

No : 316/P.01/11

**Independent Auditor's Report**

**Board of Directors and Stockholders  
PT Dwikarya Sejati Utama**

We have audited the accompanying consolidated balance sheets of PT Dwikarya Sejati Utama and Subsidiaries as of March 31, 2011 and 2010 and the related consolidated statements of income, changes in equity and cash flows for the years ended March 31, 2011 and 2010. These consolidated financial statements are the responsibility of the Company and Subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Dwikarya Sejati Utama and Subsidiaries as of March 31, 2011 and 2010 and the consolidated results of its operations and its cash flows for the years ended, in conformity with the generally accepted accounting principles in Indonesia.

As explained in Note 3 to the consolidated financial statements, effective March 31, 2011 the consolidated financial statements are presented in US Dollar as its functional reporting and currency. For comparison purposes, the consolidated financial statements 2010 had been converted into US Dollar currency.

As discussed in Note 4 to the consolidated financial statements, effective January 1, 2010 the Company adopted Statement of Financial Accounting Standard (SFAS) No. 50 (2006 Revision), "Financial Instruments : Presentation and Disclosures" and SFAS No. 55 (2006 Revision), "Financial Instruments : Recognition and Measurement". These revised SFAS have been applied prospectively.

The accompanying consolidated financial statements have been prepared assuming that the Company and Subsidiaries will continue to operate as going concern entity. As discussed in Note 26 to financial statements, the Company and Subsidiaries has suffered recurring losses continuously from the beginning of its operations and has an accumulated deficit. Management's plans regarding those matters are described in Note 26 and the majority shareholder of the Company, GMR Energy (Netherlands) B.V. has confirmed that they will continue to provide financial support to the Company and Subsidiaries. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of the above matters.

Our audit was conducted for the purpose of forming an opinion on the basic 2011 and 2010 consolidated financial statements, taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis of the basic 2011 and 2010 consolidated financial statements rather than to present the financial position, result of operations and cash flows of the Parent Company as a separate entity, and is not a required part of the basic 2011 and 2010 consolidated financial statements. This supplementary information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2011 and 2010 consolidated financial statements and, in our opinion is fairly stated in all material respect when considered in relation to the basic 2011 and 2010 consolidated financial statements, taken as a whole.

**Ciwi Paino, CPA**  
License No. 03.1.0860

April 30, 2011

The accompanying consolidated financial statements are intended to present the consolidated financial position, consolidated results of operation and consolidated cash flow in accordance with accounting principles and practices generally accepted in Indonesia and not that of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia. Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Indonesian accounting principles, procedures and practices.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2011 and 2010**

**A S S E T S**

	Notes	2 0 1 1	2 0 1 0*)
		US\$	US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2d,2f,7	611,667	1,040,663
Other receivables	2d,2e,2g, 10,23a	58,923	58,173
Advance payments	2d,8	195,072	32,254
Prepayments	9	66,090	119,065
Total current assets		931,752	1,250,155
<b>NON CURRENT ASSETS</b>			
Plant and equipment	2h,2m,11	3,869,110	816,274
Goodwill	2b,4,13	109,079	228,076
Deferred exploration expenditures	2h,12	21,817,996	14,407,304
Deferred tax assets	2i,17c	16,060	—
Refundable deposits	2d	3,368	2,368
Other receivables	2d,2e,10	15,006	73,505
Total non current assets		25,830,619	15,527,527
<b>TOTAL ASSETS</b>		<b>26,762,371</b>	<b>16,777,682</b>

\*) Remeasured Note 3

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (Continued)**  
**March 31, 2011 and 2010**

**LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)**

	Notes	2011	2010*)
		US\$	US\$
<b>CURRENT LIABILITIES</b>			
Other payables	2d,12	122,886	102,755
Taxes payable	2l,17b	55,339	273,241
Accrued expenses	2d,2e,15	830,222	2,675,979
Total current liabilities		1,008,447	3,051,975
<b>NON CURRENT LIABILITIES</b>			
Mandatory convertible bonds	2d,2e, 18,23c	-	6,368,158
Long term loan	2d,2e,2j, 16,23b	9,281,546	9,419,221
Provision for employment benefit	2n,24	82,831	-
Deferred tax liabilities	2l,17c	-	517
Total non current liabilities		9,364,377	15,787,896
<b>EQUITY (CAPITAL DEFICIENCY)</b>			
Capital stock			
Authorized 4,000 shares at Rp 1,000,000 par value per share			
Issued and fully paid-up capital 1,000 shares at Rp 1,000,000 par value each	17	108,992	108,992
Mandatory convertible bonds	2e,18,23c	18,656,658	-
Other contributed capital		373,371	-
Foreign exchange difference in capital stock		838	838
Accumulated deficit	25	(2,750,312)	(2,172,019)
Total equity (capital deficiency)		16,389,547	(2,062,189)
<b>TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</b>			
		<b>26,762,371</b>	<b>16,777,682</b>

\*) Remeasured Note 3

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
For the years ended March 31, 2011 and 2010

	Notes	2011	2010*)
		US\$	US\$
<b>Operating expenses</b>			
General and administrative expenses	2k,21	311,339	94,203
<b>Operating loss</b>		(311,339)	(94,203)
<b>Other income (expenses) – net</b>	2c,2i,2k,22	(283,531)	733,807
<b>Profit (loss) before income tax</b>		(594,870)	639,604
Corporate income tax	2l		
Current tax - Expense	17a	–	(8,381)
Deferred tax – Income (expense)	17a,17c	16,577	(517)
Total corporate income tax		16,577	(8,898)
<b>Profit (loss) before minority interest</b>		(578,293)	630,706
Minority interest	2b	–	–
<b>Net profit (loss)</b>		<b>(578,293)</b>	<b>630,706</b>

\*) Remeasured Note 3

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the years ended March 31, 2011 and 2010**

	<b>Paid-up capital</b>	<b>Foreign exchange difference in capital stock</b>	<b>Mandatory convertible bonds</b>	<b>Other contributed capital</b>	<b>Accumulated deficit</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Balance as of March 31, 2009*)	108,992	838	–	–	(1,884,271)	(1,774,441)
Net profit for the year*)	–	–	–	–	630,706	630,706
Exchange differences due to financial statements translation*)	–	–	–	–	(918,454)	(918,454)
Balance as of March 31, 2010*)	108,992	838	–	–	(2,172,019)	(2,062,189)
Mandatory convertible bonds	–	–	18,656,658	–	–	18,656,658
Other contributed capital	–	–	–	373,371	–	373,371
Net loss for the year	–	–	–	–	(578,293)	(578,293)
<b>Balance as of March 31, 2011</b>	<b>108,992</b>	<b>838</b>	<b>18,656,658</b>	<b>373,371</b>	<b>(2,750,312)</b>	<b>16,389,547</b>

\*) Remeasured Note 3

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
For the years ended March 31, 2011 and 2010

	2 0 1 1	2 0 1 0*)
	US\$	US\$
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax	(594,870)	639,604
Adjustments to reconcile net loss to net cash used in operating activities :		
Loss on disposal fixed assets	176	-
Post employment benefit	82,831	-
Depreciation of plant and equipment	155,870	3,850
Bad debt expense	304	-
Foreign exchange differences due to financial statement translation	-	(918,453)
Amortization expense	118,997	118,996
Operating loss before working capital changes	(236,692)	(156,003)
Advance payment	(162,818)	(32,254)
Prepayments	52,975	(119,065)
Other receivables	57,445	(130,574)
Refundable deposit	(1,000)	(2,368)
Payment of corporate income tax	-	(8,381)
Taxes payable	(217,902)	(273,241)
Accrued expenses	(1,845,756)	2,675,979
Net cash provided by (used in) operating activities	(2,353,748)	2,500,575
<b>Cash flows from investing activities</b>		
Exploration expenditures, net of depreciation expense	(7,410,692)	(10,110,136)
Acquisition of plant and equipment	(3,210,095)	(820,124)
Proceeds from disposal of plant and equipment	1,212	-
Net cash used in investing activities	(10,619,575)	(10,930,262)
<b>Cash flows from financing activities</b>		
Long term loan	(137,675)	9,469,221
Other payables	20,131	586
Other contributed capital	373,371	-
Issuance of mandatory convertible bond	12,288,500	-
Net cash provided by financing activities	12,544,327	9,469,807
<b>Net increase (decrease) in cash and cash equivalents</b>	(428,996)	1,040,120
<b>Cash and cash equivalents at beginning of year</b>	1,040,663	543
<b>Cash and cash equivalents at end of year</b>	<b>611,667</b>	<b>1,040,663</b>

\*) Remeasured Note 3

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2011 and 2010**

**1. GENERAL**

**a. Articles of Association**

PT Dwikarya Sejati Utama (the Company), domiciled in Jakarta, was established based on notarial deed of No. 40 dated March 9, 2007 of Sugito Tedjamulja, SH, notary in Jakarta, which has been approved by the Minister of Justice of the Republic of Indonesia under Decision Letter No. W7-03628 HT.01.01-TH.2007 dated April 5, 2007.

The Company's articles of incorporation have been amended several times and the latest amendment was made based upon notarial deed No. 4 dated July 23, 2008 of Zulfiah Tenri Abeng, SH.,M.Hum.,M.Kn., notary in Jakarta, concerning the changes of the Company's articles of association to conform with Law No. 40 Year 2007 of Limited Liability Company, which has been approved by the Minister of Justice of the Republic of Indonesia under Decision Letter No. AHU-63256.AH.01.02 Tahun 2008 dated September 15, 2008.

The Company has an approval letter for foreign capital investment from the Head of Capital Investment and Assets Utilization and Operations from Jakarta Regional Governance No. 4/31/I/PMA/2007 dated March 1, 2007.

The principal activity of the Company is venture capital and management consultant. The Company's head office is located in Jakarta.

**b. Board of Directors and Commissioner**

The composition of the Company's Board of Directors and Commissioners as of March 31, 2011 and 2010 are as follow :

Commissioners : Mr. Raaj Kumar

Director : Mr. Ashis Basu

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

1. **GENERAL** (Continued)

c. **Consolidated Subsidiaries**

Subsidiaries	Domicile	Nature of business	Percentage of ownership		Start of commercial operations	Total assets before elimination as of	
			March 31, 2011	March 31, 2010		March 31, 2011	March 31, 2010
			%	%	Year	US\$	US\$
PT Duta Sarana Internusa (DSI) and Subsidiary	Jakarta	Service	100%*	99%	-	26,761,274	16,776,480
PT Barasentosa Lestari (BSL)	Jakarta	Mining	100%**	100%***	-	26,466,277	16,110,153

\* Based on deed of share ownership transferred No. 39 dated February 24, 2009 of Mala Mukti, S.H., LL.M, notary in Jakarta, Mr. Buntardjo Hartadi Sutanto, DSI stockholders has transferred its ownership of 10 share with total nominal value of Rp 10,000,000 to GMR Energy (Netherlands) B.V, the Company stockholders. Therefore the effective ownership of the Company in DSI is 100%.

\*\* Based on deed of share ownership transferred No. 36 dated February 24, 2009 of Mala Mukti, S.H., LL.M, notary in Jakarta, Mr. Buntardjo Hartadi Sutanto, BSL stockholders has transferred his ownership of 1 share with total nominal value of Rp 1,000,000 to PT Unsoco, the related parties of the Company. Therefore the effective ownership of the DSI in BSL is 100%.

\*\*\*Based on notarial deed No. 125 dated January 31, 2008 of Sugito Tedjamulja, SH, notary in Jakarta, the Company's own 3,499 shares of 3,500 shares outstanding (99.97%), in which the remaining shares (1 shares) were owned by Mr. Buntardjo Hartadi Sutanto, the stockholder of DSI (note 9). Therefore the effective ownership of DSI in BSL is 100%.

d. **Coal Mining Operation Agreement**

PT Barasentosa Lestari (Company's Subsidiaries)

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

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

1. **GENERAL** (Continued)

d. **Coal Mining Operation Agreement** (Continued)

PT Barasentosa Lestari (Company's Subsidiaries) (Continued)

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

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

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

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

On April 7, 2009, the Company has obtained the approval of final feasibility study from the Directorate General of Mineral Coal and Geothermal of Department of Energy and Mineral Resources Republic of Indonesia for area of 24,385 hectares in Musi Banyuasin and Musi Rawas Regency, South Sumatra Province.

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a. Presentation of Consolidated Financial Statements**

The Company and Subsidiaries consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Indonesia. The consolidated financial statements have been prepared under historical cost concept and on the accrual basis, unless otherwise stated.

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

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect :

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and
- the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

Figures in the consolidated financial statements are expressed in United States Dollar, unless otherwise stated.

**b. Principle of Consolidation**

The consolidated financial statements include the accounts of the Parent Company and all Subsidiaries that are controlled by the Parent Company, other than those are excluded because control is assumed to be temporary or due to long term restrictions significantly impairing a subsidiary's ability to transfer funds to the Parent Company.

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

Control is presumed to exist where more than 50% of a Subsidiary's voting power is directly or indirectly controlled by the Parent Company; or the Parent Company able to govern the financial and operating policies of a Subsidiary; or control the removal or appointment of a majority of a Subsidiary's board of directors. For investment amounted to 20% or more but not more than 50%, investment was stated in consolidated financial statement using equity method, meanwhile for investment less than 20% stated using cost method.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Principle of Consolidation (Continued)**

Upon acquisition, the assets and liabilities of a Subsidiary are measured at its fair values at the date of acquisition. Any excess of the cost of acquisition over the interest in the fair values of the identifiable assets and liabilities acquired is recognized as “Goodwill” and amortized using the straight–line method over 5 (five) years.

When the cost of acquisition is less than the interest in the fair value of the identifiable assets and liabilities acquired as at the date of acquisition, the fair values the acquired non–monetary assets are reduced proportionately until all the excess are eliminated. The excess remaining after reducing the fair values of non–monetary assets acquired is recognized as “negative goodwill”, treated as deferred revenue and recognized as revenue on a straight–line method over twenty years.

Minority interest in the result and equity of controlled entities are shown separately in the consolidated statements of income and balance sheets respectively.

The interest of the minority stockholders is stated at the minority’s proportion of the historical cost of the net assets. The minority interest is subsequently adjusted for the minority’s share of movements in equity. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent.

The results of Subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the Subsidiaries to bring the accounting policies used in line with those used by the Parent Company.

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Foreign Currency Translation**

(1) Reporting Currency

The consolidated financial statements are presented in US Dollar.

(2) Transactions and Balances

Transactions denominated in Rupiah and other currencies are converted into US Dollar at the exchange rate prevailing at the date of the transaction. At the balance sheet date, monetary assets and liabilities in Rupiah and other foreign currencies are translated at the exchange rates prevailing at that date.

Exchange gains and losses arising on transactions in Rupiah and other foreign currencies and on the translation of Rupiah and other foreign currencies monetary assets and liabilities are recognized in the statement of income.

**d. Financial assets and liabilities**

In 2006, the DSAK issued PSAK 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures" and PSAK 55 (Revised 2006) "Financial Instruments: Recognition and Measurement". These standards amend both PSAK 50 "Accounting for Investments in Certain Securities" and PSAK 55 "Accounting for Derivative Instruments and Hedging Activities". Both standards are applicable for financial statements covering periods beginning on or after January 1, 2010.

In implementing PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006), the Company and Subsidiaries classifies financial instruments into financial assets and financial liabilities.

Financial assets

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

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

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

2. **ACCOUNTING POLICIES (Continued)**

d. **Financial assets and liabilities (Continued)**

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

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunctions with designated financial assets are included in “foreign exchange gain/loss”.

There are no financial assets categorised as held for trading.

(ii) Loans and receivables

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

(iii) Held-to-maturity financial assets

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

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

These are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

There is no financial assets that classified as held-to-maturity financial assets.

(iv) Available-for-sale financial assets

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

2. **ACCOUNTING POLICIES (Continued)**

d. **Financial assets and liabilities (Continued)**

(iv) Available-for-sale financial assets (Continued)

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of changes in equity is recognised in the consolidated income statement. However, interest is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available-for-sale are recognised in the consolidated income statement.

There are no financial assets that are classified as available-for-sale financial assets.

The Company and Subsidiaries use settlement date accounting for regular way contracts when recording financial assets transactions.

Financial liabilities

The Company and Subsidiaries classified its financial liabilities in the category of (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities measured at amortised cost.

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

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

There are no financial liabilities categorised as held for trading.

Gain and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial liabilities are included in "foreign exchange gain/loss".

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**2. ACCOUNTING POLICIES (Continued)**

Financial liabilities (Continued)

(ii) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit and loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are other payables, accrued expenses and long term loan.

Fair value estimation

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

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

**e. Transactions with Related Parties**

In conducting its business, the Company and Subsidiaries have transactions with its related parties in accordance with the definition in SFAS 7 regarding Related Party Disclosures.

All significant transactions with related parties, are disclosed in the consolidated financial statements.

**f. Cash and Cash Equivalents**

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

2. **ACCOUNTING POLICIES (Continued)**

g. **Other Receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less provision for impairment losses.

Allowance for impairment losses is established when there is objective evidence that the outstanding amounts will not be collected. Accounts are written off as bad debt incurred during the year in which they are determined to be not collectible.

h. **Plant and Equipment**

Initially, an item of plant and equipment is measured at its cost, which comprises its purchase price and any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures such as replacement and major inspection are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and Subsidiaries and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced or any remaining carrying amounts of the cost of the previous inspection is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is recognized on a straight-line method to write down the depreciable amount of plant and equipment.

Since April 2010, the Company and Subsidiaries changes the estimated useful lives as follows:

	% per annum
Buildings and roads	10
Computers	25
Office equipment	25
Furniture and fixtures	25

The residual values, useful lives and depreciation method are reviewed at each balance sheet date to ensure that such residual values, useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of or when no future economic benefits are expected from its use or disposal, the cost and accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts. Any resulting gain or losses from de-recognition of an item of plant and equipment is included in the statement of income.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

2. **ACCOUNTING POLICIES (Continued)**

h. **Plant and Equipment (Continued)**

Effective 1 January 2008, the Company and Subsidiaries applied SFAS No. 16 on Property, Plant and Equipment (Revised 2007), which supersedes SFAS No. 16 on Fixed Assets and Other Assets (1994) and SFAS No. 17 on Accounting for Depreciation (1994). Based on the revised SFAS, an entity shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to an entire class of plant and equipment. If the entity has plant and equipment revalued before the application of the revised SFAS and adopts the cost model, the revalued amounts of those assets are considered as deemed cost. The balance of the revaluation surplus of the assets at initial adoption of the revised SFAS must be reclassified to retained earnings.

The Company and Subsidiaries chose to adopt the cost model; accordingly, the Company and Subsidiaries plant and equipment, are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

i. **Deferred Exploration Expenditures – PT Bara Sentosa Lestari (BSL), DSI's Subsidiary**

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

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

Ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area.

Exploration expenditures in respect of an area of interest, which has been abandoned or for which a decision has been made by the BSL's Directors against the commercial viability of the area of interest, are written-off in the period the decision is made.

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. **Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless the Company and Subsidiaries has unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

k. **Expense Recognition**

Expenses are recognized when these are incurred (accrual basis).

l. **Income Tax**

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on the applicable tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amount of the deferred tax assets and liabilities due to change in tax rates is charged to current year operations, except to the extent that it relates to items previously charged or credited to equity.

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

m. **Impairment of Non-Financial Asset**

Non financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. Employee Benefits**

The Company and Subsidiaries provides defined benefit post-employment benefits to its employees in accordance with Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

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

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

**3. REMEASUREMENT INTO US DOLLAR**

In 2009, the Minister of Finance of Republic of Indonesia has granted an approval to PT Duta Sarana Internusa, the Company Subsidiary, to maintain bookkeeping in English and US Dollar Currency based on his decision letter No. KEP-1531/WPJ.04/2009 dated August 26, 2009. This decision is applied effectively starting the 2010 fiscal year.

In 2009, the Minister of Finance of Republic of Indonesia has granted an approval to the Company, to maintain bookkeeping in English and US Dollar Currency based on his decision letter No. KEP-1597/WPJ.04/2009 dated August 31, 2009. This decision is applied effectively starting the 2010 fiscal year.

The consolidated financial statements of the Company and Subsidiaries were presented in Rupiah up to year 2010. Effective March 31, 2011, the consolidated financial statements are presented in US Dollar as its functional and reporting currency. For comparative purposes, the consolidated financial statements of 2010 in Rupiah were converted into US Dollar currency. The methods of conversion were as follows:

- a. Monetary assets and liabilities were converted into United States Dollar using the exchange rate at balance sheet date. Non monetary assets and capital stock were converted into United States Dollar using the exchange rate when the transactions were incurred or historical exchange rates. The difference, as the effect of the use of those above mentioned procedures of conversion was charged to equity on that period, as difference in foreign currency translation due to US Dollar remeasurement.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**3. REMEASUREMENT INTO US DOLLAR (Continued)**

- b. Revenue and expenses were remeasured into United States Dollar currency using the approximate average translation rates during the year, while for depreciation of fixed assets, historical rates were used.

**4. ADOPTION OF NEW ACCOUNTING STANDARDS**

The Company and Subsidiaries has adopted SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurements" prospectively on January 1, 2010 in accordance with the transitional provisions in accordance with the Technical Bulletin No. 4 concerning the transitional provisions for the first adoption of SFAS No. 50 (2006 Revision) and SFAS No. 55 (2006 Revision) as issued by Indonesian Institute of Accountants and has applied the transitional provisions of those standards, as follow:

*Effective interest rate*

The effective interest rate for financial instruments measured at amortised cost, for example borrowings, that were acquired prior to and still have a balance remaining as at January 1, 2010 is calculated by referring to the future cash flows that will be generated from the time SFAS 55 (Revised 2006) is first implemented up to the maturity of the financial instruments.

Effective January 1, 2010, the Company and Subsidiaries used the effective interest method for computing the amortised cost of borrowings. The impact of changing the interest rate methods on the Company and Subsidiaries is considered immaterial.

*Impairment of financial instruments*

As at January 1, 2010, the Company and Subsidiaries determined any possible impairment of financial instruments based on conditions existing at that date. Any difference between this impairment and the impairment calculated based on previous applicable accounting principles is adjusted to the retained earnings as at January 1, 2010. The impact of impairment of financial instruments on the Company and Subsidiaries is considered immaterial.

**5. CHANGES IN ACCOUNTING POLICIES**

In 2010, PT Barasentosa Lestari, the Company Subsidiary, has changed its accounting policy in plant and equipment in order to appropriate to useful life of the assets. As a result of changes in accounting policy, there is no material adjustment to the presentation of plant and equipment balance in 2009, therefore the beginning balance of retained earning was not restated. As a result, financial statement year 2009 was not restated.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**6. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

Acquisitions and disposals of subsidiaries and associates up to March 31, 2011 and 2010 are as follows:

**PT Duta Sarana Internusa (DSI)**

DSI, domiciled in Jakarta, was established based on notarial deed of No. 12 dated December 5, 2006 of Darmawan Tjoa, SH, SE, notary in Jakarta, which has been approved by the Minister of Justice of the Republic of Indonesia under Decision Letter No. W7-00631 HT.01.01-TH.2007 dated January 17, 2007.

The Company's ownership in DSI as of March 31, 2011 and 2010 is 990,000,000 and 99,000,000 shares (99%).

**PT Barasentosa Lestari (BSL)**

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

Excess of the cost of acquisition over the interest in the fair values of the identifiable net assets amounted US\$ 594,980 is recognized as goodwill and amortized using the straight-line method over five years (Note 13).

**7. CASH AND CASH EQUIVALENTS**

	2011 US\$	2010 US\$
Cash on hand :	10,050	3,556
Cash in banks :		
PT Bank Central Asia Tbk		
US Dollars	549,468	853,256
Rupiah	52,149	183,851
	<u>601,617</u>	<u>1,037,107</u>
	<u>611,667</u>	<u>1,040,663</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**8. ADVANCE PAYMENTS**

This account consists of advance payments to supplier and advance payments given to the employee regarding the operational activities of the Subsidiary Company, which will be reimbursed when it is fully used.

**9. PREPAYMENTS**

	2 0 1 1 US\$	2 0 1 0 US\$
Rental		
House	32,830	74,207
Office	20,708	29,695
Guest house	12,542	15,163
Insurance	10	-
Total	<u>66,090</u>	<u>119,065</u>

**10. OTHER RECEIVABLES**

	2 0 1 1 US\$	2 0 1 0 US\$
Related parties		
Mr. Bingrosalto L. Tobing	72,832	130,277
Third parties		
Mr. Buntardjo	1,097	1,097
PT Petrosea Tbk	304	304
Total	<u>74,233</u>	<u>131,678</u>
Less : Allowance for impairment losses	(304)	-
Total	<u>73,929</u>	<u>131,678</u>
Less current portion of other receivables	(58,923)	(58,173)
Long term portion of other receivables	<u>15,006</u>	<u>73,505</u>

PT Barasentosa Lestari, the Company's Subsidiary, has granted a personal loan amounted Rp 1,584,000,000 (equivalent with US\$ 181,880.81) to Mr. Bingrosalto L. Tobing, the Company's key management. This loan amount will be repaid by in 36 equated monthly installment of Rp 44,000,000 (US\$ 5,052.24) per month. This loan bears no interest.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**10. OTHER RECEIVABLES (Continued)**

The fair value of loans to related parties are based on cash flows discounted using a rate based on the borrowing rate of 8%. The discount rate equals to Bank Indonesia lending rate plus appropriate credit rating.

As of March 31, 2011, the difference between the amount of other receivable US\$ 75,784 and its fair value of US\$ 72,832 (present value using current market rates for similar loan) is shown up in 2010 from the effective rate was charged as part of employee cost.

**11. PLANT AND EQUIPMENT**

The details of plant and equipment are as follows:

	Beginning balances US\$	Additions US\$	Disposals US\$	Reclassification US\$	Ending balances US\$
2 0 1 1					
Acquisition cost :					
Buildings	25,135	45,701	-	212,965	283,801
Computer	59,800	125,192	1,419	26,939	210,512
Office equipment	26,676	17,899	-	536,769	581,344
Furniture and fixtures	9,143	52,116	-	187,977	249,236
Construction in progress	731,388	2,969,187	-	(964,650)	2,735,925
	<u>852,142</u>	<u>3,210,095</u>	<u>1,419</u>	<u>-</u>	<u>4,060,818</u>
Accumulated depreciation :					
Buildings	25,135	11,840	-	-	36,975
Computer	9,684	40,179	30	-	49,833
Office equipment	536	77,043	-	-	77,579
Furniture and fixtures	513	26,808	-	-	27,321
	<u>35,868</u>	<u>155,870</u>	<u>30</u>	<u>-</u>	<u>191,708</u>
Book value	<u>816,274</u>				<u>3,869,110</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

11. **PLANT AND EQUIPMENT (Continued)**

	2 0 1 0			
	Beginning balances US\$	Additions US\$	Disposals US\$	Ending balances US\$
Acquisition cost :				
Buildings	25,135	-	-	25,135
Computer	6,883	52,917	-	59,800
Office equipment	-	26,676	-	26,676
Furniture and fixtures	-	9,143	-	9,143
Construction in progress	-	731,388	-	731,388
	<u>32,018</u>	<u>820,124</u>	<u>-</u>	<u>852,142</u>
Accumulated depreciation :				
Buildings	25,135	-	-	25,135
Computer	6,883	2,801	-	9,684
Office equipment	-	536	-	536
Furniture and fixtures	-	513	-	513
	<u>32,018</u>	<u>3,850</u>	<u>-</u>	<u>35,868</u>
Book value	<u>-</u>			<u>816,274</u>

The depreciation expenses were allocated in:

	2 0 1 1 US\$	2 0 1 0 US\$
General and administrative expenses (Note 21)	<u>155,870</u>	<u>3,850</u>

In 2011 and 2010, the plant and equipment were insured against losses by fire and other risks amounted to Rp 20,750,723,520 (equivalent with US\$ 2,382,676) and nil, respectively.

12. **DEFERRED EXPLORATION EXPENDITURES**

	2 0 1 1 US\$	2 0 1 0 US\$
<b>General investigation expenses</b>		
Feasibility study expenses	2,665,509	2,517,448
Exploration extension	949,438	949,438
Drilling expenses	753,971	677,984
Airborne and digital expenses	515,031	515,031
Detailed mine study	385,718	385,718
Survey expenses	245,812	218,993
Analysis expenses	206,591	206,591
Rental	402,505	202,234
Geophysical services	145,865	145,865
Geological mapping expenses	116,525	107,007
Sub contractor expenses	80,569	80,569
Desk study	4,091	4,091
	<u>6,471,625</u>	<u>6,010,969</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**12. DEFERRED EXPLORATION EXPENDITURES**

	2011	2010
	US\$	US\$
<b>Other exploration expenses</b>		
Consultation	7,727,726	5,090,228
Salaries and allowances	4,420,297	1,334,386
Traveling expenses	575,040	190,787
Licenses and regional tax	420,522	393,112
Interest expenses	320,573	115,922
Recruitment charges	273,487	264,430
Office expenses	259,681	166,004
Equipment rental and vehicle expenses	139,621	139,621
Fuel expenses	131,284	21,586
Hire charges	124,771	-
Communications	111,151	30,108
Transportation expenses	110,216	96,634
Repairs and maintenance	80,885	38,551
Professional fee	68,665	68,665
Medical allowances	66,383	21,146
Business promotion	64,540	-
Depreciation expense	64,018	64,018
Manpower outsourcing	44,506	44,506
Staff welfare	35,944	-
Representation and entertainment	31,219	31,219
Socialisation cost	25,696	25,696
Training	16,732	-
Capital expenditure	-	189,197
Other expenses (less than US\$ 10,000)	233,415	70,519
	<u>15,346,372</u>	<u>8,396,335</u>
Total	<u>21,817,997</u>	<u>14,407,304</u>

**13. GOODWILL**

	2011	2010
	US\$	US\$
Acquisition cost	594,980	594,980
Accumulated amortization	(485,901)	(366,904)
Net book value	<u>109,079</u>	<u>228,076</u>

Goodwill was derived from purchase transaction of PT Bara Sentosa Lestari, PT Duta Sarana Internusa Subsidiary shares from third parties on March 12, 2007.

The amortization of goodwill as of March 31, 2011 and 2010 amounted to US\$ 118,997 and US\$ 118,996 were allocated as other income (expenses) (note 22).

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**14. OTHER PAYABLES**

	2 0 1 1 US\$	2 0 1 0 US\$
Third parties		
Strait Merchants Ltd	50,000	50,000
Others	72,886	52,755
<b>Total</b>	<u>122,886</u>	<u>102,755</u>

**15. ACCRUED EXPENSES**

	2 0 1 1 US\$	2 0 1 0 US\$
Related parties :		
Interest	315,765	115,921
Consultancy	212,251	2,137,500
	<u>528,016</u>	<u>2,253,421</u>
Third parties :		
Variable pay allowance	289,368	-
Social security	12,374	8,868
Travel	464	1,190
Construction work in progress	-	185,115
Logistic consultant	-	73,294
Transportation	-	34,812
Professional fee	-	17,970
Geological mapping	-	13,977
Office maintenances	-	7,862
Office supplies	-	3,727
Survey	-	2,459
Communication	-	2,035
Capital expenditure	-	1,762
Others	-	-
	<u>302,206</u>	<u>353,926</u>
<b>Total</b>	<u>830,222</u>	<u>2,607,347</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

16. **LONG TERM LOAN**

	2011	2010
	US\$	US\$
Related parties:		
GMR Energy (Netherlands) B.V	9,281,546	9,419,221

On April 15, 2009, PT Duta Sarana Internusa, the Company's subsidiary has entered into loan agreement with GMR Energy (Netherlands) B.V (GMR), the ultimate shareholder of the Company.

Based on the loan agreement GMR should provide an unsecured loan with a revolving line of Credit in which GMR may make advance provided that the aggregate amount of all loan outstanding under the line of credit at any one time shall not exceed US\$ 10,000,000.

The detail of the loan are as follow :

Interest rate : LIBOR + 0.05 %  
 Settlement date : March 31, 2011  
 Amount of installment repayment : USD 10 million/outstanding amount as on that date plus any interest as due on this date

On April 1, 2010, DSI, the Company's subsidiary, has entered into loan agreement with GMR, the Company's stockholder. Based on the loan agreement, GMR should provide an unsecured loan with a revolving line of credit in which DSI may make advance provided that the aggregate amount of all loan outstanding under the line of credit at any one time shall not exceed US\$ 40,000,000.

The details of the loan are as follow:

Interest rate : LIBOR + 0.05%  
 Settlement date : March 31, 2012  
 Amount of installment repayment : USD 40 million/outstanding amount as on that date plus any interest as due on this date

In 2010, the above loan was shown in the consolidated balance sheet at present value using a market interest rate of LIBOR + 2% per annum. The difference between loan to shareholder as of January 1, 2010 amounted plus additional loan to shareholder withdrawn in 2010 at origination of the loan in total of US\$ 9,469,221 and its fair value of US\$ 9,095,850 (present value using current market rates for similar loan) are treated as an equity contribution to the Company and represents a further investment of Holdings.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**17. TAXATION**

**a. Income tax expense**

Income tax expense for the years ended March 31, 2011 and 2010 are nil.

A reconciliation between profit (loss) before tax as per consolidated statement of income with estimated taxable income which was prepared by the Company and Subsidiaries for the years ended March 31, 2011 and 2010 is as follows:

	2 0 1 1 US\$	2 0 1 0 US\$
Profit (loss) before tax per consolidated statement of income	(578,293)	639,604
Income before tax of subsidiaries and elimination	-	(8,898)
Profit (loss) before tax of the Company	<u>(578,293)</u>	<u>630,706</u>
(Profit) loss on investment in subsidiaries	<u>578,188</u>	<u>(623,698)</u>
Estimated taxable profit (loss) before compensated prior period losses	(105)	7,008
Compensated prior period losses	-	(7,008)
Estimated taxable losses	<u>(105)</u>	<u>-</u>

Company

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

	2 0 1 1 US\$	2 0 1 0 US\$
December 31, 2008	28,467	28,467
March 31, 2009	3,200	3,200
March 31, 2011	105	-
	<u>31,772</u>	<u>31,667</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

17. **TAXATION** (Continued)

a. **Income tax expense** (Continued)

Subsidiaries

The Company's Subsidiary has accumulated corporate income tax losses which are available to be carried forward and offset against future taxable income for five years following fiscal years :

	2 0 1 0	2 0 0 9
	US\$	US\$
PT Barasentosa Lestari		
December 31, 2005	–	209,493
December 31, 2006	203,245	203,245
December 31, 2007	61,212	61,212
December 31, 2008	62,202	62,202
December 31, 2009	61,449	61,449
December 31, 2010	156,302	–
Total	<u>544,410</u>	<u>597,601</u>
PT Duta Sarana Internusa		
March 31, 2011	158,692	–
Total	<u>703,102</u>	<u>597,601</u>
	2 0 1 1	2 0 1 0
	US\$	US\$
Current tax		
Company	–	–
Subsidiaries	–	(8,381)
	<u>–</u>	<u>(8,381)</u>
Deferred tax		
Company	–	–
Subsidiaries	16,577	(517)
	<u>16,577</u>	<u>(517)</u>
	<u>16,577</u>	<u>(8,898)</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

17. **TAXATION** (Continued)

**b. Taxes payable**

	2011 US\$	2010 US\$
Income tax		
Article 21	41,969	30,599
Article 4(2) & 23	4,989	8,351
Article 29	8,381	3,741
Value added tax	-	230,550
<b>Total</b>	<b>55,339</b>	<b>273,241</b>

**c. Deferred tax assets**

The Subsidiaries

	As of March 31, 2010 US\$	2011 Credited (charged) to the statement of income for the year US\$	As of March 31, 2011 US\$
Deferred tax liabilities			
Provision for severance payments	-	20,708	20,708
Depreciation of plant and equipment	(517)	(4,131)	(4,648)
<b>Total</b>	<b>(517)</b>	<b>16,577</b>	<b>16,060</b>
	As of March 31, 2009 US\$	2010 Credited (charged) to the statement of income for the year US\$	As of March 31, 2010 US\$
Deferred tax liabilities			
Depreciation of plant and equipment	-	(517)	(517)
<b>Total</b>	<b>-</b>	<b>(517)</b>	<b>(517)</b>

PT Barasentosa Lestari (BSL), the Company's subsidiary, does not make reconciliation between income before tax per statements of income and taxable income as per March 31, 2011 and 2010 because the fiscal year of BSL is from period January 1 up to December 31.

As of March 31, 2011 and 2010, the Company and Subsidiaries has an unrecognized deferred tax asset in respect of the 2011 and 2010 tax losses of US\$ 183,718 and US\$ 157,317, respectively. Tax assets have not been recognized on the basis that there is significant uncertainty as to whether the tax losses will be offset by sufficient taxable profits in the future.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

17. **TAXATION** (Continued)

d. **Administration**

On September 2, 2008, the Government enacted an amendment to the income tax law with effect from January 1, 2009, stipulating that the income tax for corporation's will be set to a flat rate of 28% starting in 2009, and further reduced to 25% starting 2010. In addition to the impact in the current income tax for 2009, the revision will also impact the deferred income tax previously set up to reflect the reduction in effective tax rate.

18. **MANDATORY CONVERTIBLE BOND**

	2 0 1 1	2 0 1 0
	US\$	US\$
Related parties :		
GMR Energy (Netherlands) B.V.	18,595,523	6,307,023
GMR Energy (Mauritius) Ltd.	61,135	61,135
	18,656,658	6,368,158

Based on the Mandatory Convertible Bonds Issuance Agreement dated April 10, 2008 between the Company and PT Panjicanggih Perkasa and the Form of Transfer dated August 19, 2008 and the MCB with a face value of US\$ 1,693,890 (equivalent with Rp 19,606,776,750) is transferred to Grand South Asset Management Limited (GAML). In accordance with Notice of Assignment dated February 24, 2009, GAML have assigned with full title in favor of the assignees, all of its rights, title interest in respect of the MCB to GMR Energy (Netherlands) B.V.

Based on the Mandatory Convertible Bonds Issuance Agreement dated April 10, 2008 between the Company and PT Panjicanggih Perkasa and the Form of Transfer dated August 19, 2008 and the MCB with a face value of US\$ 2,228,865 (equivalent with Rp 25,799,112,375) is transferred to Strait Merchants Limited (SML). In accordance with Notice of Assignment dated February 24, 2009, SML have assigned with full title in favor of the assignees, all of its rights, title interest in respect of the MCB to GMR Energy (Netherlands) B.V.

Based on the Mandatory Convertible Bonds Issuance Agreement dated April 10, 2008 between the Company and Strait Merchants Ltd. and the Form of Transfer dated August 14, 2008 and the MCB with a face value of US\$ 2,445,403 (equivalent with Rp 28,305,539,725) is transferred to Noble Point Limited (NPL). In accordance with Notice of Assignment dated February 24, 2009, NPL have assigned with full title in favor of each of the assignees, all of its rights, title interest in respect of the MCB in the following details:

- MCB with a face value of US\$ 2,384,267.925 (equivalent with Rp 27,597,901,232) to GMR Energy (Netherlands) B.V.
- MCB with a face value of US\$ 61,135.075 (equivalent with Rp 707,638,493) to GMR Energy (Mauritius) Ltd.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**18. MANDATORY CONVERTIBLE BOND (Continued)**

PT Duta Sarana Internusa, the Company's subsidiary, and GMR Energy (Netherlands) B.V., the Company's stockholder has entered to Mandatory Convertible Bonds Issuance Agreement dated April 1, 2010. Based on this agreement GMR Energy (Netherlands) B.V. should provide fund with a maximum of US\$ 40,000,000 up to July 31, 2012.

This convertible bond should be converted into shares at maximum of 5 years starting from the date of issuance of the bonds.

In March 31, 2011, MCB is presented as part of liabilities and reclassified in March 31, 2011 to equity in order to applied with PSAK 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures".

**19. CAPITAL STOCK**

Based on the Company's Article of Incorporation as stated in notarial deed No. 40 dated March 9, 2007 of Sugito Tedjamulja, SH, public notary in Jakarta, the authorized capital is comprised of 4,000 shares with nominal value of Rp 1,000,000, in which 1,000 shares has been subscribed and fully paid

The composition of the Company stockholder as of March 31, 2011 and 2010 are as follow :

Stockholders	Number of shares	Par value Rp	Percentage of ownership %
GMR Energy (Netherlands) B.V.	999	999,000,000	99.90
GMR Energy (Mauritius) Ltd	1	1,000,000	0.10
	<u>1,000</u>	<u>1,000,000,000</u>	<u>100.00</u>

**20. GENERAL RESERVE**

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

As of March 31, 2011 and 2010, the Company and Subsidiaries have not yet established a general reserve as it is in accumulated loss position.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	2011 US\$	2010 US\$
Depreciation expenses (Note 11)	155,870	3,850
Post employment benefit (Note 24)	82,831	–
Tax and licenses	29,505	19,535
Deadrent	24,857	37,939
Consultancy	13,329	32,188
Employee cost	2,952	–
Others	1,995	691
Total	<u>311,339</u>	<u>94,203</u>

**22. OTHER INCOME (EXPENSES)**

	2011 US\$	2010 US\$
Interest income	151,206	116,692
Gain on foreign exchange – net	34,169	918,695
Interest expenses (Note 23)	(328,543)	(180,593)
Amortization of goodwill (Note 13)	(118,997)	(118,996)
Donations	(16,248)	–
Bank charges	(4,637)	–
Loss on disposal of plant and equipments	(177)	–
Bad debt expense	(304)	–
Others	–	(1,991)
Total	<u>(283,531)</u>	<u>733,807</u>

**23. RELATED PARTY TRANSACTIONS**

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

Related parties	Nature of related parties	Transactions/balance
GMR Energy (Netherlands) B.V.	Stockholder	Mandatory convertible bonds, accrued expenses, long term loan, interest expense
GMR Energy (Mauritius) Ltd	Stockholder	Mandatory convertible bonds
GMR Consulting Services Pvt Ltd	Stockholder	Accrued expenses
Mr. Bingrosalto L. Tobing	Key management	Other receivables

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

23. **RELATED PARTY TRANSACTIONS (Continued)**

a. Other receivables (note 10)

	2011 US\$	2010 US\$
Mr. Bingrosalto L. Tobing	72,832	130,277

b. Long term loan (note 16)

	2011 US\$	2010 US\$
GMR Energy (Netherlands) B.V	9,281,546	9,419,221

c. Mandatory convertible bond (note 18)

	2011 US\$	2010 US\$
GMR Energy (Netherlands) B.V.	18,595,523	6,307,023
GMR Energy (Mauritius) Ltd.	61,135	61,135
Total	18,656,658	6,368,158

d. Accrued expenses (Note 15)

	2011 US\$	2010 US\$
GMR Energy (Netherlands) B.V	315,765	115,921
GMR Consulting Services Pvt Ltd	212,251	2,137,500
	528,016	2,253,421

e. Interest expenses (Note 22)

	2011 US\$	2010 US\$
GMR Energy (Netherlands) B.V.	(328,543)	(180,593)

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**24. POST EMPLOYMENT BENEFITS OBLIGATION**

PT Barasentosa Lestari (the Company's Subsidiary)

Referring to Labor Law No. 13/2003 regarding severance payments, requires companies to pay their employees, termination, appreciation and compensation benefits in case of employment dismissal based on the employee's number of years provided the conditions set forth in the decree are met. The Company is presently evaluating the effects of the law and did not record provision in the 2010 financial statements, because the Company's employees is consider as a new employee and have less than 1 year of service.

In 2011, PT Barasentosa Lestari, the Company's Subsidiary, provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 25 peoples in 2011.

Amounts recognized in the statement of income in respect of these post-employment benefits are as follows :

	2 0 1 1 US\$	2 0 1 0 US\$
Current service cost	77,735	-
Interest cost	4,456	-
Amortisation of actuarial loss	640	-
Total expense	<u>82,831</u>	<u>-</u>

Past service cost has been charged to the 2011 statement of income because the impact to the 2010 statement of income was not material.

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

	2 0 1 1 US\$	2 0 1 0 US\$
Present value obligation	144,496	-
Unrealized actuarial gain	(61,665)	-
Net obligation	<u>82,831</u>	<u>-</u>

Movements in the net liability recognized in the consolidated balance sheet are as follows :

	2 0 1 1 US\$	2 0 1 0 US\$
Beginning balance	-	-
Expenses	82,831	-
Ending balance	<u>82,831</u>	<u>-</u>

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

24. **POST EMPLOYMENT BENEFITS OBLIGATION (Continued)**

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

	2011 US\$	2010 US\$
Employee benefits expense are allocated to :		
General and administrative expenses (Notes 17)	82,831	-

The cost of providing post-employment benefits is calculated by independent actuary, PT Konsul Penata Manfaat Sejahtera.

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

	2011	2010
Discount rate	8% per annum	-
Salary increment rate	8 % per annum	-
Mortality rate	CSO - Male	-
Resignation rate	5% p.a. up to age 40 years old and reducing linearly to 0.25% p.a. at age 50 years old and thereafter	-
Normal pension	55 years old	-

25. **COMMITMENT AND CONTINGENT LIABILITIES**

As of March 31, 2011 and 2010, the Company and Subsidiaries had no significant commitments or contingent liabilities.

As of March 31, 2011 and 2010, PT Barasentosa Lestari, PT Duta Sarana Internusa Subsidiary has not made any provision for mine closure as it has not yet entered the production stage.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**26. ACCUMULATED DEFICIT**

As shown in the consolidated financial statements, the Company and Subsidiaries showed accumulated deficit are US\$ 2,750,312 and US\$ 2,172,019, respectively as of March 31, 2011 and 2010.

PT Barasentosa Lestari (BSL), the Company's Subsidiary coal property remains in the exploration phase and is consistently in need of capital injection for its exploration costs. To cover that cost and the incurred capital deficiency, the shareholder of the Company has committed to provide funding through stockholder loan in a form of Mandatory Convertible Bond to the Company until BSL has started its commercial operation and generate income on its own.

The Company itself has suffered losses from operations and depends on ongoing financial support from its ultimate controlling stockholder. The accompanying consolidated financial statements do not include the effect of any adjustments that may be required if the Company cannot continue as a going concern. Management considers that its ongoing plans will allow it to continue as a going concern for the foreseeable future.

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

**27. FINANCIAL RISK MANAGEMENT**

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

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

Market Risk

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

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

27. **FINANCIAL RISK MANAGEMENT (Continued)**

Foreign exchange risk

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

Interest rate risk

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

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

Liquidity risk

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

Fair value risk

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

Capital Management

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

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

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

The Company and Subsidiaries, being a limited liability company, is subject to externally-imposed capital requirement. Per the Laws of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Company, the minimum capital requirement to qualify as a limited liability company is Rp 50 million. As at March 31, 2011 and 2010 the Company and Subsidiaries has complied with the minimum requirement having a paid in capital of US\$ 108,992.

**PT DWIKARYA SEJATI UTAMA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2011 and 2010**

**28. NEW ACCOUNTING STANDARD**

Indonesian Institute of Accountants has issued the following revised accounting standards :

1. SFAS 1 (Revised 2009) – Presentation of Financial Statements (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 1 (Revised 1998) – Presentation of Financial Statements.
2. SFAS 2 (Revised 2009) – Cash Flow Statements applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 2 (Revised 1994) –Cash Flows Statements
3. SFAS 48 (Revised 2009) – Impairment of Assets (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 48 (Revised 1998) – Impairment of Assets.
4. SFAS 7 (Revised 2010) – Disclosure of Related Parties (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 7 (Revised 1994) – Disclosure of Related Parties.
5. SFAS 10 (Revised 2010) – The Impact of Foreign Exchange Gain (Loss) (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 10 (Revised 1994) – Transaction in Foreign Currency
6. SFAS 19 (Revised 2010) – Intangible Assets (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 19 (Revised 1994) – Intangible Assets.
7. SFAS 22 (Revised 2010) – Business Combination (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 22 (Revised 1994) – Business Combination.
8. SFAS 23 (Revised 2010) – Income (applicable for financial statements covering periods beginning on or after January 1, 2011). This standard will replace SFAS 23 (Revised 1994) – Income.

The Company and Subsidiaries are still evaluating the possible impact of these standards on the consolidated financial statements.

**29. APPROVAL AND AUTHORIZATION TO ISSUE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorized for issue by the Company's Directors on April 30, 2011.

**PT DWIKARYA SEJATI UTAMA  
SUPPLEMENTARY INFORMATION  
March 31, 2011 and 2010**

The following financial statements of PT Dwikarya Sejati Utama (Parent Company only) on pages 40 to 43 present the Company's investments in Subsidiaries under the equity method, as opposed to the consolidation method.

- Balance Sheets
- Statements of Income
- Statements of Changes in Equity
- Statements of Cash Flows

Supplementary Information

**PT DWIKARYA SEJATI UTAMA  
PARENT COMPANY ONLY  
BALANCE SHEETS  
March 31, 2011 and 2010**

	<b>2 0 1 1</b>	<b>2 0 1 0*)</b>
	<b>US\$</b>	<b>US\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	–	105
Other receivables	6,389,232	6,389,232
Total current assets	6,389,232	6,389,337
<b>TOTAL ASSETS</b>	<b>6,389,232</b>	<b>6,389,337</b>
<b>LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</b>		
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
Others payables	2,661,556	2,083,367
Mandatory convertible bond	–	6,368,158
Total non current liabilities	2,661,556	8,451,525
Total liabilities	2,661,556	8,451,525
<b>EQUITY (CAPITAL DEFICIENCY)</b>		
Share capital – Rp 1,000,000 par value per share		
Authorized – 4,000 shares		
Subscribed and paid-up capital 1,000 shares	108,992	108,992
Foreign exchange difference in capital	838	838
Mandatory convertible bonds	6,368,158	–
Accumulated deficit	(2,750,312)	(2,172,018)
Total equity (capital deficiency)	3,727,676	(2,062,188)
<b>TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</b>	<b>6,389,232</b>	<b>6,389,337</b>

\*) Remeasured Note 3

Supplementary Information

**PT DWIKARYA SEJATI UTAMA**  
**PARENT COMPANY ONLY**  
**STATEMENTS OF INCOME**  
For the years ended March 31, 2011 and 2010

	2 0 1 1	2 0 1 0*)
	US\$	US\$
<b>OPERATING EXPENSES</b>		
General and administrative	–	–
Total operating expenses	–	–
<b>PROFIT FROM OPERATIONS</b>	–	–
<b>OTHER INCOME (EXPENSES)</b>		
Bank charges	(105)	(146)
Gain on foreign exchange – net	–	7,154
Equity in net loss of subsidiaries	(578,188)	623,698
Total other income (expense) – net	(578,293)	630,706
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	(578,293)	630,706
<b>TAX - INCOME (EXPENSES) – Nil</b>	–	–
<b>NET PROFIT (LOSS)</b>	<b>(578,293)</b>	<b>630,706</b>

\*) Remeasured Note 3

**PT DWIKARYA SEJATI UTAMA**  
**PARENT COMPANY ONLY**  
**STATEMENTS OF CHANGES IN EQUITY**  
**For the years ended March 31, 2011 and 2010**

	Paid-up capital	Foreign Exchange difference in capital	Mandatory convertible bonds	Accumulated deficit	Total equity (capital deficiency)
	US\$	US\$		US\$	US\$
Balance as of March 31, 2009*)	108,992	838	–	(1,884,271)	(1,774,441)
Exchange differences due to financial statements translation*)	–	–	–	(918,453)	(918,453)
Net profit for the year*)	–	–	–	630,706	630,706
Balance as of March 31, 2010*)	108,992	838	–	(2,172,018)	(2,062,188)
Mandatory convertible bonds	–	–	6,368,158	–	6,368,158
Net loss for the year	–	–	–	(578,293)	(578,293)
<b>Balance as of March 31, 2011</b>	<b>108,992</b>	<b>838</b>	<b>6,368,158</b>	<b>(2,750,312)</b>	<b>3,727,676</b>

\*) Remeasured Note 3

Supplementary Information

**PT DWIKARYA SEJATI UTAMA  
PARENT COMPANY ONLY  
STATEMENTS OF CASH FLOWS  
For the years ended March 31, 2011 and 2010**

	2 0 1 1	2 0 1 0*)
	US\$	US\$
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax	(578,293)	630,706
Adjustments to reconcile net loss to net cash used in operating activities :		
Foreign exchange differences due to financial statement translation	-	(918,453)
Cash flows from operations before changes in working capital	(578,293)	(287,747)
Working capital changes:		
Other receivables	-	(233)
Net cash used in operating activities	(578,293)	(287,980)
<b>Cash flows from financing activities</b>		
Other payables	578,188	(287,809)
Net cash provided by (used in) financing activities	578,188	(287,809)
<b>Net decrease in cash and cash equivalents</b>	<b>(105)</b>	<b>(170)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>105</b>	<b>275</b>
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>105</b>
<b>Activities not affecting cash and cash equivalents :</b>		
Reclassification mandatory convertible bonds from liabilities to equity	6,368,158	-

\*) Remeasured Note 3

