted through tender process performed by the regency/city, provincial or central government, depending on the location of the concession area. Whereas the Special Mining Permit ("IUPK") granted by the central government for the concession areas of which mineral content and coal is reserved for the national strategic interests, where its management priority is given to the SOEs, and later through a bidding process is opened for foreign investment companies.

Based on the Mining Law of 2009 Article 93 paragraph 2 and 3 which states that transfer of ownership and/or shares could be made after performing certain stages of exploration activities provided that:

- Notification must be submitted the Minister, the Governor or Regent/Mayor in accordance with their authority, and
- it is not contrary to the provisions of the legislation.

In contrast to the previous licensing system for coal mining where there were 5 (five) kinds of Mining Concessions (KP), IUP is only divided into 2 (two) types, namely:

Mining Permit (IUP) based on the Mining Law of 2009	Scope of Activities	Maximum Period and Area Width
Production Operation IUP	construction, mining, processing and refining, transportation and sales	20 (twenty) years and might be extended 2 (two) times for 10 (time) years respectively. Maximum area width is 15,000 hectares
Exploration IUP	general investigation, exploration and feasibility study of mining process	7 (seven) years. Maximum area width is 50,000 hectares

Further, Government Regulation No. 22 determines that the Mining Area ("WP") is an area that has the mineral and/or coal potential, which is on the area of land or sea for mining activities. Based on Government Regulation no. 22, an area is classified as a Mining Area if it has an indication of the rock formations of coal (or other mineral) carrier or potential mineral resources that are solid and/or liquid. To know the indications or the potential of coal or minerals, the Government or its representative would implement research and surveys to obtain more information, which will be used to establish an area into a Mining Area later on. Government regulations further specify that the Mining Area might consist of: (i) Mining Business Area ("WUP"), where the geological data, potential and/or information has been available, (ii) Small-Scale Mining Area ("WPR"), which is part of the Mining Area where artisanal mining business is undertaken, and (iii) National Mining Areas ("WPN"), which is part of the Mining Area to be reserved for the national strategic interests. Mining Permit Area ("WIUP") which is located within the Mining Business Area ("WUP"), is determined only for IUP holders.

Further Government Regulation No. 55 governs that the implementation of mining operations management not only conducted by the central government but also by provincial and regency/city governments in accordance with their authorities. The Ministers, governors, or regents/mayors in accordance with their respective authorities to provide guidance on the implementation of the mining business activities carried out by holders of IUP, IUPK or Small-Scale Mining Permit ("IPR"). Therefore, the implementation of guidance and supervision must be done according to fixed standard and guidelines.

Mining Services Regulation

On September 30, 2009, the Minister of Energy and Mineral Resources issued Regulation No. 28 Year 2009 concerning the Implementation of Mineral and Coal Mining Services Business ("Regulation No. 28 Year 2009"), which revoked Decision of the Minister of Mining and Energy No. 423/Kpts/M/Pertamb/1972 regarding Mining Services Companies (except Oil and Gas), issued in the order of implementation of Article 127 of the Mining Act 2009 regarding implementation of mining services business in Indonesia.

Pursuant to Regulation No. 28 Year 2009, any party who intends to conduct mining services activities in Indonesia must obtain a mining services business license ("IUJP") issued by the Minister of Energy and Mineral Resources, governor or regent/mayor in accordance with their respectively authorities.

Regulation No.28 of 2009 specifies that mining services could be done by:

- Legal entity in the form of: (i) State Owned Enterprises, (ii) Local Government Owned Enterprises, or (iii) private business entities in the form Limited Liability Companies (PT);
- Cooperative, or
- Individual

Pursuant to Regulation No. 28 Year 2009, IUP holders are allowed to do stripping and coal hauling and are required to mine, process and refine the coal by themselves, but they are allowed to continue with the removal of overburden removal contract, and the transport of coal from the mine to a third party contractor. Similar to the Mining Act 2009, Regulation No. 28 Year 2009 also prohibits IUP holders to include their subsidiaries/or affiliates in the mining services sector they perform, except with the approval of the Minister of Energy and Mineral Resources through the Director General. The approval of the Director General of Mineral, Coal and Geothermal ("Director General") on behalf of the Minister of Energy and Mineral Resources could be given where there is not any non-affiliated companies to perform such mining services or not any mining service companies that are interested or capable based on several criteria as set forth in Regulation No.28 Year 2009.

Similarly, under the Mining Act Year 2009, all IUP holders mining companies are required to use local/national mining services companies. In the absence of the local and/or national mining services companies, IUP holders might use foreign mining services contracting companies as long the contractor has been permitted to conduct its business in Indonesia as a legal entity. The Mining Act Year 2009 also sets further the type of mining services that can be done by such contractors, which include:

a Consultation, planning, implementation and testing of equipments in the field of:

- General Investigation;
- Exploration;
- Feasibility studies;
- Mining construction;
- Conveyance;
- Mining environment;
- Post mining/reclamation, and/or
- Occupational safety and health

b Consultation, planning and testing of equipments in the field of:

- Mining; or
- Processing and refining

Regulation No. 28 Year 2009 determines that any IUP holders are prohibited from receiving benefits (fee) from the work performed by mining services contractor.

Pursuant to Regulation No. 28 Year 2009, all agreements between IUJP holders and contractors which have been issued before enactment of this regulation is remain in force, and has a maximum period of three years or no later than September 30, 2012 to adjust to this Regulation. New IUJP issued after September 30, 2009 must immediately meet the requirements of Regulation No.28 Year 2009.

Determination of Coal Price

In September 2010, the Minister of Energy and Mineral Resources issued Regulation No. 17 Year 2010 regarding Procedure of Benchmark Sales Price of Mineral and Coal Determination ("Regulation No. 17 Year 2010"), where the Government determines the sales price of coal by way of its sale. The Director General on behalf of the Minister of Energy set a benchmark price of coal for steam (thermal) coal and coking (metallurgical) coal based on a formula that refers to the average index of coal in accordance with market mechanisms and/or in accordance with generally accepted price of the international market. Production Operation IUP and IUPK holders are required to submit a report on the sale of coal produced on a monthly basis to the Director General, Governor, or Regent/Mayor in accordance with their respective

authorities.

Domestic Market Obligation ("DMO")

On December 31, 2009, the Minister of Energy and Mineral Resources imposed Regulation of the Minister of Energy and Mineral Resources No. 34 Year 2009 regarding Prioritization of Mineral and Coal Supply for the Domestic Needs (Regulation No. 34 Year 2009"). Based of Regulation No. 34 Year 2009 it stipulates that coal (and other minerals) producers in Indonesia should give priority to the supply portion of their annual production to the domestic market in Indonesia.

Some components of Regulation No. 34 Year 2009 are as follows:

- The tonnage - The annual production result required for the domestic market will be determined by the Minister of Energy and Mineral Resources based on annual demand forecasts submitted by the domestic buyers in the previous year. Regulation No. 34 Year 2009 did not explain how the tonnage of each DMO is calculated (as opposed to how DMO demand is calculated).
- Coal purchase prices were allocated to be sold in the country will be determined by the Minister of Energy and refers to the benchmark price of coal (of which the details still have not been introduced). Thus, it appears that the coal that is allocated to domestic production would not be valued less.

- Work Plan and Budget - Regulation No. 34 Year 2009 states that any coal companies are required to submit the Work Plan and Budget in the form of minimum percentage of their production sales must be made available to any DMO sale. These details should be submitted yearly every November.
- Buy in - Coal Producers could buy coal from other sources to meet the DMO needs.
- Other supply commitments - Important for the global coal suppliers, Regulation No. 34 Year 2009 did not set a situation where coal producers already had agreements (including fines) for supplying coal to their current existing customers. If the coal producers sell the coal by percentage to Indonesia's domestic market, they may not be able to meet the demand based on previous coal sales agreement, and this could result in the imposition of sanctions for the coal producers.
- On-selling Prohibition - Regulation No. 34 Year 2009 prohibits the domestic buyer from the On-selling DMO sale, unless the coal is to be used as raw materials, fuels or through other direct means.

Mining Permit Area (WIUP)

Coal Exploration IUP holders are given WIUP at minimum of 5,000 (five thousand) hectares and maximum of 50,000 (fifty thousand) hectares, while the operation IUP holders are given

WIUP at maximum 15,000 (fifteen thousand) hectares. Important provisions of Regulation No. 23 Year 2010 in connection with PKP2B are:

- Work Contract ("KK") and PKP2B signed prior to publication of Regulation No. 23 Year 2010 shall remain in force until their expiry date;
- KK and PKP2B that have not yet gained first or second extension can be extended into IUP extension without going through the tender and its business activities are carried out in accordance with the provisions of Regulation No. 23 Year 2010 except for State's more profitable revenues, and
- KK and PKP2B who has entered the production operations stage shall implement prioritization of domestic interest in accordance with Regulation No. 34 year 2009. The Minister concerned shall prepare a priority list of minerals and coal for the domestic supply needs in the future.

Coal Mining Work Agreement (PKP2B) and Mining Concession

In 1967, when the Mining Law of 1967 enacted, the Minister of Energy and Mineral Resources have authority to appoint a contractor through a "Work Contract" to carry out mining activities that have not or can not be done by the Government as the holders of mining concessions. The Work Contract set all minerals mining activities such as those applied in all mineral mining activities.

In 1981, Presidential Decree No. 49 Year 1981 on Basic Provisions of the Coal Mining Cooperation Agreement between the State Coal Mining Enterprise and Private Contractors ("SK49") was enacted. The term used in SK49 was "Cooperation Agreement". SK49 stated that the cooperation agreement is an agreement made by and between State Mining Coal Enterprise, as the holder of mining concessions, and private companies, as contractor, to operate coal mining activities for a period of 30 years.

"Cooperation Agreement" is also known as the Coal Mining Work Agreement ("PKP2B"). Mining activities can also be done by Mining Concession (KP) issued by the Directorate General of Mines. The main difference between KP and PKP2B is that the coal mining work agreement is open to foreign investment but not for Mining Concessions. In addition, based on PKP2B, the Government obtains 13.5% of all produced coal in the concession area that becomes the subject of PKP2B, while under the rules of KP, KP holders are required to pay fixed annual contributions for every hectare of its concession area (dead rent) in addition to pay and shall pay the exploitation dues ranging from US\$ 0.15 per ton to US\$ 0.60 per ton, depending on the quality, production level and source of the coal. Fixed fees must also be paid in accordance with the licensing of coal mining and its value depends on the generation when the coal mining permits is granted.

Currently there are 3 (three) generations of PKP2B where each generation has a difference in the terms and conditions set forth therein. The use of the term PKP2B Generation I refers to PKP2B made after the enactment of SK49 and before SK49 was revoked. PKP2B Generation I, among others, acknowledged that (i) The contractor must also submit its 13.5% share of coal to the State Coal Mining Enterprise in the form of physical delivery of coal, (ii) The Contractor shall pay, among other things, corporate taxes and dues for Regional Development, and (iii) capital goods and imported materials were remain the property of the State Coal Mining Company and four years after the production phase started, the foreign investment contractors were required to offer its shares to the Government and/or citizens of Indonesia, so that in the tenth year of production, at least 51.0% of the share capital could be owned by the government and/or citizen of Indonesia.

In 1984, the name and status "State Coal Mining Enterprise" was changed to "Coal Mining Public Enterprise" which then disbanded in 1990 and all rights and obligations related to the cooperation agreement was transferred to Limited Liability Company PTBA.

In 1993, Presidential Decree Number 21 Year 1993 regarding Basic Provisions of Coal Mining Cooperation Agreement Between Limited Liability Company PT Tambang Batubara Bukit Asam and the Contracting Companies ("SK21") in place. The terms used in

the SK21 is "Coal Contract of Work ("CCOW" or "PKP2B") agreement". PKP2B held after the enforcement of SK21 is referred to as PKP2B Generation II. The difference between PKP2B Generation I and PKP2B Generation II is that PKP2B Generation II allowing the 13.5% of coal share to be paid to the Government is made in the form of royalties rather than through physical delivery of coal as required by PKP2B Generation I. PKP2B Generation II also eliminating some taxes and compulsory levies from applicable government regulations at that time provided that all equipments purchased by PKP2B holders remain to be the property of PKP2B holders. In addition, based on PKP2B Generation II, the foreign investment contractor was required to offer shares to the Government, Indonesian legal entities and/ or citizens of Indonesia based on the Foreign Investment Law ("PMA").

Further, SK21 was revoked and replaced by Presidential Decree No. 75 Year 1996 regarding Basic Provisions of Coal Mining Work Agreement ("Decision 75"). The Decision 75 states that "coal mining operation works agreement", which is known as the "Coal Cooperation Agreement", is an agreement between the Government and private contractors to carry out coal mining operations. Under Decision 75, all the rights and obligations of PTBA associated with cooperation agreement on coal mining operations were transferred to the Minister of Energy and Mineral Resources. PKP2B held after the enactment of Decision

75 is referred to as PKP2B Generation III. PKP2B Generation III allows the 13.5% of coal share owned by the Government to be paid in cash based on the price of Free on Board basis or the price at the point of sale. PKP2B Generation III requires the contractor to pay taxes to the Government under the prevailing rules at the time the agreement was signed. Contractors are not required to pay some charges (including customs duties, import levies and title transfer fee). In addition, foreign investment contractors are required to sell some of its shares to Indonesian citizens and / or Indonesian legal entity under the prevailing regulations.

The implementing regulation of the Decision 75 is Decision of the Minister of Energy and Mineral Resources No. 680.K/29/M.PE/1997 as amended by Decision of the Minister of Energy and Mineral Resources No. 0057K/40/MEM/2004. This implementing regulation specifies that all the things in relation to coal mining operations based on SK49 and SK21 which were previously under the authority of PTBA is converted to the Minister of Energy and implemented by the Directorate General of Mines and Energy.

Some material components of PKP2B as provided in Decision 75 are as follows:

- The Contractor bears all risks and costs associated with coal mining activities performed based on the PKP2B;

- The Contractor is required to hand over 13.5% of coal production to the Government in cash based on the FOB price or price at point of sale;
- Contractor shall pay the annual fixed costs (dead rent) based on coal concession area in accordance with applicable regulations;
- Capital goods and materials to be imported for mining operations, among others, are exempted among others from customs duties and import levies;
- Contractor shall prioritize the use of Indonesia's products and services and Indonesian labor with regard to government policies relating to specific regional development and environmental conservation;
- The contractor must pay tax to the Government in accordance with the tax regime prevailing at the time of the contract;
- Contractors must pay the local levies approved by the Government, and
- The Contractor shall submit and obtain approval of the government each year for required capital goods and materials that must be imported.

In 2004, Letter of Decision No. 1614 applied, which creates the difference between Work Contract (KK) and PKP2B. Based on the Decision No. 1614:

- Work Contract is an agreement by and between the Government and corporate legal entity established in Indonesia which is carried out in the order of foreign investment to perform mining business, excluding petroleum, natural gas, geothermal, coal and radioactive and coal; and
- PKP2B is an agreement by and between the Government and the limited liability company incorporated in the framework of foreign investment to carry out coal mining operations.

However, the Decision No. 1614 will not affect existing PKP2B owned by respective subsidiaries for in Decision No. 1614 there is a stipulation that all existing PKP2B signed by the Government prior to the issuance of Decree No. 1614, remains under the authority of the Minister of Energy and implemented by the Directorate General of Geology and Mineral Resources.

It is important to note that all these regulations remain in force as long as not contrary to the Mining Law Year 2009. In practice, the coal cooperation agreement is based on the implementing regulations of the Mining Law Year 2009 by the Government.

Local Government Regulation

Indonesia is divided into provinces and subdivided into Regencies and municipalities. Regencies and municipalities within a province has autonomy in carrying out most of their

activities, and therefore not subject to the respective provinces.

On October 15, 2004, the Government imposed the Law No. 32 Year 2004 regarding Local Government that was last amended by Law No. 12 of 2008 on the Second Amendment to Law no. 32 of 2004 regarding Local Governments which is in effect from the date of enactment of April 28, 2008 ("Local Government Law No.32"). Local Government Law No. 32 requires Local Governments to maintain a fair and harmonious relationships with the Government and other Local Governments when implementing their governmental affairs, including those relating to the utilization of natural resources and others. Affected governmental affairs include matters such as (i) the authority and responsibility for, and utilization, maintenance and control of impact, cultivation and preservation of natural resources and others, (ii) sharing of benefits from the utilization of natural resources and others, and (iii) harmonization of the environment, spatial arrangement plans, and land rehabilitation.

Forestry Regulations

Law No. 41 Year 1999 on Forestry (Forestry Law No. 41"), as amended by Law No. 19 Year 2004 ("Forestry Law No. 19") which ratified the Government Regulation in Lieu of Law No. 1 Year 2004 states that open pit mining activities shall not be done within the protected forest area.

Pursuant to Forestry Law No. 41, the use of forest areas for mining purposes shall be based on the temporary utilization permit issued by the Minister of Forestry. On July 10, 2008, the Ministry of Forestry issued a Regulation of the Minister of Forestry No. P.43/Menhut-II/2008 concerning Guidelines for Forest Area Temporary Utilization ("Minister Regulation No. P.43") in lieu of Regulation of the Minister of Forestry No. P.12/Menhut-II/2004, Regulation of the Minister of Forestry No. P.14/Menhut-II/2006 and Regulation of the Minister of Forestry No. P.64/Menhut-II/2006. Minister Regulation No. P.43 stipulates that companies applying for temporary utilization permit shall provide land compensation or to pay the compensation in the form of non-tax state revenue.

Furthermore, pursuant to Minister Regulation No. P.43, the temporary utilization permit might be granted for a maximum period of twenty years and is renewable. The permit might be revoked by the Minister of Forestry in case of violation to the provisions of the applicable legislation.

According to the Decision of the Minister of Forestry and Plantations No. 146/KPTS-II/1999 dated March 22, 1999 regarding Reclamation Guidelines for Ex-Mining Sites in Forest Areas, mining companies whose mining activities are conducted in the forest area under permit from the Minister of Forestry, must initiate reclamation activities and bear the cost of reclamation activities by its own within a maximum period of

six months after mining activity is completed. Reclamation and rehabilitation activities should be consolidated in a reclamation plan which will be evaluated and approved by the Board of Land Rehabilitation and Soil Conservation, Unit of Land Rehabilitation and Soil Conservation or Regional Level II Forestry Service. Report on the progress of reclamation and rehabilitation activities must be submitted to the government agencies every 3 (three) months. In addition, the Government Regulation no. 76 Year 2008 on Forest Rehabilitation and Reclamation requires the permit holders to conduct reforestation and reclamation of the ex-mining sites within the forest areas.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations and decisions, including the Law No. 32 Year 2009 on the Environmental Protection and Management which came into force on October 3, 2009 ("Environmental Law No. 32"), Government Regulation No. 27 Year 1999 on Environmental Impact Assessment or "EIA", the Decision of the State Minister of the Environment No. 11 Year 2006 on the Types of Effort Plan and/or Activity subjected to be completed with EIA ("SK 11"), Decision of the Minister of Energy and Mineral Resources No. 1453K/29/MEM/2000 on Technical Guidelines relating to the Organization or Government Obligations in the General Mining ("SK 1453"), Decision of the Minister of Energy and Mineral

Resources No. 1457K/28/MEM/2000 Technical Guidelines for Environmental Management in Mining and Energy ("SK 1457"), and Regulation of the Minister of Energy and Mineral Resources No.18 Year 2008 regarding Mine Reclamation and Closure.

SK 11 and SK 1457, among other things determine that mining companies whose operations have environmental and social impacts must obtain and maintain the EIA document that consists of Terms of Reference for the Environmental Impact Analysis ("KA-ANDAL") or ANDAL, Environmental Management Plan ("RKL") and Environmental Monitoring Plan ("RPL"). Based on SK 1457, for activities that are not required to prepare an EIA, the mining company is required to prepare an Environmental Management Effort ("UKL") and Environmental Monitoring Effort ("UPL").

Based on Environmental Law No.32, preventive measures and improvements sanctions (such as obligation to rehabilitate the tailings area, the implementation of criminal laws and fines and revocation of approval) might also be charged for repairing or preventing the pollution caused by the operations of the Company and its subsidiaries. Sanctions could vary from 3 to 15 years in prison for the management of the company in question and/or a fine ranging from Rp500 million to Rp15 billion. Fine penalties may be imposed in lieu of implementation of the obligation to rehabilitate the permits of the damaged areas. Environmental Law No. 32 also requires

the permission of the State Minister of Environment, the Governor or Regent/Mayor for the management of hazardous materials and toxic waste ("B3"). Disposal of waste can only be done at a specific location specified by the Minister of Environment.

Disposal of waste water shall be regulated by Government Regulation no. 82 Year 2001 regarding Water Quality Management and Water Pollution Control ("Government Regulation no. 82"). Government Regulation no. 82 explains that the person/people in charge of the companies, including the mining company to submit a report on waste water disposal in detail, their compliance with the relevant regulations. This report must be submitted to the regents or mayors concerned and the copy is submitted to the Minister of the Environment every quarter.

Decision of the Minister of Environment No. 113 Year 2003 regarding Wastewater Quality Standard for Companies and/or Coal Mining Activities ("Decision No. 113") further regulates wastewater treatment by mining companies. Decision No. 113 requires mining companies to (i) treat wastewater from their mining activities and processing/washing in accordance with required quality standards as stipulated in Decision No. 113; (ii) treat water affected by mining activities in a sedimentation pond, and (iii) examine the site for compliance with the wastewater from mining operations where wastewater from the sedimentation pond and/or processing facility is

discharged into surface water. Based on the Decision No. 113, the mining companies must (i) comply with the requirements specified in their permit regarding waste water disposal, and (ii) submitted their analysis of wastewater in daily flow rate to the regent or mayor where the copy is submitted to the governor and the Minister of Environment every quarter.

Mining companies must also comply with other regulations including the Government Regulation no. 18 Year 1999 which is amended by Government Regulation no. 85 Year 1999 on Management of Hazardous Materials and Toxic Waste and the Government Regulation no. 74 Year 2001 on Management of Hazardous and Toxic Materials. These regulations state that the waste from mining operations is subject to this rule, unless the mining company could prove scientifically that the waste is beyond the categories set forth in these regulations. Some of these regulations require the companies that use or generate hazardous materials and toxic waste to obtain a permit to store, collect, utilize, manage and accumulate such waste. This permit shall be withdrawn and the operation shall be discontinued if the regulations relating to waste are violated. The activity to save and collect used lubricating oil further being regulated in the Decision of Head of Regional Environmental Impact Management No. 255 Year 1996 on Procedures and Requirements for Storage and Collection of Used Lubricating Oil ("Decision 255") which among other set that a

body that collects used oil to be further used or processed must comply with certain requirements, including obtaining permits, meet certain specifications with respect to the building where the used oil would be saved, set the standard procedure for the collection and distribution of used oil and submit periodic reports every quarter regarding such activities.

Decision No. 1453 sets the technical guidelines for the preparation of the EIA, RKL and RPL documents. Decision No. 1453 also states that local governments are responsible for regulating the environmental problem and approval of EIA, RKL, and RPL documents. BIB has obtained approval for the EIA, RKL and RPL and irrelevant reports from local governments which includes the production process that contained the development plan.***

Pursuant to Decision No. 1453, holders of the KP, KK and PKP2B must submit the Environmental Management and Monitoring Annual Plan ("RTKPL") to the concerned local government in the beginning of the exploitation or production. Since then, the holders are also required to submit Annual Environmental Management Plan ("RTPL"), the mining permit and deliver the reclamation security to be deposited in state banks or foreign banks. The combination of RTKPL and RTPL provision and reclamation security deposit is contained in the Decision No. 1454. The Company has fulfilled its obligation to submit

quarterly reports regarding the exploitation, mining services RKL and RPL and occupational safety and health to the Government.

Decision of the Minister of Mines and Mineral Resources No. 1211.K/008/M.PE/1995 dated July 17, 1995 Prevention and Control of Environmental Destruction and Pollution of the General Mining Operations ("Decision No. 1211") requires mining companies to have the facilities and bear the costs and expenses in carrying out activities to prevent and minimizing pollution and environmental damage resulting from mining activities. To this end, mining companies are required to (i) appoint the Head of Mine Engineering who is required to directly manage the prevention of environmental damage and pollution caused by general mining activities and submit the reports routinely every six months to the Chief Executive of Regional Mine Inspection with a copy due to the Chief Executive of Area Mine Inspection, (ii) submit the RTKL annually that includes information on reclamation activities to the inspection and Mine Implementation, and (iii) submit the Environmental Monitoring Annual Plan to the Chief Executive of Mine Inspection. Pursuant to the Decree No. 1211, the mining companies also required to deposit the reclamation security fund, of which amount must be approved by the Directorate General of Geology and Mineral Resources in the form of

payment guarantee on respective companies' account in the designated bank.

Environmental Law No. 32 that have been enacted on October 3, 2009 is in lieu of Law No. 23 Year 1997 on Environmental Management. Environmental Law No. 32 introduces a new license which is the Environmental Permit. Under the Environmental Law No. 32, every company which must obtain the EIA or UKP/UPL is also required to obtain the Environmental Permit as one of the requirements for obtaining its business license. Procedure for application, approval, and granting the Environmental Permit would be provided in the implementing regulations. Environmental Law No. 32 requires that each business and/or activities that have already had a business license but not having the UKL/UPL must prepare environmental documents and management within 2 (two) years since the enactment of the Environmental Law No. 32. But if the business license has had the UKL/UPL will then further revised by DELH.

Other Regulations Related to Mining Operations

Other relevant regulations applicable to mining operations are:

- Regulations on the use of underground water and technical guidelines for controlling air pollution arising from immobile resources.

- Decision of the Minister of Transportation No. KM.55 Year 2002 on Special Port Management as amended by Regulation of the Minister of Transportation No. KM.55 Year 2007 which regulates the port operation for its own purposes.
- Storage and use of explosives, which must be in accordance with the Decision of the Minister of Mines and Energy No. 555.K/26/M.PE/1995 on General Mining Occupational Safety and Health and Regulation of the Chief of the Indonesian National Police No. 2 Year 2008 on Supervision, Control and Safety of Commercial Explosives ("Regulation No. 2 Year 2008"). Based Regulation No. 2 Year 2008, there are several permits that must be obtained, such as explosives warehouse license, ownership license, license to store, and license to buy and use explosives.

XII. EQUITY

This following table describes equity development of the Company for the six-month period ended June 30, 2011 and the years ended December 31, 2010, 2009, 2008 and 2007 which have been audited by Public Accountant Firm Mulyamin Sensi Suryanto with an unqualified opinion. The Company's financial statement for the year ended December 31, 2006 has been audited by Public Accountant Firm Richard Risambessy & Partners with an unqualified opinion.

(in million Rupiah)

Description	June 30, 2011	December 31				
		2010 ^(a)	2009	2008	2007	2006 ^(b)
EQUITY						
Equity attributable to equity holders of the parent company						
Share capital	500,000	500,000	48,802	36,272	5	5
Retained earnings (deficit)	176,353	27,492	(3,260)	(3,912)	(9,804)	(492)
Other equity components	39,172	8,513	(2,546)	-	-	-
	715,525	536,005	42,996	32,360	(9,799)	(487)
Non-controlling interests	5,672	35,222	24,167	17,530	9,176	-
TOTAL EQUITY	721,197	571,227	67,163	49,890	(623)	(487)

Note:

(a) Restated in connection with the acquisition of MAL, which is restructuring transactions under common control entities thus performed in the same manner by the method of pooling of interests.

b) The financial statements of the Company only.

There were no changes in capital structure and composition of shareholders after the date of latest financial statement until the publication of this prospectus.

On August 16, 2011, the Company has submitted a Registration Statement to the Chairman of Bapepam-LK. The number of shares offered to the public in accordance with the Initial Public Offering are 882,353,000 (eight hundred eighty two million three hundred and fifty three thousand) registered common shares which are newly-issued shares from the portfolio with par value of Rp100 (one hundred Rupiah).

In the event that the Company's equity changes due to the public offering of 882,353,000 (eight hundred and eighty two million three hundred and fifty three thousand) registered common shares to the public at par value of Rp100 (one hundred rupiah) per share with the offering price of Rp2,500 (two thousand five hundred rupiah) per share, occurred on June 30, 2011, the pro forma equity structure of the Company based on the above date is as follows:

Equity Attributable to Equity Holders of Parent Company								
Description	Share Capital	Additional Issued and Paid Capital	Retained Earnings (Deficit)	Difference from Investment Addition Transactions in subsidiaries	Difference from restructuring transactions under common control entities	Total	Non-Controlling Interest	Total Equity
Equity position according to financial statement	500,000	-	176,353	34,710	4,462	715,525	5,672	721,197

dated June 30, 2011, with a number of 5,000,000,000 issued and fully paid shares at par value of Rp100 per share								
Change in equity after June 30, 2011, if assumed to occur on that date:								
- Initial Public Offering for 882,353,000 shares at par value of Rp100 and offering price of Rp 2,500 per share	88,235	2,117,647	-	-	-	2,205,882	-	2,205,882
Pro forma equity on June 30, 2011 after the Initial Public Offering	588,235	2,117,647	176,353	34,710	4,462	2,921,407	5,672	2,927,079

XIII. DIVIDEND POLICY

All issued and fully paid shares in the Company, including shares to be offered in this public offering, have the same rights and equal in all respects, including the right to dividends. The Company does not have a negative covenant related to the distribution of dividends that can harm public shareholders.

After this Public Offering, the Company intends to pay dividends to the Company's shareholders for at least 30% (thirty percent) of the net profit after consolidated tax of the Company in fiscal year in question started from fiscal year 2011.

This dividend will be made by considering the results of operations, cash flows, the capital adequacy, financial condition, investment plans, the establishment of a reserve fund compliance obligation and fulfillment of other obligations, the Company's prospects in the future, compliance with applicable laws and regulations, and approval of the shareholders General Meeting.

Board of Directors may alter the dividend policy at any time as long obtaining approval of the Shareholders General Meeting.

For fiscal year 2011, based on Deed No. 24 dated September 19, 2011, from Linda Herawati, SH, notary in Central Jakarta, all members of the Board of Directors of the Company with the

approval of Board of Commissioners of the Company, the Company has distributed an interim dividend to PT Dian Swastatika Sentosa Tbk for Rp169,999,660,000 and PT Sinar Mas Cakrawala for Rp340,000.

If after the end of the Company's fiscal year on December 31, 2011, the Company suffered a loss, then the interim dividend which has been distributed has to be returned by the shareholders to the Company.

Board of Directors Directors and Board of Commissioners are jointly and severally liable for damages of Company in terms of shareholders cannot return the interim dividend as mentioned above.

XIV. TAXATION

Income tax from share dividends received by shareholders is calculated and treated in accordance with tax regulations and prevailing implementing regulations.

The following is a summary of the major consequences in terms of taxation in Indonesia due to ownership and sale of shares on Limited Liability Companies established in Indonesia.

The following provisions in this chapter have meanings as follows:

1. Non-resident Tax Payer

Pursuant to Article 2 paragraph 3 of the Income Tax Law No.36 Year 2008 ("UUPh No. 36 Year 2008") what is meant by non-resident tax payer is:

1. an individual not residing in Indonesia, or who is present is present in Indonesia for not more than 183 (one hundred and eighty three) days in any 12 (twelve) month period, and a body which is not established or domiciled in Indonesia, that conducting business or carrying out activities through a fixed based in Indonesia; and
2. an individual not residing in Indonesia, or who is present is present in Indonesia for not more than 183 (one hundred and eighty three) days in any 12 (twelve) month period, and a body which is not

established or domiciled in Indonesia, that derives or earns income from Indonesia other than from conducting or carrying out business.

2. Resident Tax Payer

- a. an individual residing in Indonesia, an individual who is present in Indonesia for more than 183 (one hundred and eighty three) days within 12 (twelve) month period, or an individual who is present in Indonesia in a tax year and intends to reside in Indonesia;
- b. a body which is established and domiciled in Indonesia,

3. Indonesian Shareholder

is Indonesia resident or local body who owns the stocks.

DIVIDEND DISTRUBUTED TO NON-RESIDENT SHAREHOLDERS

Dividends on shares declared by the Company from retained earnings and distributed to non-resident shareholders is subjected to an income tax withholding in Indonesia, at current rate of 20% (twenty percent) of the amount distributed (in the form of cash dividends) or of the division value of the shares held by shareholders (normally calculated based on the par value of the share for distribution in the form of share dividends). In the case that the provisions of Agreement

of Double Taxation Avoidance ("Tax Treaty") apply, can be charged with a lower rate if the dividend recipient is the actual recipient of such dividend and can give original residence certificate issued by the authorities in the origin country signed the Tax Treaty with Indonesia. To date, Indonesia has established cooperation and engages in Tax Treaty with more than 50 countries including Australia, Belgium, Canada, France, Germany, the Netherlands, Singapore, Sweden, Switzerland, England and the United States of America.

DIVIDEND DISTRIBUTED TO INDONESIAN SHAREHOLDERS

Dividend declared by the Company and distributed to Indonesian shareholders is subjected to the income tax pursuant to article 23 of the Income Tax Law No. 36 Year 2008 at a rate of 15% (fifteen percent) for corporate taxpayer and the final tax income and at the rate of 10% for individual taxpayer. Pursuant to Article 4 (3) of Law No. 7 year 1983 regarding Income Tax as amended several times and latest amended by Income Tax Law No. 36 Year 2008, it has been stipulated that what be excluded from the tax object is: "dividends or profits of share derived or earned by limited liability companies as resident taxpayers, cooperatives, state owned enterprises, or regionally owned enterprises, from investments in business entities established and domiciled in Indonesia with the following requirements:

1. the dividend is derived from retained earnings, and
2. In the case where the recipient of a dividend is a limited liability company, or state or local government-owned enterprise, its share ownership in the entity paying the dividend must not be less than 25% (twenty five percent) of the total paid capital"

In accordance with Regulation of the Minister of Finance of the of Republic of Indonesia No. 234/PMK.03/2009 dated December 29, 2009 regarding Certain Field of Investment that Provides Earnings to the Pension Fund which is exempt from taxable Income Tax that the income derived or earned by that Pension Fund whose establishment was approved by the Minister of Finance from investment in the form of share dividends in limited liability companies listed at the stock exchange in Indonesia is exempt from taxable income tax.

PROFIT FROM THE SALE OF SHARE

The estimated net income is of 25% (twenty five percent) of the selling price in accordance with Article 1 paragraph (4) Regulation of the Minister of Finance No. 258/PMK.03/2008 regarding Income Tax Cut, Article 26 regarding Income from the Sale or Transfer of Shares as referred to in Article 18 Paragraph (3c) the Income Tax Law on Income derived or earned by Foreign Taxpayers. Thus, the effective rate is $20\% \times 25\% \times$ selling price or equal to 5% of selling price.

Pursuant to Regulation of Government of Republic of Indonesia No. 14 Year 1997 on sale of shares on the Jakarta Stock Exchange is subject to final income tax of 0.1% (zero point one percent) of the gross value of sale transactions which are cut by the stock broker. No other payable tax. But the founding shareholders subject to additional income tax final at 0.5% (zero point five percent) of the share price at the time the initial public offering is conducted despite the share is held or sold as an option on the income of founders' share sale transactions may be subject to the Income Tax in accordance with the general rate as referred to in Article 17 Law No. 36 Year 2008 at the time the stock is sold.

In some of the Tax Treaty there is provision which multiplies the use of Income Tax. In this case, the income recipient must provide an original residence certificate issued by the authorities in the origin country that signed the Tax Treaty with Indonesia.

<p>PROSPECTIVE BUYERS OF SHARES IN THIS PUBLIC OFFERING ARE EXPECTED TO CONSULT WITH RESPECTIVE TAX CONSULTANTS ON THE TAX DUE ARISING FROM THE PURCHASE, OWNERSHIP OR SALE OF SHARES PURCHASED THROUGH THIS PUBLIC OFFERING.</p>
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XV. THE UNDERWRITING

1. UNDERWRITING DESCRIPTION

In accordance with the requirements of the provisions contained in Deed of Underwriting Agreement No. 40 dated June 14, 2010 and Addendum Deed of Underwriting Agreement No. 23 dated November 3, 2011, both were made before by Linda Herawati, SH, Notary in Central Jakarta, the below underwriters have agreed to offer the shares of the Company to the public with full commitment on the 100% from total shares to be offered in this Initial Public Offering representing 882,353,000 (eight hundred and eighty-two million three hundred and fifty three thousand) shares such that they are obligated to purchase at offering price of Rp2,500 (two thousand five hundred rupiah) per share of the remaining unsold shares at the close of the Offering Period.

The above agreement is a comprehensive agreement that replaces all agreements or approvals that might have been made previously regarding the subject matter contained in the agreement and after that no more agreements made by the parties of which contents is contrary to this Agreement.

2. UNDERWRITING SYNDICATION COMPOSITION

The composition, underwriting portion and percentage on each member of the underwriting syndicate of the shares of the Company to be offered to the public with full commitment are as follows:

Description		Number of Share	Percentage
Managing Underwriter			
1	PT. Sinarmas Sekuritas (affiliated)	792,937,500	89.87%
Underwriters			
2	PT Aldiracita Corpotama	40,000,000	4.53%
3	PT Amantara Securities	40,000,000	4.53%
4	PT Bapindo Bumi Sekuritas	58,000	0.01%
5	PT Bumiputera Capital Indonesia	500,000	0.06%
6	PT Ciptadana Securities	1,500,000	0.17%
7	PT Erdikha Elit Sekuritas	500,000	0.06%
8	PT Equity Securities Indonesia	1,375,000	0.16%
9	PT HD Capital Tbk.	250,000	0.03%
10	PT Indomitra Securities	500,000	0.06%
11	PT Minna Padi Investama	1,000,000	0.11%
12	PT NC Securities	250,000	0.03%
13	PT Recapital Securities	714,000	0.08%
14	PT Valbury Asia Securities	1,163,500	0.13%
15	PT Yulie Sekurindo Tbk.	1,605,000	0.18%
Total		882,353,000	100.00%

Based on the Law of the Republic of Indonesia No. 8, Year 1995 dated November 10, 1995 regarding the Capital Market, an affiliate is defined as a party (individual, corporate, joint venture, association or organized group) who has:

- a. A family relationship by either marriage or by blood up to the second degree either horizontally or vertically;
- b. A relationship between the parties and employees, directors, and commissioners of the Company;
- c. A relationship between two companies where one or more of the directors or commissioners are the same;
- d. A direct or indirect relationship between the Company and the parties where the parties are controlled by or control the Company;
- e. A relationship between two companies that are either directly or indirectly controlled by the same party; or
- f. A relationship between the Company and the principal shareholder.

Except PT Sinarmas Securities, other underwriters participating in this Public Offering explicitly declare not to be affiliated with the Company, direct or indirect, as set forth in Law No. 8 Year 1995 concerning the Capital Market.

3. DETERMINATION OF OFFERED PRICE IN THE PRIMARY MARKET

In the framework of public offering a price is determined based on the results of agreements and negotiations among

shareholders, the Company and the underwriters. The determination of Offering Price at Rp2,500, - (two thousand five hundred Rupiah) was also by considering the results of book building which has been performed by the underwriters through assessment to investors in domestic and international markets and by considering of various factors such as:

- The Company's financial performance;
- Data and information regarding the Company, the Company's performance, brief history, business prospects and descriptions of coal mining industry in Indonesia;
- Assessment to the directors and the management, operation or performance of the Company, both in the past and at present, and business prospects and future earnings prospects;
- Assessment based on the ratio P/E and EV/EBITDA of several public companies listed on stock exchanges which could be used as comparison;
- Market conditions at the time book building was performed; and
- Investor demand (domestic & international)

XVI. CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFFESIONALS

Capital Market Supporting Institutions and Professionals who are helping and playing a role in this Public Offering are as follows:

1. Legal Consultant:

MAKES & PARTNERS

Menara Batavia Lantai 7

Jl. KH. Mas Mansyur Kav. 126

Jakarta 10220 - Indonesia

Telepon: 021 - 574 7181

Fax: 021 - 574 7180

Main Duty and Obligation:

The scope of work of the Legal Consultants during this Initial Public Offering includes performing legal examination and providing Legal Examination Report and providing Legal Opinion on legal aspects related to the Company and this Public Offering, in accordance with the Professional Standard and the Capital Market Regulations in order to implement the disclosure principle.

The result of the legal examination and opinion disclose all the facts, data and important information concerning

the legal aspects of the Company and the Public Offering, as it is mandatory in the application of information disclosure and transparency principles relevant to a Public Offering.

Work Guidelines : Professional Standards of Capital Market Legal Consultants attachment to the Decision of Capital Market Legal Consultants Association No. KEP/01/HKHPM/2005, dated March 31, 2004 and is valid from February 18, 2005

The Company's Appointment Letter:

No. 023/LM/GEMS/II/2011 dated February 25, 2011

Registered License of the Capital Market Professional (STTD) : No. 227/PM/STTD-KH/1998 under the name of Iwan Setiawan, SH

Organization : Capital Market Legal Consultants Association (HKHPM) with HKHPM Membership Number: 200924

2. Public Accountants:

KAP MULYAMIN SENSI SURYANTO

Intiland Tower Lantai 7

Jl. Jend. Sudirman Kav. 32

Jakarta 10220 - Indonesia

Telepon : 62-21-570 8111

Fax : 62-21-570 8012

Main Duty and Obligation:

The main duty of the Public Accountant during the Initial Public Offering is to perform an audit in accordance with the auditing standards set by the Indonesian Certified Public Accountants Institute. Those standards require that the Public Accountants plan and perform an audit to obtain a reasonable assurance whether the financial statements are free of material misstatement. The public accountants are responsible for the opinion given on the financial statements audited by them.

The audits conducted by the Public Accountant includes examination on the testing of evidence supporting the amounts and disclosures in the financial statements and also assessing the accounting principles used and significant estimations made by the management on an

assessment of the overall financial statement presentation.

Work Guidelines : Auditing Standards set by
Institute of Public Accountants
of Indonesia

The Company's Appointment Letter:

No. 025/LM/GEMS/II/2011 dated
February 25, 2011

Registered License of the Capital Market Professional
(STTD): No.286/PM/STTD-AP/2000
under the name of Lianny Leo

Organization : Member of Indonesian Certified
Public Accountants Institute
Registration No. IAPI 1007

3. Public Notary:

LINDA HERAWATI, S.H.

Jl. Cideng Timur No. 31

Jakarta Pusat - Indonesia

Telepon : 62-21 - 6386 3866

Fax : 62-21 - 6385 8686

Main Duty and Obligation:

to prepare and draw up deeds for the purpose of the
Public Offering, among other things amendment to the

Main Duty and Obligations:

Responsible for examination and assessment of fixed assets of the Company and its subsidiaries in order to render an opinion on the market value of the fixed assets of the Company and its Subsidiaries as of December 31, 2009.

Work Guidelines : Indonesian Appraisal Standard and
Ethical Code of Indonesian
Society of Appraisers (MAPPI)

The Company's Appointment Letter: No.026/LM/GEMS/II/2011
dated Februari 25, 2011

Registered License of the Capital Market Professional
(STTD): No.11/BL/STTD-
P/AB/2006

Organization : Member of Indonesian Society of
Appraisers (MAPPI) No.88-S-00132

5. Securities Administration Agency:

PT SINARTAMA GUNITA

BII Plaza Tower III, 12th Floor

Jl. M. H. Thamrin No. 51

Jakarta 10350 - Indonesia

Telepon : 021 - 392 2332

Fax : 021 - 392 3003

Main Duty and Obligation:

Responsible for receiving shares subscription ensuring that the List of Shares Subscription Order (DPPS) and the Shares Subscription Order Form (FPPS) have been completed with the required supporting documents in the subscription of shares and obtained approval of the Managing Underwriter which is placed for allotment of shares, and also to administer the share subscription orders according to the available applications at the Securities Administration Agency. The Managing Underwriter and the Securities Administration Agency reserve the right to reject any share subscription order that does not comply with the subscription requirements, subject to the prevailing regulations.

In the case of over subscription of shares, the Securities Administration Agency will process the allotment of shares using the allotment formula as specified by the Allotment Manager, print Allotment Confirmation Forms (FKP) and prepare an Allotment Report. The Securities Administration

Agency is also responsible to issue Collective Share Certificates (SKS), if required, and to prepare an Initial

Public Offering Report under the prevailing regulations.

The Company's Appointment Letter: No.029/LM/GEMS/II/2011

dated Februari 25, 2011

License : No. KEP-82/PM/1991 under the name
of PT Sinartama Gunita

The Capital Market Supporting Institutions and Professionals,
except PT Sinarmas Securities and PT Sinartama Gunita hereby
declare that they are not affiliated with the Company, either
directly or indirectly, as defined in the Capital Market Law
(UUPM).