THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (A) PERSONS OR ADDRESSEES OUTSIDE OF THE UNITED STATES OR (B) QUALIFIED INSTITUTIONAL BUYERS ("QIB") PURSUANT TO RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page (the "Offering Memorandum"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE FOLLOWING OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: IN ORDER TO BE ELIGIBLE TO VIEW THE OFFERING MEMORANDUM, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THIS DOCUMENT AT YOUR REQUEST AND ON THE BASIS THAT YOU HAVE CONFIRMED TO DEUTSCHE BANK AG, SINGAPORE BRANCH AND MANDIRI SECURITIES PTE. LTD. (TOGETHER, THE "INITIAL PURCHASERS") THAT YOU (1) EITHER ARE OUTSIDE THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) OR YOU ARE A QIB PURSUANT TO RULE 144A OF THE SECURITIES ACT AND, TO THE EXTENT THAT YOU PURCHASE THE SECURITIES DESCRIBED IN THE FOLLOWING OFFERING MEMORANDUM, YOU WILL BE DOING SO EITHER IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) IN COMPLIANCE WITH REGULATION S OR PURSUANT TO RULE 144A OF THE SECURITIES ACT; AND (2) CONSENT TO DELIVERY OF THE FOLLOWING OFFERING MEMORANDUM AND ANY AMENDMENTS OR SUPPLEMENTS THERETO BY ELECTRONIC TRANSMISSION.

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person. If this is not the case, you must return this Offering Memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of PT ABM Investama Tbk (the "Company") in such jurisdiction.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Initial Purchasers or any person who controls any of them or any of their respective commissioners, directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

PT ABM Investama Tbk

(established and existing with limited liability under the laws of the Republic of Indonesia)

US$200,000,000 9.500% Senior Notes due 2026
ISSUE PRICE: 98.548%

The US$200,000,000 9.500% Senior Notes due 2026 (the "Notes") to be issued by PT ABM Investama Tbk (the "Company") will bear interest at the rate of 9.500% per annum. Interest on the Notes is payable semi-annually in arrears on February 5 and August 5, of each year, beginning on February 5, 2022. The Notes will mature on August 5, 2026. The Notes will constitute general, direct and unconditional obligations of the Company. They will rank at least *pari passu* in right of payment with all other unsubordinated indebtedness of the Company (subject to priority rights under applicable law) and senior to subordinated indebtedness.

The Company will use the net proceeds of the offering of the Notes, to fund a tender offer for the Company's existing US$350,000,000 principal amount of 7.125% senior notes due 2022 (the "2022 Notes") or to otherwise redeem or discharge the 2022 Notes. See "*Use of Proceeds*."

Unless previously redeemed or purchased and cancelled, the Notes will mature on August 5, 2026. At any time prior to August 5, 2023 the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined herein) as of, and accrued and unpaid interest to (but not including), the redemption date. At any time and from time to time on or after August 5, 2023 the Company may redeem the Notes, in whole or in part, at the redemption price set forth in "Description of the Notes — Optional Redemption" plus accrued and unpaid interest to (but not including) the redemption date. Upon a Change of Control (as defined herein), the Company will be required to offer to purchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest.

Investing in the Notes involves certain risks. See "*Risk Factors*" beginning on page 35 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act and (2) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see "*Transfer Restrictions*." The offering of the Notes does not constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Market (the "Indonesian Capital Markets Law") and OJK Rule No. 30 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk issued by ways of Private Placement ("OJK Rule No. 30"). This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia, to Indonesian citizens (whether domiciled in Indonesia or elsewhere) or to Indonesian residents, in a manner which constitutes a public offering or private placement under the laws and regulations in Indonesia, including OJK Rule No. 30.

Approval-in principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of, the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. There is currently no public market for the Notes.

The Notes are expected to be rated "B1" by Moody's Investor Service, Inc. ("Moody's") and "B+" by Fitch Ratings Ltd. ("Fitch"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The initial purchasers expect to deliver the Notes to purchasers on or about August 5, 2021 through the book-entry facilities of the Depository Trust Company ("DTC") against payment thereof in immediately available funds.

Joint Lead Managers and Bookrunners

Deutsche Bank Mandiri Securities

Co-Manager

PT BNI Sekuritas

The date of this Offering Memorandum is July 29, 2021

TABLE OF CONTENTS

	Page
NOTICE TO INVESTORS	ii
SUMMARY	1
THE OFFERING	18
SUMMARY FINANCIAL INFORMATION	24
RISK FACTORS	35
USE OF PROCEEDS	84
CAPITALIZATION	85
SELECTED FINANCIAL INFORMATION	86
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	95
BUSINESS	137
INDUSTRY OVERVIEW	194
REGULATION	225
MANAGEMENT	246
PRINCIPAL SHAREHOLDERS	252
RELATED PARTY TRANSACTIONS	253
DESCRIPTION OF MATERIAL INDEBTEDNESS	256
DESCRIPTION OF THE NOTES	259
TAXATION	330
PLAN OF DISTRIBUTION	344
TRANSFER RESTRICTIONS	351
RATINGS	355
LEGAL MATTERS	356
INDEPENDENT MINING CONSULTANT	357
INDEPENDENT AUDITORS	358
SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND U.S. GAAP	359
LISTING AND GENERAL INFORMATION	381
GLOSSARY OF CERTAIN TERMS USED IN THE OFFERING MEMORANDUM	382
INDEX TO THE FINANCIAL STATEMENTS	F-1
APPENDIX A — RESERVE STATEMENT FOR TIA	A-1
APPENDIX B — RESERVE STATEMENT FOR MIFA AND BEL	B-1

NOTICE TO INVESTORS

This Offering Memorandum is being furnished by us on a confidential basis in connection with an offering exempt from the registration requirements under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Notes. We have prepared this Offering Memorandum solely for use in connection with the proposed offering of the securities described herein. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees to make no photocopies of this Offering Memorandum or any documents referred to herein.

No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the offering of the Notes, and, if given or made, such other information or representation must not be relied upon as having been authorized by Company and its subsidiaries, the Initial Purchasers (defined below), the Trustee, the Paying Agent, the Transfer Agent and the Registrar (together with the Paying Agent and the Transfer Agent, the "Agents") (each as defined herein) or any other person.

Each of Deutsche Bank AG, Singapore Branch and Mandiri Securities Pte. Ltd. (each, an "Initial Purchaser" or "Joint Lead Manager" and together, the "Initial Purchasers" or "Joint Lead Managers"), the Trustee and the Agents make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee or the Agents as to the past or future. The Initial Purchasers, the Trustee and the Agents assume no responsibility for the accuracy or completeness of any of the information contained herein (financial, legal or otherwise) or for any other statement made or purported to be made by any Initial Purchaser or on its behalf in connection with the Company, the Subsidiary Guarantors, or the issue and offering of the Notes. The Initial Purchasers, the Trustee and the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Memorandum or any such statement.

The information contained in this Offering Memorandum is as of the date of this Offering Memorandum and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Memorandum at any time nor the offer, sale or delivery of any Note shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our affairs since the date of this Offering Memorandum.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections entitled "Plan of Distribution" and "Transfer Restrictions."

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. Except as mentioned under "Plan of Distribution," no action has been or will be taken to permit a public offering of the Notes in any jurisdiction where action would be required for that purpose. The Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Each prospective investor must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers nor the Trustee nor the Agents nor any of our or their respective representatives shall have any responsibility therefor.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations.

In connection with the issue and distribution of the Notes, the Initial Purchasers or any person acting for it may, subject to applicable law, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period of time. However, the Initial Purchasers or any person acting for them is under no obligation to do so. Furthermore, such stabilization, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION NOR ANY OTHER REGULATORY AUTHORITY, HAS APPROVED OR DISAPPROVED THE SECURITIES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO INVESTORS IN INDONESIA

The offering of the Notes does not constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Market (the "Indonesian Capital Markets Law") and OJK Rule No. 30 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk issued by ways of Private Placement ("OJK Rule No. 30"). This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia, to Indonesian citizens (whether domiciled in Indonesia or elsewhere) or to Indonesian residents, in a manner which constitutes a public offering or private placement under the laws and regulations in Indonesia, including OJK Rule No. 30. The Indonesian Financial Service Authority (*Otoritas Jasa Keuangan* or "OJK") does not review or declare its approval or disapproval of the issue of the Notes, nor does it make any determination as to the accuracy or adequacy of this Offering Memorandum. Any statement to the contrary is a violation of Indonesian law.

Prohibition of sales to EEA retail investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/ 2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of the product approval process of Deutsche Bank AG, Singapore Branch (the "EU Manufacturer"), the target market assessment by the EU Manufacturer (and for which the EU Manufacturer solely is responsible) in respect of the Notes has led to the conclusion by the EU Manufacturer that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the EU Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the EU Manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Notes, the Company is required to furnish upon request of a holder of a Note and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Company is not subject to the periodic reporting requirements of Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Memorandum, unless otherwise stated or the context otherwise requires, all references to:

- "the Company" and "ABM" are to PT ABM Investama Tbk;
- "Reswara" are to PT Reswara Minergi Hartama, ABM's 100% owned subsidiary, and its subsidiaries;
- "TIA" are to PT Tunas Inti Abadi, ABM's indirect subsidiary in which it has a 100% interest through Reswara;
- "MDB" are to PT Media Djaya Bersama, ABM's indirect subsidiary in which it has a 70% interest through Reswara;
- "BEL" are to PT Bara Energi Lestari, ABM's indirect subsidiary in which it has approximately 70% interest through MDB;
- "MIFA" are to PT Mifa Bersaudara, ABM's indirect subsidiary in which it has approximately 70% interest through MDB;
- "CK" are to PT Cipta Kridatama, ABM's 100% owned subsidiary;
- "SS" are to PT Sumberdaya Sewatama and its subsidiaries, which was until November 2018 a 100% owned subsidiary of ABM, and the subsidiaries PT Sumberdaya Sewatama while PT Sumberdaya Sewatama was a 100% owned subsidiary of ABM;
- "SSB" are to PT Sanggar Sarana Baja, ABM's 99.99% owned subsidiary;
- "CKB" are to PT Cipta Krida Bahari, ABM's 100% owned subsidiary, and its subsidiaries;
- "ATR" are to PT Alfa Trans Raya, ABM's subsidiary in which it has a 99.99% interest through CKB;
- "BDD" are to PT Baruna Dirga Dharma, ABM's subsidiary in which it has a 99.99% interest through CKB;
- "ANN" are to PT Agata Nugraha Nastari, ABM's subsidiary in which it has a 99.99% interest through Reswara;

- "MHU" are to PT Multi Harapan Utama ABM's affiliate in which it has a 10.00% interest through ANN;

- "AJN" are to PT Anzara Janitra Nusantara and its subsidiaries, which will be Unrestricted Subsidiaries as of the issuance date of the Notes; and

- "Group," "we," "us" and "our" are to ABM and its subsidiaries taken as a whole.

All references to "Indonesia" are to the Republic of Indonesia, and all references to the "Government" herein are to the Government of the Republic of Indonesia. All references to "United States" or "U.S." herein are to the United States of America. All references to "Rupiah" or "Rp." herein are to the lawful currency of Indonesia and all references to "U.S. dollar," "U.S. dollars" or "US$" herein are to the lawful currency of the United States.

Certain other terms used in this Offering Memorandum are defined in the "Glossary of Terms" contained elsewhere in this Offering Memorandum.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. All statements, other than statements of historical fact contained in this Offering Memorandum including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, including forecast supply and demand in the coal industry, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "may," "project," "estimate," "anticipate," "predict," "seek," "should" or similar words or expressions, are forward-looking statements.

The future events referred to in these forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future and are not a guarantee of future performance. Important factors that could cause the actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

in respect of our open cut coal mining and contract mining businesses:

- the price of coal including factors influencing the price of coal such as local, regional and global supply of and demand for coal;

- the change in economic growth of Asian economies such as Indonesia, China, Malaysia, Thailand and India and their respective demand for competitively priced coal;

- our ability to successfully implement our strategy of expanding our open cut coal mining and contract mining businesses and improving profit margin of our contract mining operating agreements and increasing production and sales of coal, while controlling expenses;

- our ability to obtain, maintain and renew licenses, permits and approvals and maintain our concession from the Government and other relevant government authorities;
- our inability to enter into new agreements with customers for our contract mining business;
- our ability to manage coal delivery and logistics, in particular in periods of adverse weather;
- the effects of seasonal changes in weather on our mining and transportation operations;
- the effects of competition in the geographic and business areas in which we conduct our operations;
- increases in the cost of fuel;
- our inability or the inability of our contractors to obtain raw materials, equipment, machinery, spare parts or explosives from our or their major suppliers in the timeframe anticipated or at all and significant increases in the costs of those raw materials, equipment, machinery, spare parts or explosives;
- our relationship with the local communities near our concession areas and the concessions areas of our contract mining customers;
- changes in laws and regulations that apply to the Indonesian, regional or global mining industries, including with respect to customs duties, excise duties, export or import levies or environmental regulations (including, without limitation, the requirements for compliance and remediation under existing Indonesian laws and regulations) or changes in the regulatory policy of the Government related to the coal industry generally;
- the loss or closure of our coal concessions including, but not limited to, as a result of accidents, civil unrest, terrorism or environmental hazards;
- global and regional recession, reduced economic activity or market disruption due to world and regional events;
- changes in our relationship with the Government and/or regional governments in Indonesia;
- the effects of changes in laws, regulations, taxation or accounting standards or practices;
- loss of, or reductions of purchases by, major customers, and the ability to identify and supply to new customers;
- acquisitions, divestitures and business opportunities that we may pursue;
- technological changes that affect the extraction, preparation, processing, shipping or combustion of coal; and
- replacement of coal reserves;

other important factors affecting our business:

- changes or volatility in inflation, interest rates and foreign exchange rates;
- the effects of international and domestic political events on our business;
- accidents, natural disasters, severe weather or outbreaks of infectious diseases, such as the current COVID-19 pandemic;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- labor unrest or other similar situations;
- our relationship with the local community;
- the availability of skilled personnel;
- the availability of insurance coverage at commercially acceptable premiums;
- the availability of capital and financing and changes in our capital expenditure requirements;
- the outcome of pending or threatened litigation;
- increasing inflation in Indonesia; and
- our success at managing the risks of the above factors.

The information appearing in "Industry Overview" was prepared by Wood Mackenzie (as defined below) and contains forward-looking information on the global coal markets, including coal supply, demand and price forecasts. These forecasts were prepared on the basis of the various assumptions detailed therein and are subject to the uncertainties incumbent when making such forecasts. The data used in making such forecasts may not be complete or accurate. In addition, as described elsewhere in this Offering Memorandum, coal prices and supply and demand have historically been subject to significant volatility and uncertainty, particularly in recent years. Actual results may differ significantly from these forecasts. Investors are encouraged to carefully read the assumptions included in the report together with the other information and data presented within this Offering Memorandum.

Any forward-looking statement or information contained in this document speaks only as of the date the statement was made.

All of our forward-looking statements made herein and elsewhere are qualified in their entirety by the risk factors discussed in "Risk Factors" and other cautionary statements appearing in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview". These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement. Accordingly, prospective investors are cautioned to carefully review and consider all such risk factors and statements. We do not intend to update forward-looking statements made herein to reflect actual results or changes in assumptions or other factors that could affect those statements.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Memorandum contains our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, and our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, all prepared by us in accordance with Indonesian Financial Accounting Standards and presented in United States Dollar (collectively referred to as the "Financial Statements"). Our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, which are included elsewhere in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja ("PSS") (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), as stated in their audit reports included elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, which are included elsewhere in this Offering Memorandum, have been reviewed by PSS (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the IICPA, as stated in their review report included elsewhere in this Offering Memorandum. A review of interim financial information conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and accordingly, as stated in their review report appearing elsewhere in this Offering Memorandum, PSS (a member of Ernst & Young Global Limited), independent auditors, did not audit and do not express any opinion on our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021 included elsewhere in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, (i) all financial data as of and for the years ended December 31, 2018, 2019, and 2020 presented in this Offering Memorandum have been extracted from our audited consolidated financial statements for such dates and periods included elsewhere in this Offering Memorandum, and (ii) all financial data as of and for the three-month periods ended March 31, 2020 and 2021 have been extracted from our unaudited interim consolidated financial statements for such date and periods included elsewhere in this Offering Memorandum.

The consolidated financial statements included in this Offering Memorandum have been prepared in accordance with Indonesian Financial Accounting Standards ("Indonesian FAS"), which differ in certain material respects from accounting principles generally accepted in the United States ("U.S. GAAP"), and are not comparable to the financial statements of a company prepared under U.S. GAAP. See "*Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP*" included elsewhere in this Offering Memorandum.

Unless otherwise indicated, all amounts in relation to our Company presented and discussed in this Offering Memorandum are presented on a consolidated basis. Any discrepancies in the tables included in this Offering Memorandum between the amounts listed and the totals are due to rounding.

Factors Affecting Comparability of our Financial Statements

Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of PT Sumberdaya Sewatama and its subsidiaries ("SS") until

November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, SS accounted for 6.4% of our consolidated revenue from contracts with customers, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

INDUSTRY AND MARKET DATA

This document includes market share and industry data and forecasts in the section entitled "Industry Overview" and other parts of this Offering Memorandum that we have obtained from industry publications and surveys, including a report dated June 2, 2021 that we have commissioned Wood Mackenzie Limited ("Wood Mackenzie") to prepare, reports of governmental agencies and internal company surveys.

In respect of the market share and industry data and forecasts included in this Offering Memorandum, you should note that certain industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, neither we nor the Initial Purchasers have independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. As a result, you are cautioned against placing undue reliance on such information.

RESERVE STATEMENTS

We report our coal reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (the "2012 JORC Code"), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Under the 2012 JORC Code, the term "coal resource" is defined as a concentration or occurrence of coal of intrinsic economic interest in or on the earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a coal resource are known, estimated or interpreted from specific geological evidence and knowledge. Coal resources are subdivided, in order of increasing geological confidence, into "inferred," "indicated" and "measured" categories.

The term "coal reserve" is defined in the 2012 JORC Code as the economically mineable part of a measured and/or indicated coal resource. It includes diluting materials and allowances for losses which may occur when coal is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Coal reserves are subdivided in order of increasing confidence into "probable coal reserves" and "proved coal reserves." The choice of the appropriate category of coal reserve is determined primarily by the relevant level of confidence in the coal resource and, after considering any uncertainties in the modifying factors, pursuant to the 2012 JORC Code, must be made by the "competent person" or "competent persons" preparing the reserve statement.

Under the 2012 JORC Code, the term "coal reserves" represents the combination of proved and probable coal reserves. Coal resources are reported inclusive of coal reserves (that is, coal reserves are not additional to coal resources). Totals of coal reserves and coal resources have been rounded herein to reflect the order of accuracy of estimates.

The term "marketable coal reserves," representing beneficiated or otherwise enhanced coal product, may, pursuant to the 2012 JORC Code, be used in public reports for companies in conjunction with, but not instead of, reports of coal reserves. The basis of the predicted yield to achieve marketable coal reserves should be stated.

The term "in situ" coal (non-JORC terminology) refers to the coal contained in an economic pit shell before any mining adjustments have been made.

Coal Reserve Statement

We have derived the information contained in this Offering Memorandum relating to our proved and probable reserves and our estimates of resources from the Statement of Open Cut Coal Resources and Reserves as at December 31, 2020 for TIA's concession attached as Appendix A to this Offering Memorandum ("Reserve Statement for TIA") and the Statement of Open Cut Coal Resources and Reserves as at December 31, 2020 for MIFA's and BEL's concession attached as Appendix B to this Offering Memorandum ("Reserve Statement for MIFA and BEL") referred to as, collectively, the "Reserve Statements" in this Offering Memorandum. The Reserve Statements have been prepared by PT RungePincockMinarco ("RPM"), an independent mining consultant. See "*Independent Mining Consultant*."

Estimates of coal reserves, resources, recoveries and operating costs are largely dependent on the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies which derive estimates of operating costs based on anticipated tonnage, expected recovery rates, equipment operating costs and other factors. No assurance can be given that the reserves and resources presented in this Offering Memorandum will be recovered at the quality or yield presented. In addition, investors should not assume that the resource estimates are capable of being directly reclassified as reserves under the 2012 JORC Code. The inclusion of resource estimates should not be regarded as a representation that these amounts can be economically exploited, particularly, inferred resources, and you are cautioned not to place undue reliance on those estimates.

The ability of the mining operator, or any other related business unit, to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond the control of RPM and cannot be fully anticipated by RPM. These factors include the site-specific mining and geological conditions, the capabilities of management and employees, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, development and operation of the mine in an efficient manner and others. Any unforeseen changes in the legislation and new industry developments could also substantially alter the performance of any mining operation.

Assumptions Underlying Our Coal Reserve Estimates

We estimate our coal reserves using various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Our reserves are sensitive to the cost and revenue assumptions used due to the geological structure of our deposits, which means that, all other factors being the same, if the cost assumption is higher or the price assumption is lower, we estimate lower reserves, and if the cost assumption is lower or the price assumption is higher, we estimate more reserves. Some of our deposits are more sensitive to the cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. For more information regarding the factors used to estimate our coal reserves presented in this Offering Memorandum, see the Reserve Statements attached as Appendix A and Appendix B to this Offering Memorandum.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

On October 31, 2018, the United States Securities and Exchange Commission (the "SEC") adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act. These amendments became effective February 25, 2019, with compliance required for the first fiscal year beginning on or after January 1, 2021. Under the new SEC amendments, the historical property disclosure requirements for mining registrants included in Industry Guide 7 under the Securities Act have been rescinded and replaced with disclosure requirements in subpart 1300 of Regulation S-K.

As a result of the adoption of subpart 1300 of Regulation S-K, the SEC's standards for mining property disclosures are now more closely aligned to the JORC Code's requirements. For example, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding standards under the JORC Code. However, despite these similarities, SEC standards are still not identical to the JORC Code. Accordingly, investors are cautioned that there can be no assurance that the reserves and resources reported by the Company under the JORC Code would be the same had it prepared its reserve or resource estimates under the standards adopted under subpart 1300 of Regulation S-K and that the technical information contained within this document does not constitute a Technical Report Summary in accordance with the requirements of subpart 1300 of Regulation S-K.

UNITED STATES INVESTORS ARE ADVISED THAT THE REPORTING OF MINERAL RESOURCES IN THIS OFFERING MEMORANDUM IS ACCORDINGLY NOT COMPLIANT WITH SUBPART 1300 OF REGULATION S-K.

NON-GAAP FINANCIAL MEASURE

We define "EBITDA" as profit (loss) *plus* tax expense, *plus* finance charges, *minus* finance income — net, *plus* impairments, *minus* gain / *plus* loss on foreign exchange, *minus* gain / *plus* loss on sale of fixed assets and *plus* depreciation and amortization. EBITDA presented in this Offering Memorandum is a supplemental measure of our performance that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in

accordance with Indonesian FAS or U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible.

We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. See "*Selected Financial Information*" for a reconciliation of profit/(loss) before income tax under Indonesian FAS to our definition of EBITDA.

As used herein, total "indebtedness" means the sum of short-term bank loans, current maturities of lease liabilities to third parties and lease liabilities to related parties, and long term net of current maturities of bank loans, bonds payable, lease liabilities to third parties and lease liabilities to related parties.

ENFORCEABILITY OF FOREIGN JUDGMENTS

The Notes and the Indenture are governed by the laws of the State of New York. The Company is established and existing in Indonesia. All of the commissioners and the directors of the Company reside in Indonesia and substantially all of the Company's assets are located in Indonesia. As a result, it may not be possible for investors to effect service of process upon the Company or such persons outside of Indonesia or within the U.S., or to enforce judgments against the Company or such persons in courts outside of Indonesia or in the U.S., including judgments obtained in U.S. courts judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state within the U.S., or upon other bases.

Our Indonesian legal advisor has advised that judgments of non-Indonesian courts are not recognized or directly enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against us, including any judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States. To obtain an Indonesian court judgment, a claimant would be required to pursue claims in Indonesian courts on the basis of Indonesian law. A foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. Re-examination of the underlying claim de novo would be required before the Indonesian courts. There can be no assurance that the claims or remedies available under Indonesian laws will be the same or as extensive as those available in other jurisdictions. See "*Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees — It may not be possible for investors to effect service of process or to enforce certain judgments on us.*"

ENFORCEABILITY OF GUARANTEES IN INDONESIA

Under the Indonesian Civil Code, a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets on a guaranteed obligation prior to the obligee exercising its rights under the related guarantee. The Subsidiary Guarantees contain a waiver of this obligation. We have been advised by Indonesian counsel that the waiver of the right will be enforceable under Indonesian law; however, due to the uncertainty of the outcome of specific legal cases in Indonesia, there is no assurance that Indonesian courts will not in the future impose an obligation on the holders of the Notes ("Holders") to pursue all legal remedies against the Company we were to default on its obligations before exercising their rights under the Subsidiary Guarantees,

even though they waived their rights under the Subsidiary Guarantees. See "*Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees — Through the purchase of the Notes, the Holders of the Notes may be exposed to a legal system subject to considerable discretion and uncertainty, and it may be difficult or impossible for the Holders of Notes to pursue claims under the Notes or the Subsidiary Guarantees*."

In addition, in several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities (using structures involving a guarantee issued by an Indonesian company) have sued their creditors to, among other things, invalidate their debt obligations and have sought damages from creditors exceeding the original proceeds of the debt issued. In one such case, which was subsequently settled, an Indonesian court annulled the transaction documents in a structure involving a guarantee issued by an Indonesian company for debt of an offshore subsidiary. In another case, an Indonesian court (as affirmed by the Indonesian Supreme Court) declared null and void transaction documents in an offering structure involving a guarantee issued by an Indonesian company for debt of its offshore subsidiary and awarded damages to the defaulting borrower. The courts' reports of the decisions do not provide a clear factual basis or legal rationale for the judgments.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the Note Guarantees or grant additional relief to the detriment of the holders of the Notes, if we were to contest the enforcement by the holders of the Notes of our obligations.

INDONESIAN REGULATION OF OFFSHORE BORROWINGS

Under Presidential Decree No. 59 of 1972 dated October 12, 1972 ("PD 59/1972") as amended, and Presidential Regulation No. 86 of 2006 dated October 18, 2006 as amended by Presidential Regulation No. 91 of 2007 dated September 19, 2007, we are required to report the particulars of offshore borrowings to the Minister of Finance of Indonesia and Bank Indonesia on the acceptance, implementation, and repayment of principal and interest. The Ministry of Finance Decree No. KEP-261/MK/IV/5/73 dated May 3, 1973, as amended by the Ministry of Finance Decree No. 417/KMK.013/1989 dated May 1, 1989 and the Ministry of Finance Decree No. 279/KMK.01/1991 dated March 18, 1991, as the implementing regulation of PD 59/1972, further set forth the requirement to submit periodic reports to the Minister of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period. Further, pursuant to the President Regulation No. 82 of 2020 on Corona Virus Disease (COVID-19) Handling Committee and National Economy Recovery as amended by President Regulation No. 108 of 2020 on Amendment of President Regulation No. 82 of 2020 on Corona Virus Disease (COVID-19) Handling Committee and National Economy Recovery, Presidential Decree No. 39 of 1991 on Foreign Commercial Loan Management Coordination has been revoked, as a result, the Offshore Commercial Borrowings Coordination Team (*Tim Koordinasi Pinjaman Komersial Luar Negeri*) has been dissolved.

On December 29, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/21/PBI/2014 on Application of Prudential Principles in Management of Offshore Loan of Non-Bank Corporations,

as lastly amended by Bank Indonesia Regulation No. 18/4/PBI/2016 (the "Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation"), which applies to non-bank corporations that obtain offshore loans in foreign currencies. Further to the Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation, Bank Indonesia also issued Circular Letter No. 16/24/DKEM dated December 30, 2014 as amended by Circular Letter No. 17/18/DKEM dated June 30, 2015 and Circular Letter No. 18/6/DKEM dated April 22, 2016 (the "Prudential Principles of Offshore Loan for Non-Bank Corporations Circular Letter"). The Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation requires non-bank corporations that have offshore loans in foreign currencies to fulfill three prudential principles: (i) minimum hedging ratios, (ii) minimum liquidity ratios and (iii) minimum credit ratings.

The minimum hedging ratio for non-bank corporations that have offshore loans in foreign currency is set at 25% of the "negative difference" between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter to the "negative difference" between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter.

The Prudential Principles of Offshore Loan for Non-Bank Corporations Circular Letter determines that only corporations that have "negative difference" of more than US$100,000 are obliged to fulfill the minimum hedging ratio. In addition, the Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation also requires that such hedging transactions shall be conducted only with banks in Indonesia with effect from January 1, 2017.

On the liquidity ratio requirement, non-bank corporations that have offshore loans in foreign currency are also required to comply with the minimum liquidity ratio of at least 70% liquidity by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter.

In addition, on the credit rating requirement, non-bank corporations that obtain offshore loans signed or issued after January 1, 2016 in a foreign currency must have a minimum credit rating of "BB-" for offshore borrowings issued by a rating agency recognized by Bank Indonesia, which currently includes the domestic rating agencies PT Pemeringkat Efek Indonesia (with equivalent rating of BB-(id)), Fitch Ratings Indonesia ((Idn)BB-); and the following foreign rating agencies: Moody's Investors Service (Ba3), Standard & Poor's (BB-), Fitch Ratings (BB-), Japan Credit Rating Agency (BB-) and Rating and Investment Information Inc. (BB-). Such credit rating will be in the form of a rating over the relevant corporation and/or bonds. The obligation to have a minimum credit rating does not apply to offshore loans in foreign currency that are in the form of trade credit, which refers to debt arising from credit that is granted by offshore suppliers over transactions relating to goods and/or services. Exemptions from the requirement to satisfy the minimum credit rating are available for foreign currency offshore loans (i) that would be used for refinancing to the extent that the new foreign currency offshore loans will not add the amount of the outstanding debt, or the new foreign currency offshore loans do not exceed US$2.0 million or 5.0% of the facility amount to be refinanced if such 5% is above the equivalent of US$2.0 million, (ii) that would be used for financing the infrastructure projects that are (a) wholly funded by international (bilateral/multilateral) institutions; and (b) syndicated loans with contributions from the international (bilateral/multilateral) institutions exceeding 50%, (iii) in relation to government (central and regional) infrastructure projects, (iv) that are guaranteed by international (bilateral/multilateral) institutions, (v) that are in the form of trade credit, (vi) that are in the form of other loans, (vii) of the financing companies who are deemed "healthy" by the Indonesian Financial Services Authority (the "OJK") and fulfill the maximum gearing ratio as regulated by OJK, and (viii) of the Indonesian Export Financing Institution (the "LPEI").

Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 dated December 31, 2014 on Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation ("PBI 16/22/2014"). PBI 16/22/2014 stipulates that banking institutions, non-bank financial institutions, non-financial institutions, state/regional-owned companies, private companies, business entities and individuals performing activities that cause a movement in financial assets and liabilities between an Indonesian citizen and non-Indonesian citizen, including the movement of offshore financial assets and liabilities between Indonesian citizens, must submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The foreign exchange activities report is required to cover: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia, (ii) the position and changes in the balance of foreign financial assets and/or foreign financial liabilities, and/or (iii) any plan to incur foreign debt and/or implementation of such plan.

On January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 on Reporting of Foreign Exchange Activity ("PBI 21/2/2019"), which became effective from March 1, 2019. This regulation revokes all provisions on the reporting of foreign exchange activities under PBI 16/22/2014. However, PBI 16/22/2014 will remain valid on the reporting of the implementation of the prudential principles. PBI 21/2/2019 requires any entities engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, to submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The relevant entities include bank and non-bank financial entities, non-financial entities, individuals and entities other than enterprises, whether in the form of legal entities or non-legal entities established by a government or the public. The report must include, among other things, information relating to (i) trade activities in goods, services or other transactions between an Indonesian resident and a non-Indonesian resident; (ii) principal data of risk participation transaction and/or offshore loan; (iii) plan to draw and/or repay the offshore loan and/or risk participation transactions; (iv) realization to draw and/or repay the offshore loan and/or risk participation transactions; (v) the position and changes of offshore financial assets, offshore financial liabilities and/or risk participation transactions; and/or (vi) any plans to incur new offshore loans and/or their amendment. Bank Indonesia has issued implementing regulations for PBI 21/2/2019, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Bank's Liabilities in Foreign Exchange ("PADG 21/3"); and (ii) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the Form of Offshore Debt and Risk Participation Transactions ("PADG 21/4"); which both PADG 21/3 and PADG 21/4 became effective on March 1, 2019, and (iii) Members of the Board of Governor of Bank Indonesia Regulation No. 21/7/PADG/2019 on the Reporting of Non-Bank Institution Foreign Exchange Activities dated April 12, 2019. The report on foreign exchange activities must be submitted using an online system in accordance with the implementing regulations of PBI 21/2/2019 as applicable, namely PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah and conducts risk participation transactions pursuant to loan agreements, debt securities, trade credits or other loans, such as dividend loans and royalty loans, must report such activities to Bank Indonesia. There is no minimum loan amount threshold to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US$200,000 or its equivalent in any other currency. The reports consist of the main data report and/

or amendments, the monthly recapitulation data report and the offshore debt plan data report. The main data report must be submitted to Bank Indonesia by no later than the 15th day of the following month between 07:10 and 16:15 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than the 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full. In addition, data reports for new offshore debt plans must be submitted to Bank Indonesia by no later than the March 15th of the respective year, and any changes to an existing offshore debt plan must be submitted by June 15th of the respective year.

On April 12, 2019, Members of the Board of Governor of Bank Indonesia issued another implementing regulation of PBI 21/2, namely Members of the Board of Governor of Bank Indonesia Regulation No. 21/7/PADG/2019 dated April 12, 2019 on the Reporting of Foreign Exchange Traffic Activities for Non-Bank Corporations ("PADG 21/7"). PADG 21/7 replaced Bank Indonesia Circular No. 17/26/DSta dated October 15, 2015 on the Reporting of Foreign Exchange Traffic Activities Other than Offshore Loan.

In addition, PBI 16/22/2014 and PBI 21/2/2019 require any non-bank entity which applies prudential principles to submit reports which cover (i) the implementation prudential principles, which have complied with an attestation procedure; (ii) notification of compliance of credit ratings; (iii) financial statements; and (iv) an initial report on the implementation of prudential principles ("Implementation of Prudential Principles Report"). Bank Indonesia requires foreign exchange activities reports to be submitted monthly. The Implementation of Prudential Principles Report must be submitted quarterly, unless another submission deadline is required under PBI 16/22/2014 and PBI 21/2/2019.

According to Bank Indonesia Circular No. 17/3/DSta dated March 6, 2015 as amended by Bank Indonesia Circular No. 17/24/Dsta dated October 12, 2015 on the Reporting Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation, a non-bank corporation must submit the following reports: (i) the implementation of the prudential principles on a quarterly basis; (ii) a report regarding the implementation of the prudential principles report that have undergone an attestation procedure no later than the end of June of each year; (iii) a report with respect to credit ratings no later than the end of following relevant month; and (iv) financial statements, consisting of quarterly financial statements (unaudited) to be submitted on a quarterly basis and annual financial statements (audited) to be submitted no later than the end of June of each year. Bank Indonesia would examine the accuracy of the reports submitted and can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including to conduct direct inspection or appoint a third party for that purposes. As of January 1, 2016, the submissions of and the corrections to the implementation of the prudential principles shall be made online.

Any delay in submitting foreign exchange reports as mentioned above (other than the offshore loan plan report) is punishable by a fine of Rp.500,000 for each day of delay, subject to a maximum fine of Rp.5,000,000. Furthermore, any failure to submit such foreign exchange report (other than the offshore loan plan report) is punishable by a fine of Rp.10,000,000 per reporting period. Failure to submit the offshore loan plan report and the financial information report will be subject to administrative sanctions in the form of warning letters and/or notices to the relevant authorities.

Bank Indonesia issued Bank Indonesia Regulation No. 16/10/PBI/2014 on The Receipt of Foreign Exchange Proceeds from Export and Withdrawal of Foreign Exchange Offshore Loan ("PBI 16/10/2014") on May 14, 2014, as amended by Bank Indonesia Regulation No. 17/23/PBI/

2015 dated December 28, 2015, as implemented by Bank Indonesia Circular No. 18/5/DSta dated April 6, 2016 on Withdrawal of Foreign Exchange Offshore Loan ("Bank Indonesia Circular No. 18/5/Dsta"). Based on PBI 16/10/2014, every Indonesian debtor of an offshore loan must withdraw revenue from the loan through an Indonesian foreign exchange bank. The obligation applies to every loan that is derived from:

a. a non-revolving loan agreement;

b. debt securities; or

c. the margin between the new foreign loan for refinancing purposes and the initial foreign loan.

The accumulated amount of foreign exchange received from an offshore loan should be equal to the total commitment. If the accumulated amount of foreign exchange received from an offshore loan is less than the committed amount under the offshore loan, with a difference of more than the equivalent of Rp.50,000,000, a debtor must submit a written explanation and supporting documents to Bank Indonesia prior to expiry of the loan term. An Indonesian debtor must report the withdrawal of revenue from the offshore loan to Bank Indonesia monthly using the recapitulation data report as regulated under PBI 16/10/2014 and Bank Indonesia Circular No. 18/5/Dsta. Every submission of a report must be supported with any document evidencing that the relevant offshore loan is withdrawn through an Indonesian foreign exchange bank. Any Indonesian debtor failing to comply with the obligation may be imposed with an administrative sanction in the form of fine of 0.25% of the amount of every withdrawal that is not withdrawn through an Indonesian foreign exchange bank, with maximum sanction of Rp.50,000,000. PBI 16/10/2014 does not specifically require the foreign currency brought into Indonesia to be converted into Rupiah and kept in Indonesia for a specified period of time.

LANGUAGE OF THE TRANSACTION DOCUMENTS

Pursuant to Article 31 of Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on July 9, 2009 ("Law No. 24/2009"), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. On September 30, 2019, the Government issued Presidential Regulation No. 63 of 2019 on Use of Indonesian Language as the implementing regulation of Law No. 24/2009 ("Regulation No. 63/2019"). Regulation No. 63/2019 stipulates that if an agreement is made in both Bahasa Indonesia language and a foreign language, parties to the agreement may choose either the Bahasa Indonesia language version or the foreign language version as the controlling language of such agreement. We will execute dual English and Bahasa Indonesia versions of all transaction agreements to which Company and/or the Subsidiary Guarantors is a party. All of these documents will provide that in the event of a discrepancy or inconsistency, the parties intend that the English version would prevail. However, some concepts in the English language may not have corresponding terms in the Bahasa Indonesia language and the exact meaning of the English text may not be fully captured by or accurately translated into such Bahasa Indonesia language version. Further, we cannot assure you that the Bahasa Indonesia language version will reflect the original intent of the parties or that the English version as the prevailing language in such transaction documents will be interpreted and enforced by the Indonesian courts as intended.

On January 15, 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession (the "Notary Law") was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in foreign language and in such event the notary must translate the deed into the Indonesian language. In the event of different interpretation as to the contents of the foreign language deed, the Indonesian language deed shall prevail.

See "Risk Factors — An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language and the fact that the Indenture and certain documents entered into in connection with the issuance of the Notes will be made and prepared in the Indonesian language as required under the law may raise issues as to the enforceability of agreements entered into in connection with the offer and sale of the Notes and the Subsidiary Guarantees."

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our financial statements and related notes and "Risk Factors."

Overview

We are an integrated mining solutions company that manages the entire mining value chain. This includes mining resources, mining services, fuel solutions and mining infrastructure, supported by leading logistics and engineering services companies. We pursue a vision of becoming a strategic investments company across the coal and non-coal mining value chains and in our adjacent businesses.

Our operations are carried out through various operating subsidiaries as follows: (i) Reswara, which was established in 2010, and its subsidiaries, undertakes our open cut mining business; (ii) CK, which was established in 1997, undertakes our contract mining business; (iii) CKB, which was established in 1997, and its subsidiaries, undertakes our integrated logistics business; (iv) SSB, which was established in 1977, undertakes our engineering services and manufacturing business; and (v) PWP, which was established in 2011, undertakes our fuel solutions business.

We were established on June 1, 2006 to provide mining consulting services. On August 11, 2009, we were acquired by PT Tiara Marga Trakindo (together with its subsidiaries, the "Trakindo Group") to own and manage certain operating entities. The Trakindo Group is one of the largest Indonesian business conglomerates. Trakindo, a subsidiary of Trakindo Group, is the sole authorized dealer for Caterpillar in Indonesia.

We completed our initial public offering in 2011 and are listed on the Indonesian Stock Exchange under the trading symbol "ABMM". As of March 31, 2021, our market capitalization was Rp.2.1 trillion.

In 2020, we established our vision for 2025 which focuses on two central themes. First, we aim to maximize opportunities in mining. Second, we aim to maximize group wide synergies within the Trakindo Group. In the coal mining value chain, we intend to continue to find new sources of coal reserves to maintain a healthy level of production. We plan to leverage our historical performance in the coal mining value chain to cater to other commodities mined by our existing customers through CKB and SSB. We are also exploring opportunities for partnerships with other strategic players in the industry to expand the breadth of services provided by CKB and SSB.

As a group, we employed a total of 7,883 employees as of March 31, 2021. Our total revenue from contracts with customers for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021 was US$773.1 million, US$592.4 million, US$606.4 million and US$210.9 million, respectively. Our EBITDA for the years ended December 31, 2019 and 2020 and three months ended March 31, 2021 was US$112.7 million, US$138.3 million and US$77.2 million, respectively.

We are engaged in the following businesses:

Open Cut Mining. We hold open cut coal mining assets through our operating subsidiary, Reswara. Through Reswara, we own three operating subsidiaries, TIA, MIFA and BEL, each holding an IUP in Indonesia for producing high quality low rank coal. Our coal from TIA is generally subbituminous coal while our coal from MIFA and BEL is generally low rank coal. We hold a 100.0% ownership interest in TIA and an indirect 70.0% ownership interest in each of MIFA and BEL through Reswara's subsidiary MDB. The coal we produce is primarily sold to power generators in India, China, Vietnam, Thailand, the Philippines and Indonesia. Reswara and its subsidiaries employed over 500 employees as of March 31, 2021. Based on their respective Reserve Statements, as of December 31, 2020, TIA, MIFA and BEL combined were estimated to have 218 million tons of coal reserves and 395 million tons of coal resources.

With respect to our concessions:

- Through TIA, we hold the exclusive mining rights over a total concession area of 3,085 hectares in South Kalimantan, Indonesia under a Production Operation IUP, the term of which is due to expire in 2031. Based on the Reserve Statement for TIA, as of December 31, 2020, TIA's concession area was estimated to have 8 million tons of coal reserves and 21 million tons of coal resources. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x, we expect that our current reserves estimates at the TIA concessions could be depleted as soon as 2023. TIA was established in November 2003 and acquired by us in December 2007. Since the commencement of production in August 2009 to March 31, 2021, we have mined approximately 46.75 million tons of coal at TIA. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 4.6 million tons, 4.03 million tons, 3.4 million tons, 1.0 million tons, and 1.1 million tons of coal, respectively, at TIA.

- Through MIFA, we hold the exclusive mining rights over a concession area of 3,134 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2025. MIFA was established in January 2002 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2012 to March 31, 2021, we have mined approximately 26.97 million tons of coal at MIFA. In the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021, we produced approximately 4.9 million tons, 7.1 million tons, 7.9 million tons, 2.1 million tons and 2.1 million tons of coal, respectively, at MIFA. Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, MIFA's concession area was estimated to have 174 million tons of coal reserves and 314 million tons of coal resources.

- Through BEL, we hold the exclusive mining rights over a concession area of 1,495 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2027. BEL was established in June 2005 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2011 to March 31, 2021, we have mined approximately 3.17 million tons of coal at BEL. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 0.3 million tons, 0.6 million tons, 1.3 million tons, 0.4 million tons and 0.4 million tons of coal, respectively, at BEL.

Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, BEL's concession area was estimated to have 36 million tons of coal reserves and 60 million tons of coal resources.

Contract Mining Services. Through CK, we provide mining services to Indonesian coal producers, which include mine planning, overburden removal, coal loading, transportation and rehabilitation and reclamation. As of March 31, 2021, we provided contract mining services to six Indonesian coal producers, including TIA and MIFA, for eight different projects. Our contract mining operating agreements have terms ranging from three years to life of the mine. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, CK extracted 20.0 million tons, 18.6 million tons, 27.6 million tons, 5.9 million tons and 7.4 million tons of coal, and removed 140.4 million BCM, 95.5 million BCM, 139.7 million BCM, 27.9 million BCM and 42.5 million BCM of overburden, respectively. As of March 31, 2021, CK had a fleet of over 60 heavy vehicles and mining equipment, including bulldozers, excavators, cranes and drilling machines, several hundred light vehicles and employed over 4,500 employees for our contract mining services business.

Integrated Logistics. Through CKB and its subsidiaries, we provide supply chain solutions to meet traditional and complex customer needs with added expertise in logistics solutions for the oil and gas, mining, heavy equipment, manufacturing and construction industries. We also offer a variety of services in the form of freight management and customs brokerage, as well as specialized services in project logistics, warehouse management, bonded logistics center management, site management and shipping and port management. Our operations are Quality Management System and Occupational Health and Safety Management System certified in accordance with the ISO 9001:2015 and ISO 45001:2018 standards. Our integrated logistics business' strengths are our vast national logistics and transportation network and ability to reach remote areas in Indonesia; our alignment with government policies to improve transportation networks within Indonesia; our ability to customize solutions for our customers; our entrepreneurial culture that has led us to invest and grow our fleet and hub operation in areas where others see risk; and our deep commitment to personal service for our customers and development of our human resources. Our logistics network connects our consolidated hubs to more than 41 locations throughout Indonesia. Our fleet of owned or time-chartered vessels includes a semi-container ship with the capacity of 1,800 DWT and 3 landing craft tanks with capacities ranging from 1,000 to 4,500 DWT. As of March 31, 2021, CKB had more than 150 trucks in Indonesia (including trailers, prime movers and multi-axle low loaders) to support the distribution and logistics operation and approximately 1,173 employees throughout Indonesia.

Engineering Services and Manufacturing. Through SSB, we provide engineering and manufacturing services to our customers throughout Indonesia, with such customers being primarily engaged in the mining, oil and gas, petrochemical and power generation industries. We offer a comprehensive selection of industrial services, including on-site repairs, process plant maintenance and construction services, salvaging, remanufacturing and manufacturing of heavy equipment primarily used in coal mining. We also offer industrial transport equipment services, including the design and manufacture of process equipment, general fabrication and solutions for controls and installation. As of March 31, 2021, SSB had approximately 1,500 employees in 13 sites located throughout Indonesia.

Fuel & Lubricant Supply. Through PWP, we supply fuel and lubricants to other subsidiaries of the Company for cost optimization purposes, the wider Trakindo Group and some unrelated third parties. As of March 31, 2021, we have supplied more than 429.5 million liters of fuel and

4.7 million liters of lubricant since 2018. Our commercial permit (INU) issued by the Ministry of Energy and Mineral Resources has been extended until 2029. One of PWP's primary focus areas within this sector is the supply of fuels to mining customers, where demand for fuels is growing rapidly, and where PWP's strengths in transportation and logistics in Java, Sumatra and Kalimantan, and storage in the Aceh and South Kalimantan areas, ability to obtain reliable fuel quality and pricing provide a strong competitive advantage.

Our Competitive Strengths

We believe that we have a number of competitive strengths, including the following:

Leading integrated energy resource, service and logistics player in Indonesia with an integrated supply chain enabling high operating efficiencies.

We are a leading integrated energy resource, service and logistics company in Indonesia, with coal production provided through Reswara and its subsidiaries, mining contracting services provided through CK, engineering services and manufacturing provided through SSB, integrated logistics services provided through CKB and fuel trading provided through PWP. We strive to integrate among, and create synergies between our business units in order to fulfil the demands of the mining businesses and supply chains of our customers. Our businesses encourages progress in society and the advancement of civilization, with the natural resources that we manage using our strategic mining value chain approach ensuring that millions of people in Indonesia and around the world have access to the energy that they need for their daily lives. Our presence spans the mining value chain, as demonstrated in the diagram below.

As a thermal coal producer, we directly benefit from growing demand for electricity in both the international and domestic markets. In addition, as a mining contractor for coal, we also generate additional revenue from services when our coal producer customers increase their production levels in response to a higher demand, or a higher price, for coal. We believe that our resource-related service businesses are well-positioned to complement our own coal production as well as to capture

the growth of our customers within the energy resource industry. We also believe our integrated supply chain enables us to be cost effective and therefore increase profits through intra-group synergies, such as shared and strategic management functions and economies of scale in our supply procurement process. These efficiencies across each part of the value chain allow us to bid competitively on contracts.

Our synergistic integration of operations extends to the other sister companies of the wider Trakindo Group as well. In particular, Trakindo, the sole authorized dealer for Caterpillar Inc. ("Caterpillar") in Indonesia, works closely with all the subsidiaries within ABM Group: CKB provides logistics services to Trakindo, SSB provides engineering support to Trakindo, Reswara's mining operations are conducted using Caterpillar equipment and Trakindo supplies equipment to CK with favorable credit terms and maintenance schedules. This strong support from its principal equipment provider provides CK with an advantage in the market. Support services are also provided by companies within the wider Trakindo Group, such as PT Chakra Jawara provides IVECO trucks and parts to CK and Reswara, PT Chitra Paratama provides Michelin tires to CK, PT Chanda Sakti Utama Leasing provides leasing finance, PT Triyasa Propertindo provides property rental and PT Mitra Solusi Telematika provides IT services. See the diagram below which highlights the linkages and synergies of ABM Group with other entities of the Trakindo Group.

Company	TMT Group Entity	Service Description	Relationship to ABM
	MahaDasha	Holds exclusive license dealership of IVECO heavy truck in Indonesia	Provides IVECO trucks and parts to ABM
	MahaDasha	Sole importer for Michelin tires in Indonesia; also offers other products such as wheels & rims, tire handler, tools & accessories with several leading brands in its product line.	Provides tires to ABM
	MahaDasha	Financial services company whose offerings include investment finance and working capital financing	Provides leasing services to some of ABM's subsidiaries
	Trakindo	Authorized dealer in Indonesia for Cat equipment, engines, forklift and spare parts form Caterpillar Inc.	Provides CAT units and parts

Our geographic footprint, strong reputation and market access across Indonesia in engineering services and integrated logistics services are a competitive advantage.

We believe that our footprint and comprehensive client coverage throughout Indonesia strengthens our businesses within the energy industry. We have a presence in 21 provinces of Indonesia and our various businesses within have market leading positions in many of these provinces. CKB in particular has an extensive presence in Indonesia with 41 locations, spread across 34 cities in 21 provinces.

Reswara
Lokasi Konsesi Pertambangan
Mining Concession Sites
3 IUPs
2 Provinces

CK
Lokasi Kontrak Pertambangan
Contract Mining Project Sites
8 Sites
5 Provinces

CKB Logistics
Kantor Logistik Terintegrasi
Integrated Logistic Offices
41 Locations
21 Provinces

SSB
Workshop Jasa Rekayasa
Engineering Services Workshop
13 Sites
11 Provinces

PWP
Lokasi Distribusi Bahan Bakar
Fuel Distribution Location
18 Locations
7 Provinces

Our business services, product, project and integrated logistics services have a market leading presence in Kalimantan with an extensive network and facilities tailored to support our customers' requirements. In addition, we have expanded our geographical footprint outside of Kalimantan into Papua, Sumatra and Sulawesi and have access to remote areas, which allows us to capture demand for reliable and cost efficient logistics services in such remote parts of Indonesia.

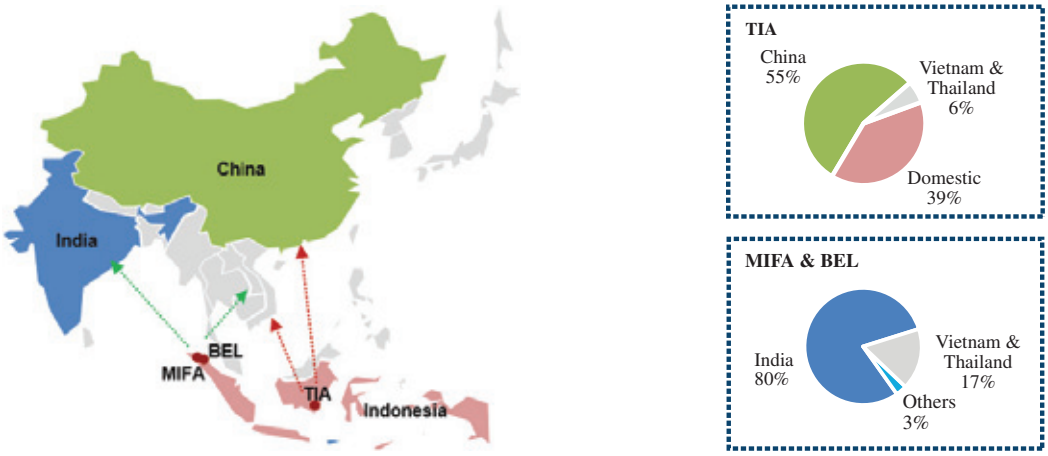
The nation-wide comprehensive coverage offered by CKB and SSB in our industrial transport equipment manufacturing, on-site engineering services and integrated logistics services businesses provides a platform for our other subsidiaries to expand into these areas. For example, CK benefits from cost efficiencies in offering services in areas where CKB and SSB already have an established presence, as it can more readily obtain engineering and logistics services. Our subsidiaries can offer a seamless service to clients with the reliable and broad network of offices that CKB offers and can leverage this network to expand their respective businesses. These cost efficiencies help us further expand our services to offer integrated services to our clients. Our ability to access and operate in remote and difficult areas in Indonesia is a key factor that distinguishes us from our competitors and we believe this provides us with a competitive advantage in our engineering services and logistics businesses.

Strategically located to serve the growth of the Asian and Indonesian energy resource markets.

The strategic location of our operations allows us to take advantage of the substantial development of energy resource markets in Asia and Indonesia. According to Wood Mackenzie,

demand growth in global seaborne thermal coal will be primarily driven by India and Southeast Asia. Indonesia is well placed to service these key export markets due to its proximity and resulting freight advantage. Southeast Asia and Southern China offer the shortest freight routes for Indonesian coal. While Northeast Asia and India are further, Indonesian coal shipped to these markets still has a meaningful freight advantage over Australian coal, being around half the distance away. Indonesia's low ash, low sulfur coal will also become increasingly important as environmental restrictions in these countries tighten, as our coal allows our end-customers to blend our coal with other, relatively lower quality coal in order to comply with environmental regulatory requirements. Further, we can take advantage of low cost barging from mine to port, as Indonesia has abundant waterways and low labor costs compared to other Pacific basin producers. In particular, the locations of Reswara's mines are highly strategic due to the robust regional logistics network for coal sales and exports. We operate the only producing coal mines in Aceh, which provides unrivaled access to South Asian markets due to shorter shipping times, as well as access to the growing domestic demand for thermal coal.

ABM Thermal Coal Export Flows



According to Wood Mackenzie, there will be robust domestic coal demand growth of 6% CAGR between 2020 and 2027. Indonesian domestic demand for thermal coal is driven primarily by the power generation sector, which comprises 90% of the domestic market. As new power plants are constructed, Wood Mackenzie expects coal demand from this sector to grow from 125 Mt in 2020 to 175 Mt by 2027, backed by a government policy supporting coal as part of a drive to increase economic development. The policy support for this increase in power generation capacity is the ongoing 2015 35 GW Power Programme and its predecessor Crash Build programmes which call for the boosting of the country's installed capacity whilst reducing fuel oil consumption in the power sector in order to meet Indonesia's burgeoning electricity demand.

Well-established customer base across all key business divisions.

We have strong, long-standing relationships with customers that have well-established businesses within Indonesia and Asia and do repeat business with us. Our customers include large conglomerates and state owned enterprises, such for our coal supply business, PT Semen Tonasa and PT. PLN (Persero), for our integrated logistics business, Trakindo and Vale and for our contract mining business, Sinar Mas Group. Furthermore, our customer base comprises companies from multiple segments within the energy industry, including the mining, power, oil and gas and petrochemical industries.

We develop close relationships with our customers to address their specific needs and tailor our services accordingly. We have been able to increase the efficiency of our services and operations by maintaining close relationships and communicating with our customers to better understand the demands of their markets.

Overall, we aim to grow alongside our principal customers, as demonstrated by examples where one of our business units has worked on projects and its successful execution has led to business being generated by those same clients for other business units. Historically, we have been able to increase our revenue by using our access to key customers in the Indonesian energy industry to cross-sell our products and services across business segments and thereby generate higher revenue from our existing customer base. Key customers who have contracted across our business segments include PLN, KPC, ConocoPhillips, and PT Amman Mineral Nusa Tenggara.

Additionally, for our contract mining business, since 2019, we have implemented policies to improve our customer base by prioritizing customers that procure our services on a "life-of-mine" basis, with a good history of fulfilling payment obligations and in respect of projects which mine specific types of coal which have historically enjoyed a high demand in the market, are located in geographical locations which are efficient for us to service, and which have a sizeable volume of coal production.

Ability to maintain profitability through strong cost discipline in a volatile commodity industry.

Despite challenging commodity prices, we have successfully improved our EBITDA margin from 19.0% in 2019 to 22.8% in 2020, which we attribute to our prudent cost control and integrated mining value chain strategy. Our presence across multiple stages of the coal supply chain also allows us to capture cost efficiencies between processes and leverage the resources, relationships and experience. This has allowed us to achieve an efficient cost structure across the coal supply chain and maintain an advantage over our competitors.

Healthy financial profile with access to multiple sources of funding.

We have a healthy financial profile backed by consistent operating cash flows. We expect a growing and stable cash flow profile at CK as we shift our focus more to customers with life of mine contracts. We have a cash management policy whereby we maintain a cash balance of at least three months of cash costs. Our centralized treasury management helps us maintain financing flexibility and reduce liquidity risks while our dedicated investment committee ensures that investments are made into projects that are value accretive. Our current leverage policy provides a target of consolidated net debt / EBITDA below 2.5x, with the goal of providing adequate debt headroom on our balance sheet to pursue attractive organic growth opportunities.

Our financial profile is supported by our long standing relationships with a number of domestic and international banks including Bank Mandiri, Bank Negara Indonesia, Bank Permata, OCBC and Standard Chartered Bank, several of whom recently provided a working capital facility to us in the amount of US$50.0 million. Our status as a listed company also provides us with access to the equity capital markets as a potential complementary source of funding.

Reputation and support from the Trakindo Group.

Our key shareholder entities TMT and Valle Verde are ultimately owned by the Hamami family, who have been strong supporters of our business. The Hamami family has provided operational and financial support through TMT as well as Valle Verde.

We believe that our relationship with TMT offers a number of benefits to our business. TMT, through Trakindo, has been operating the Caterpillar equipment distribution franchise in Indonesia since 1971 and serves an extensive network of clients through over 70 offices operating throughout Indonesia, and spanning many industries such as mining, forestry, agriculture, construction, oil and gas, marine, power, industrial and automotive. Our access to world class equipment from Caterpillar supports our ability to conduct large-scale and efficient mining, and benefit from distributor service and support across Indonesia, in the form of customer training and fast equipment servicing. We also enjoy financing services provided by TMT for purchase of equipment. We believe the "Trakindo" brand is recognized within the energy sector in Indonesia for its strong culture of shared values, operational excellence, long-term commitment to its customers and reliability as a supplier. Moreover, our relationship with Trakindo provides us with certain advantages, such as timely market intelligence and access, reduced risk in supply timing and certainty and enhanced prioritization in equipment delivery and quality after sales service.

We believe that TMT will continue to be a consistent supplier of equipment for us, which is essential for our operations, business opportunities and managerial, technical and financial resources. Moreover, historically, we have been able to leverage TMT's extensive network with its customers to identify new business and customer opportunities. We believe this positions us well to further grow and establish our position as a leading integrated energy resource, service and logistics player in Indonesia.

Experienced and highly qualified management team.

Our senior management team has a well balanced mix of background in operations, finance and engineering, extensive experience in industries in which they operate in and a track record of successfully completing complex and material projects in Indonesia. Our senior management team is comprised of experienced business leaders from each of our operating businesses and has, on average, more than 20 years of work experience in the relevant industry.

We believe that our senior management team has the proven ability to identify, acquire and integrate highly lucrative business opportunities and investments across the entire value chain. Our existing management team has also demonstrated their ability to successfully develop greenfield projects. For example, we have developed TIA, a greenfield mine at the time of acquisition in 2008, to reach the current production of 3.4 million tons in 2020. TIA managed to reach its highest level of production within three years of opening due to the support of CK and the other ABM Group companies. This ramp-up approach is being replicated in MIFA as well and MIFA has significantly increased its production from 4.9 million tons in 2018 to 7.1 million and 7.9 million in tons for 2019 and 2020, respectively. The management has also successfully completed major acquisitions, such as MDB.

Apart from focusing on growth and improving profitability, our management team implements our corporate strategy with safety and risk management procedures and business ethics practices.

We believe we have established our reputation for quality services in the mining, oil and gas and petrochemical industries in Indonesia with over 20 years of operating track record in all subsidiaries (except Reswara which was established in 2010). We operate in accordance with, and are committed to, international quality and safety standards, such as ISO 14001:2015 for safety management, ISO 45001: 2018 for occupational health management and ISO 9001:2015 for quality management as evidenced by the certifications we have received from various international organizations, such as American Society of Mechanical Engineers and National Board Inspection Code, and we satisfy international quality and safety standards.

Our Strategy

Our vision is to be Indonesia's leading energy company with strategic investments in energy resources, services, and infrastructure in Indonesia, while maintaining our strong cost leadership position and improving our balance sheet position. To achieve our goal, we intend to leverage our existing strengths and investments to focus on and execute the following strategies:

Maintain our leading position across the full mining value chain and strive to produce larger quantities of high quality coal, supported by our well established coal logistics infrastructure.

We are one of only three end-to-end service providers in the Indonesian open cut coal mining industry. We also distinguish ourselves from other players in the industry by having a direct relationship with a heavy equipment manufacturer like Komatsu & Caterpillar. We produced 3.4 million tons in 2020 at our TIA concession, capitalizing on our coal logistics capability due to our integrated coal logistics chain. We expect our coal production at our TIA concession to remain constant at 2.9 million tons for both 2021 and 2022. MIFA is also expected to increase its coal production from 7.9 million tons in 2020, enabled by our dedicated infrastructure for coal logistics at these concessions.

We plan to continuously optimize our coal mining asset portfolio by reducing our exposure to select assets and also acquiring new assets that are of higher quality coal. For example, in 2019 we acquired a minority stake of 10% of the shares in one of our affiliates, MHU through ANN for US$60.0 million. MHU has since become one of our major contract mining customers. In assessing such opportunities, we expect to adhere to strict internal guidelines covering operational, strategic and financial aspects, including ensuring that each acquisition meets our internal hurdle rates. We intend to acquire a new coal mining concession to replace declining resources and production at our TIA mine. One key shortlisting criterion for the potential site is for it to be in close proximity to TIA, so as to support the expansion of TIA operations and benefit from associated cost efficiencies and discussions and analysis with relevant targets remain ongoing. Following the above strategic initiatives, we expect to maintain our position as one of the key 4,200 grade coal producers in South Kalimantan.

Reswara produces two grades of coal: coal from our TIA mine, which has a calorific value of 4,030 Kcal/kg, and coal from our MIFA and BEL mine, which has a calorific value of 3,331 Kcal/kg and 3,436 Kcal/kg, respectively. We have historically experienced significantly higher demand for coal from our TIA mine. Simultaneously, Reswara is currently in exploratory drilling on more than 50 potential sites for the acquisition of a new concession in South Kalimantan.

Focus on operational excellence through greater operational and financial synergies to achieve higher productivity.

We intend to maintain market leading positions in all segments of our vertically integrated, end-to-end mining value chain extending from pithead to end customer power plant. We are focused on improving our operational performance by adopting new technology and continuing to identify and leverage operational synergies across our businesses and utilizing the experience of our management team to further develop our integrated energy business and increase profitability across the entire value chain. For example, we have successfully utilized our mining contractors and logistics and vessel rental services to develop our TIA mining concession in a relatively short period of time and have adopted the same approach for the MIFA mining concession. We believe the use of services from our other business lines for open cut mining has reduced the start-up costs involved in open cut mining.

We plan to continue our prudent financial approach with proactive measures to control our operating costs and improve our profit margins by maximizing the use of our own diversified services and achieving synergies across our business units. As we expand, we expect competition in our industry to intensify and therefore are focused on improving our relationships with our existing customers, establishing relationships with new customers and offering diversified services to these customers.

Expand our product offerings to high growth areas.

Our integrated logistics services and industrial transport equipment manufacturing and on-site engineering services businesses conducted via CKB and SSB, respectively, have market leading positions in their respective businesses within Indonesia. CKB has developed strong capabilities in niche areas such as oil and gas, and has extensive experience in navigating the terrain of the Indonesian archipelago and accessing remote areas, with a strong track record of providing logistics solutions to blue-chip companies such as BP, ConocoPhillips, Vale and Trakindo over the past 20 years. CKB plans to leverage this experience to serve the growing needs of e-commerce providers in Indonesia as they expand beyond urban centers. SSB is known for its premium product quality with high safety and engineering standards and 40 years of experience in providing maintenance services and overhaul services, which has translated into high customer retention with large sophisticated clients in the mining, oil & gas and industry sectors. SSB is providing mining and industrial services, equipment transportation, reconditioning of heavy equipment components, as well as on-site welding and machining services to customers in the oil and gas industry.

Through PBR, CKB is in the process of obtaining amended port concession permits, which will permit the public use of TIA's previously private port, and we envision PBR will create a logistics hub for mining infrastructure in South Kalimantan, facilitating not only coal loading, but also inbound and outbound logistics for heavy equipment, oil, palm oil, containers, supplies and other materials requiring shipping and logistics from South Kalimantan Once these port concession permits are obtained, PBR will operate ports that were previously owned by TIA which have been transferred to PBR in December 2020. Obtaining these port concession permits is critical to our strategy since it will allow PBR to operate the port for other mining operators in the immediate area even though the reserves in the TIA concession areas are being depleted.

Transition plan to diversify cashflows derived from non-thermal coal businesses.

The increased focus on climate change and greenhouse gas emissions has led us to continue to evaluate our business strategy and opportunities to diversify our operations. Accordingly, we have

been working to develop a transition plan, which we refer to as Vision 2025+, which includes expansion of, and re-focusing on non-thermal coal opportunities across the entire mining value chain in our existing business units. We intend to grow our non-coal related businesses to diversify our cashflows, which will help us manage and mitigate industry pressures and risks which are common in the coal-related business segment. For the year ended December 31, 2020, we estimate that 20% of our EBITDA was derived from businesses which were not directly related to thermal coal businesses, in particular the logistics business of CKB and its subsidiaries as well as SSB.

Under our transition plan, we have targeted to substantially increase non-thermal coal EBITDA, primarily driven by the increased activities of CKB and its subsidiaries, with the goal of doubling the EBITDA contribution from these operations by 2025. See "*Risk Factors — Risks Relating to All of Our Businesses — We may not be able to successfully implement our business strategies or achieve our objectives*." Our plans for diversification focus on several diversification initiatives highlighted below:

- Expansion of our CKB logistics business to customers in the oil and gas, mineral mining, heavy equipment, manufacturing, agriculture, e-commerce, and construction industries. We currently provide a selection of our logistic services to non-thermal coal customers such as Vale, Amman Minerals, Exxon, and Robert Bosch as well as the non-thermal coal operations of the Trakindo Group. Our transition plan contemplates expanding CKB's EBITDA from non-thermal coal customers at a CAGR of more than 15%.

- Expansion of our SSB engineering services business to our mineral mining customers that require rebuilding and reconditioning services. We currently provide our integrated engineering services to non-thermal coal customers such as Freeport, Amman Minerals, UBE Industries, and Pec-Tech Services. Our transition plan contemplates expanding SSB's EBITDA from non-thermal coal customers at a CAGR of more than 25%.

- Utilize our mining expertise commodities such as copper, nickel, and gold by acquiring such mines. We intend to acquire minority ownership in, or partner to operate mines that would allow us to utilize our mining experience and capabilities beyond thermal coal.

- Continue to digitize our product offering including the creation of a mining value chain integrated dashboard which gives daily visibility of our end-to-end mining operation's productivity, which we believe will provide our customers with a competitive edge from insights gleaned from their operational data, our advanced analytics and data science team.

Continue to focus on quality, good corporate governance, health, safety, environmental and corporate social responsibility.

We are committed to maintaining high international standards in corporate governance, health, safety, environmental protection and corporate social responsibility to the local communities. We believe these initiatives are important and demonstrate to our employees, suppliers, customers, business partners and regulators the importance we place on these matters, which in turn could contribute to better working relationships with these parties.

We aim to continue our commitment to good corporate governance with our professional management team (which is made up of seasoned experts from varied backgrounds, regions and

relevant sectors) and we are guided by the following good corporate governance principles: transparency, accountability, responsibility and independence. We also implement a diversity policy which promotes hiring based on a diversity in skills, regional and industry experience, race, gender and other qualities. Our board of directors is further supported by strong and independent committees, such as the audit committee, the nomination and remuneration committee, and the investment committee.

Our corporate governance framework has already demonstrated results, where we were selected as one of 10 public companies (in the medium market capitalization category) with the best good corporate governance (GCG) practices from 2016 to 2020, based on the ASEAN Corporate Governance Scorecard, by the Indonesian Institute for Corporate Directorship. We also adopt global reporting standards such as the global standards for sustainability reporting (GRI Standards), ISO 26000 for social responsibility guidance standard and the UN Sustainable Development Goals (SDGs) for sustainability matters and ISO 37001 for anti-bribery and government relations matters. In addition, we publish a sustainability report every year which discloses information on our sustainability performance for the period from January 1 to December 31 (the "Sustainability Reporting Period"), starting with the first Sustainability Reporting Period in 2017. For our commitment in working on this Sustainability Report, the National Center for Sustainability Reporting has awarded us Gold Rating in Asia Sustainability Reporting Rating (ASRRAT) since 2018. Further, our ESG (Environmental, Social & Governance) Rating, which relevant to the Sustainability Report, is BB (double B) as issued by MSCI, our third party reviewer. We support the Government in Indonesia's involvement in the Paris Agreement and the UNFCCC and have committed to reduce the impact of climate change. We feel that such a focus gives us a competitive advantage in becoming the preferred partner for our clients.

We aim to conduct all of our operations and business in compliance with international quality and health and safety standards and in line with our corporate social responsibilities. We continually strive to improve our business by applying higher standards of operation and implementing efficient systems and technologies. Our commitment to quality, health, safety, environmental and social responsibility is driven by our belief that customers consider these key factors when contracting for products and services. In addition, other relevant parties including employees, suppliers, business partners and regulators also consider these matters important.

We also intend to maintain various industry certifications to strengthen our position when bidding for projects and actively promote programs for the health, education and social and economic well-being of communities located near our projects and operations. We also view personnel training, activity planning and subcontractor selection as essential for accident prevention and successful execution of our projects and intends to continue developing these aspects. As part of our corporate social responsibility ("CSR") programs, we have entered into partnerships with higher education institutions to support employee and community education and learning programs and have provided over US$20 million in funding to our CSR initiatives.

Our focus on health and safety through our education programs ensure we are in compliance with Indonesian safety and health standards. We provide specialized health and safety training at all of our sites. As a result of our implementation of safety standards and practices, during the 2020 Sustainability Reporting Period, we recorded 4,188,521 working hours without any Lost Time Injury in respect of TIA and MIFA mining operations. We aim to maintain our commitment to quality and safety, and our success in minimizing accidents and engaging the local community, which we believe are important factors for our operations as well as to our new and existing clients. During the 2020

Sustainability Reporting Period, we have disbursed approximately Rp.28.8 billion to our CSR initiatives.

We are committed to achieving high standards of environmental management of our concessions and project sites. We have implemented formal environmental management procedures, systems and programs. We aim to control acid mine drainage, sediment control in runoff water from mining areas, management of hydrocarbons and waste products. We have in place environmental procedures relating to mine discharge treatment and monitoring, sediment control (settling ponds, construction of stockpiles), dust emission control, hydrocarbon management, hazardous waste management, lifting of materials, oil products spill prevention and control (including fueling and maintenance operations for heavy equipment), tree nursery and organic composting and domestic waste segregation, air quality and water quality, among others. We have also formulated post-mining recovery and rehabilitation plans to satisfy land designation, function and layout stipulated by the Government, including upstream watershed land rehabilitation. For our efforts in the field of environmental management, TIA and MIFA received PROPER (Company Performance Rating Program in Environmental Management) Blue ratings from the Ministry of Environment and Forestry in 2018, 2019 and 2020. TIA also received a "Platinum" award at the Indonesian CSR Award (ICA) 2020, in the category of Environmental Sector – Environmental Protection Program.

We also have expanded our efforts to include biodiversity conservation of endangered animals and habitats, education and empowerment of local communities and partnership with local communities to achieve environmental revitalization. Further, for our operation sites located by the ocean, we initiate programs for coral reef replantation with active participation of the local community and industry practitioners, and our efforts in this space have been recognized by the Government through several awards (Indonesia CSR Award, Indonesia SDGs Award). In addition, we are committed to controlling greenhouse gas emissions particularly in respect of TIA and MIFA's mining operations. Emission control is carried out by monitoring and measuring ambient air quality based on the quality standards stipulated in Government Regulation No. 22 of 2021 concerning Implementation of Environmental Protection and Management and Minister of Manpower Regulation No. 5 of 2018 on the Occupational Safety and Health Work Environment. These initiatives above are part of our Sustainable House concept in order for us to achieve our sustainability objectives, which we develop and assisted by GRI.

Current COVID-19 pandemic

In December 2019, a novel strain of coronavirus (also known as COVID-19) was reported to have surfaced in Wuhan, China. The COVID-19 virus has since spread to over 200 countries and territories, including Indonesia. On March 11, 2020, the World Health Organization declared the current outbreak of COVID-19 a pandemic, expanding its assessment of the threat beyond the global health emergency it had announced in January. The current COVID-19 pandemic and preventative or protective actions that governmental authorities around the world have taken to counter the effects of COVID-19, including social distancing, office and school closures, travel restrictions and the imposition of quarantines, have resulted in a period of business disruption, including prolonged disruptions to manufacturing and global supply chains as well as restrictions on business activity and the movement of people comprising a significant portion of the world's population, and a decrease in economic activity in several countries, including Indonesia. Such measures, and rapid increases of severe cases and deaths where such measures fail or are lifted prematurely, may cause unprecedented economic disruption in Indonesia and in the rest of the world. Further, there is currently substantial uncertainty regarding the availability of COVID-19 vaccines and whether they can be purchased for

use by commercial entities. As a result, the current COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets. Additionally, in order to manage the risk of COVID-19 transmission in our work sites and mines, we have implemented policies to control the spread of the COVID-19 virus which increase our operating cost, for example, setting aside financial reserves for vaccine purchase, transporting employees on privately chartered flights (as opposed to commercial flights which are open to the public), requiring employees to complete a period of quarantine before commencing work, protective equipment and others. Over the first four months of 2020, coal, oil and gas prices showed a sharp downward trend. During this period, despite the impact of COVID-19 on coal prices and demand, revenues from our coal sales and our contract mining services, which primarily support coal mining companies, have remained stable due to us increasing volume of production. In addition, in tandem with decreasing oil and gas prices, the majority of tenders for oil and gas projects have been delayed or put on hold, which has resulted in lower than expected new backlog from our mining services business for the period. Given the rapidly changing implications of the spread of COVID-19, the extent to which the current COVID-19 pandemic will impact our operations and revenues will depend on future developments, such as the scope, severity and duration of the pandemic, availability of vaccines, the actions to contain COVID-19 or minimize its impact, and the direct and indirect economic impact of the illness and containment measures, among others, which are highly uncertain and cannot be predicted with confidence. See "*Risk Factors — Risks Common to All Our Businesses — Outbreak of an infectious disease, such as the current COVID-19 pandemic, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely affect us*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — Factors affecting our business and results of operations — Current COVID-19 pandemic.*"

Recent Developments

Concurrent 2022 Notes Tender Offer

As part of our policy to proactively manage our debt liabilities, concurrently with the offering of the Notes, we are also making a separate capped offer to purchase for cash such aggregate principal amount of the our outstanding US$350,000,000 7.125% Senior Notes due 2022 (the "2022 Notes") as we may determine in our absolute discretion, which we expect to be equivalent to the net proceeds of this Offering of Notes (the "Concurrent Tender Offer"). The Concurrent Tender Offer is being made available on the terms and subject to the conditions set forth in a tender offer memorandum dated July 21, 2021 (the "Tender Offer Memorandum"). Holders of the 2022 Notes who tender their 2022 Notes (i) prior to the early tender time of the tender offer will, if such tendered 2022 Notes are accepted for payment pursuant to the Tender Offer, receive the total consideration, which consists of an early tender payment of US$17.81 per US$1,000 principal amount of the 2022 Notes, tender consideration of US$1,000 per US$1,000 principal amount of the 2022 Notes, and accrued and unpaid interest to, but not including, the early settlement date (if we elect to have an early settlement) or the settlement date for the Tender Offer on such date, (ii) after the early tender time but prior to the expiration of the Tender Offer will, if such tendered 2022 Notes are accepted for payment pursuant to the Tender Offer, receive the tender consideration, which consists of US$1,000 per US$1,000 principal amount of the 2022 Notes, on the settlement date for the Tender Offer, together with accrued and unpaid interest to, but not including, the settlement date for the Tender Offer. The Concurrent Tender Offer's early tender time is 5:00 p.m., New York time, on August 3, 2021, and the Concurrent Tender Offer will expire on 5:00 p.m., New York time, on August 18, 2021, each unless extended or earlier terminated by us, in our sole discretion. We will

cancel the 2022 Notes that we accept for purchase pursuant to the Concurrent Tender Offer, and those 2022 Notes will cease to be outstanding. Any 2022 Notes that remain outstanding after the Concurrent Tender Offer will continue to be our obligations. We intend to use the net proceeds of the offering of the Notes hereby to fund the Concurrent Tender Offer or to otherwise redeem or discharge the 2022 Notes. See "*Use of Proceeds*."

New Senior Loan Facility and Redemption

Pursuant to a mandate letter dated as of July 15, 2021 and attached indicative term sheet, PT Bank Mandiri Persero Tbk. ("Mandiri") and PT Bank Negara Indonesia (Persero) Tbk. ("BNI") have agreed to extend a facility (the "New Senior Loan Facility") in an amount of up to US$200.0 million, consisting of two tranches — Tranche A, in an amount up to US$150.0 million to be used for partial refinancing of the 2022 Notes and Tranche B up to US$50.0 million to be used for capital expenditures and the aggregate amount of the New Senior Loan Facility and the Notes offered hereby shall not exceed US$400.0 million. The New Senior Loan Facility shall be entered into in definitive form no later than September 15, 2021 and is subject to certain conditions, including that at least US$200.0 million of Notes are issued pursuant to the Offering and that the 2022 Notes will be fully refinanced after disbursement of the New Senior Loan Facility.

The New Senior Loan Facility will be guaranteed by the Subsidiary Guarantors of the Notes offered hereby, bear interest at a floating rate and mature on the earlier of 4.5 years from entry into the New Senior Loan Facility, or December 23, 2025. Tranche A of the New Senior Loan Facility is expected to be secured by debt service reserve, debt service accrual or similar accounts used to service interest payments or debt obligations, while Tranche B is expected to be secured by machinery and equipment purchased using Tranche B and related customary security over receivables and insurance proceeds, in addition to a debt service reserve, debt service accrual or similar accounts. The New Senior Loan Facility will contain certain financial covenants, including compliance with a debt service coverage ratio and consolidated net debt to EBITDA ratio.

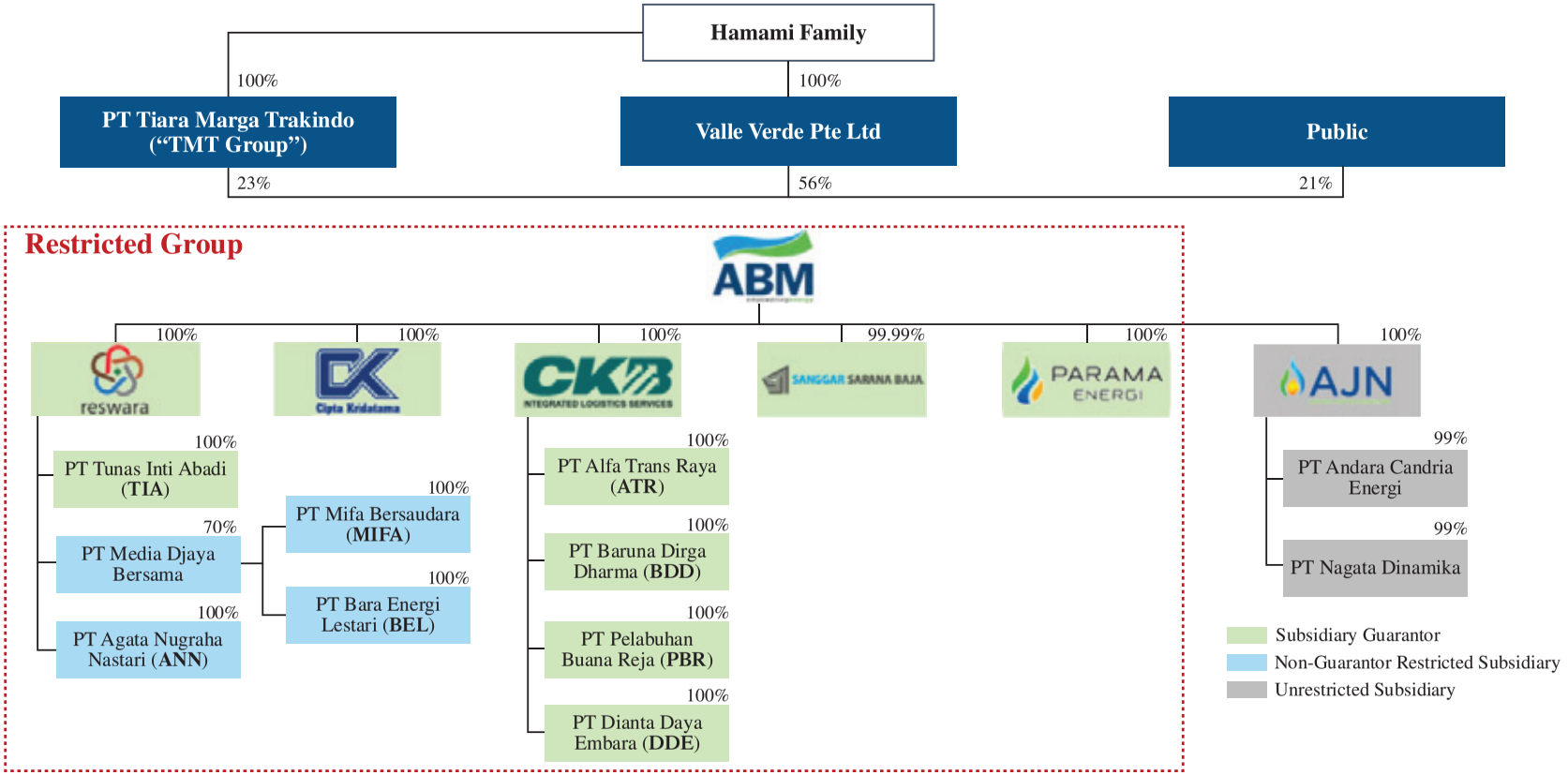
To the extent that any 2022 Notes remain outstanding following the Offering and the Concurrent Tender Offer, we intend to use the New Senior Loan Facility to fund an optional redemption of any such remaining 2022 Notes. However, there can be no assurance that the we will be able to enter into definitive documentation for the New Senior Loan Facility on terms currently contemplated or that all the conditions to closing and funding will be met in a timely manner or at all.

Corporate Information

Our registered office is located at TMT 1 Building, 18th Floor, Jl. Cilandak KKO No. 1, Jakarta, 12560 Indonesia. Our telephone number is + (62 21) 2997 6767 and fax number is +(62 21) 2997 6768.

CORPORATE STRUCTURE

The diagram below shows our principal subsidiaries, as well as the Subsidiary Guarantors, the Non-Guarantor Restricted Subsidiaries and the Unrestricted Subsidiaries.



THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Memorandum. Phrases used in this summary and not otherwise defined shall have the meanings given to them in the "Description of the Notes."

Company	PT ABM Investama Tbk.
Subsidiary Guarantors	PT Reswara Minergi Hartama ("Reswara"), PT Tunas Inti Abadi ("TIA"), PT Pelabuhan Buana Reja ("PBR"), PT Cipta Kridatama ("CK"), PT Cipta Krida Bahari ("CKB"), PT Sanggar Sarana Baja ("SSB"), PT Alfa Trans Raya ("ATR"), PT Baruna Dirga Dharma ("BDD"), PT Dianta Daya Embara ("DDE") and PT Prima Wiguna Parama ("PWP"). See "*Description of the Notes — Subsidiary Guarantees*."
Notes Offered	US$200,000,000 aggregate principal amount of 9.500% Senior Notes due 2026 (the "Notes").
Issue Price	98.548% of the principal amount of the Notes.
Maturity Date	August 5, 2026.
Interest	The Notes will bear interest from and including August 5, 2021 at the rate of 9.500% per annum, payable semi-annually in arrears.
Interest Payment Dates	February 5 and August 5 of each year, commencing February 5, 2022.
Ranking of the Notes	The Notes will: • be general obligations of the Company; • be senior in right of payment to any obligations of the Company expressly subordinated in right of payment to the Notes; • rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); • be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to the limitations described under "Description of the Notes — Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees; • be effectively subordinated to the secured obligations of the Company and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and

	• be effectively subordinated to all existing and future obligations of the Subsidiaries other than the Subsidiary Guarantors.
Subsidiary Guarantees	On the Original Issue Date, all of the Company's Subsidiaries, other than PT Anzara Janitra Nusantara ("AJN") and its Subsidiaries, will be "Restricted Subsidiaries." AJN and its Subsidiaries existing on the Original Issue Date will be "Unrestricted Subsidiaries." However, under the circumstances described below under the caption "Description of the Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries", the Company will be permitted to designate certain of its other Subsidiaries as "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes. The Subsidiary Guarantors will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Company will agree that if the Company or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Original Issue Date that is not designated as an Unrestricted Subsidiary at the time of such acquisition or creation, then such Subsidiary will become a Restricted Subsidiary and the Company will, within 30 days of the date on which such Subsidiary is acquired or created, (1) procure that such Subsidiary execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Subsidiary will guarantee the payment of the Notes as a Subsidiary Guarantor on an unsubordinated basis and (2) deliver to the Trustee an Opinion of Counsel with respect to such supplemental indenture satisfactory to the Trustee; *provided*, *however*, that clauses (1) and (2) shall not apply to (i) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Company, (ii) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary) or (iii) any such Restricted Subsidiary if the Company and its Restricted Subsidiaries own less than 95.0% of the outstanding Capital Stock of such Restricted Subsidiary *provided* that after giving *pro forma* effect to the designation of such Subsidiary as a Non-Guarantor Subsidiary on the date such Subsidiary is created or acquired (the "Designation

	Date"), the Company and any Restricted Subsidiary could Incur at least US$1.00 of Priority Indebtedness under the proviso in paragraph (a) of the covenant described under "Description of the Notes — Limitation on Indebtedness." The Subsidiary Guarantees may be released in certain circumstances. See "*Description of the Notes — Subsidiary Guarantees — Release of the Subsidiary Guarantees*."
Ranking of the Subsidiary Guarantees	The Subsidiary Guarantees will: • be a general obligation of such Subsidiary Guarantor; • be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; • rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured unsubordinated Indebtedness pursuant to applicable law); and • be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.
Use of Proceeds	We estimate that the aggregate net proceeds from the offering of the Notes will be approximately US$191.5 million after deducting underwriting fees and commissions and other estimated transaction expenses relating to the offering of the Notes. The Company will use the net proceeds of the offering of the Notes, to fund the Concurrent Tender Offer or to otherwise redeem or discharge the 2022 Notes.
Optional Redemption	At any time and from time to time on or after August 5, 2023, the Company at its option may redeem the Notes, in whole or in part, at the redemption prices set forth under "Description of the Notes — Optional Redemption," plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to August 5, 2023, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. In addition, at any time and from time to time prior to August 5, 2023, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 109.500% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that

	at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days of the closing of such equity offering.
Repurchase of Notes upon a Change of Control	Not later than 30 days following a Change of Control, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.
Additional Amounts	Payments with respect to the Notes and any Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Company or the Subsidiary Guarantors are incorporated or resident for tax purposes, or through which payment is made, except as required by law. Where such withholding or deduction is required by law, the Company or the applicable Subsidiary Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See "*Description of the Notes — Additional Amounts*."
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company for redemption, if, as a result of certain changes in tax law, the Company would be required to pay certain Additional Amounts. See "*Description of the Notes — Redemption for Taxation Reasons*."
Covenants	The Indenture will limit the ability of the Company and the Restricted Subsidiaries to, among other things: • incur additional Indebtedness and issue preferred stock; • make investments or other specified Restricted Payments; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans; • issue or sell Capital Stock of Restricted Subsidiaries; • issue guarantees by Restricted Subsidiaries;

	• enter into transactions with equity holders or affiliates; • create any Lien; • enter into Sale and Leaseback Transactions; • sell assets; • engage in different business activities; and • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes." In addition, in the event that the Notes are assigned a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing, certain covenants in the Indenture will be suspended. See "*Description of the Notes — Suspension of Certain Covenants*."
Transfer Restrictions	Notes or beneficial interests therein may only be sold or transferred in accordance with the "Transfer Restrictions" as set out herein and in the Indenture. Without limiting the foregoing, Rule 144A Notes (or beneficial interests therein) may be sold only to purchasers that are "qualified institutional buyers" in transactions effected through the Registrar on its books and records, as the sole direct participant entitled to hold the Rule 144A Notes in DTC, and Regulation S Notes (or beneficial interests therein) may be sold only to non-U.S. persons in offshore transactions meeting the requirements of Regulation S. Any sale, resale or other transfer not made in compliance with the restrictions on transfer described herein shall be null and void *ab initio* and will not be honored by the Company. See "*Transfer Restrictions.*"
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more Global Notes registered in the name of a nominee of DTC.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "*Description of the Notes — Book-Entry; Delivery and Form.*"
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds, on or about August 5, 2021, which the Company expects will be the fifth business day following the date of this Offering Memorandum, referred to

	as "T+5." You should note that initial trading of the Notes may be affected by the T+5 settlement. See "*Plan of Distribution.*"	
Trustee, Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon	
	Rule 144A	**Regulation S**
CUSIP	69379A AB1	Y708CH AB6
ISIN	US69379AAB17	USY708CHAB61
Common Code	236755487	236755495
Listing	Approval in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.	
Governing Law	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York.	
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "*Risk Factors*."	

SUMMARY FINANCIAL INFORMATION

You should read the summary financial information presented below in conjunction with our Financial Statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections of this Offering Memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We have derived our summary consolidated financial information from our audited consolidated financial statements as of and for the years ended December 31, 2018, 2019, and 2020, which were prepared in accordance with Indonesian FAS, and included elsewhere in this Offering Memorandum. Our summary interim consolidated financial data as of and for the three-month periods ended March 31, 2020 and 2021 has been derived from our unaudited interim consolidated financial statements contained elsewhere in this Offering Memorandum. The unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of our results of operations and financial condition. Our results for any interim period may not be indicative of our results for the full year or for any period.

This Offering Memorandum contains our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, and our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, all prepared by us in accordance with Indonesian Financial Accounting Standards and presented in United States Dollar (collectively referred to as the "Financial Statements"). Our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, which are included elsewhere in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja ("PSS") (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), as stated in their audit reports included elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, which are included elsewhere in this Offering Memorandum, have been reviewed by PSS (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the IICPA, as stated in their review report included elsewhere in this Offering Memorandum. A review of interim financial information conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and accordingly, as stated in their review report appearing elsewhere in this Offering Memorandum, PSS (a member of Ernst & Young Global Limited), independent auditors, did not audit and do not express any opinion on our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021 included elsewhere in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, (i) all financial data as of and for the years ended December 31, 2018, 2019, and 2020 presented in this Offering Memorandum have been extracted from our audited consolidated financial statements for such dates and periods included elsewhere in this Offering Memorandum, and (ii) all financial data as of and for the three-month periods ended March 31, 2020 and 2021 have been extracted from our unaudited interim consolidated financial statements for such date and periods included elsewhere in this Offering Memorandum.

We have prepared and presented our audited consolidated financial statements in accordance with Indonesian FAS, which differs in certain material respects from U.S. GAAP. You should read the section of this Offering Memorandum entitled "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP" for a description of certain significant differences between Indonesian FAS and U.S. GAAP.

Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018.

Consolidated Profit or Loss and Other Comprehensive Income Data

	Years Ended December 31,						Three-Month Periods Ended March 31			
	2018[1]		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Revenue from contract with customers	773.1	100.0	592.4	100.0	606.4	100.0	160.9	100.0	210.9	100.0
Cost of revenue	(598.8)	(77.5)	(484.6)	(81.8)	(504.9)	(83.3)	(134.7)	(83.7)	(152.4)	(72.3)
Gross profit	**174.2**	**22.5**	**107.8**	**18.2**	**101.5**	**16.7**	**26.2**	**16.3**	**58.5**	**27.7**
Selling, general and administrative expenses	(65.3)	(8.4)	(58.3)	(9.8)	(54.1)	(8.9)	(18.3)	(11.4)	(9.9)	(4.7)
Other income	9.2	1.2	10.6	1.8	12.7	2.1	4.4	2.7	4.1	1.9
Reversal of impairment loss (impairment loss) on mining properties	45.4	5.9	—	—	(24.0)	(4.0)	—	—	—	—
Other expenses	(26.8)	(3.5)	(6.5)	(1.1)	(19.8)	(3.3)	(0.1)	(0.1)	(1.8)	(0.9)
Profit from operations	**136.8**	**17.7**	**53.5**	**9.0**	**16.3**	**2.7**	**12.1**	**7.5**	**51.0**	**24.2**
Finance income — net	3.6	0.5	3.0	0.5	3.7	0.6	0.4	0.2	0.3	0.1
Finance charges	(46.7)	(6.0)	(36.6)	(6.2)	(43.9)	(7.2)	(9.6)	(6.0)	(10.8)	(5.1)
Profit (loss) before final tax and income tax	**93.6**	**12.1**	**20.0**	**3.4**	**(23.9)**	**(3.9)**	**2.9**	**1.8**	**40.4**	**19.2**
Final tax expense	(0.5)	(0.1)	(0.9)	(0.2)	(1.1)	(0.2)	(0.4)	(0.2)	(0.3)	(0.1)
Profit (loss) before income tax	**93.1**	**12.0**	**19.0**	**3.2**	**(25.0)**	**(4.1)**	**2.5**	**1.6**	**40.1**	**19.0**
Income tax expense — net	(25.9)	(3.4)	(15.1)	(2.5)	(12.7)	(2.1)	(3.6)	(2.2)	(10.6)	(5.0)
Profit (loss) for the period	**67.2**	**8.7**	**3.9**	**0.7**	**(37.7)**	**(6.2)**	**(1.1)**	**(0.7)**	**29.5**	**14.0**
Other comprehensive income (loss)										
Item that will be reclassified to profit or loss:										
Exchange difference from financial statements translation	(0.9)	(0.1)	2.4	0.4	(0.2)	(0.0)	(9.8)	(6.1)	(3.3)	(1.6)
Item that will not be reclassified to profit or loss:										
Gain (loss) on changes in fair value of financial assets through other comprehensive income	—	—	—	—	(19.0)	(3.1)	(21.4)	(13.3)	0.4	0.2
Remeasurement of defined benefit plan	2.6	0.3	(1.9)	(0.3)	(1.9)	(0.3)	1.6	1.0	5.2	2.5
Related income tax	(0.7)	(0.1)	0.5	0.1	0.4	0.1	(0.3)	(0.2)	(1.0)	(0.5)
Total comprehensive income (loss) for the period	**68.3**	**8.8**	**4.9**	**0.8**	**(58.5)**	**(9.6)**	**(31.1)**	**(19.3)**	**30.8**	**14.6**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, SS accounted for 6.4% of our consolidated revenue from contracts with customers, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

Consolidated Financial Position Data

	December 31,			March 31
	2018[1]	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
ASSETS				
Current assets				
Cash and cash equivalents	144.1	101.9	109.2	117.3
Other current financial assets	13.1	0.0	0.1	0.1
Trade receivables				
Third parties — net	106.5	77.7	105.3	100.5
Related parties — net	17.1	29.5	33.3	55.5
Non-trade receivables				
Third parties — net	3.0	3.2	0.8	0.2
Related parties — net	0.5	2.5	5.8	6.2
Inventories — net	30.6	29.7	37.7	35.8
Advances	3.1	6.1	10.1	10.8
Prepaid expenses	4.3	6.0	3.1	3.9
Prepaid value added tax	1.1	3.0	7.7	12.4
Non-current assets held for sale	0.5	—	—	—
Other current assets	1.4	1.1	0.9	2.1
Total current assets	**325.2**	**260.8**	**314.2**	**345.0**
Non-current assets				
Investment in shares	0.1	60.1	20.0	20.4
Long-term trade receivables — third parties — net	1.7	—	—	—
Long-term non-trade receivables				
Third parties — net	—	0.8	0.0	—
Related parties — net	—	1.0	—	—
Deferred tax assets — net	11.3	11.0	8.1	7.3
Fixed assets — net	401.0	369.7	330.7	321.6
Right of use assets — net	—	—	37.4	106.1
Estimated claims for tax refund — net	32.4	43.0	38.8	40.4
Mining properties — net	66.9	60.4	41.0	38.9
Intangible assets — net	3.2	17.4	17.0	16.3
Other non-current assets — net	10.0	30.0	20.0	20.3
Total non-current assets	**526.7**	**593.5**	**513.1**	**571.3**
Total assets	**851.9**	**854.2**	**827.2**	**916.3**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

	December 31,			March 31
	2018[1]	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
Short-term bank loans	—	35.0	40.0	40.0
Trade payables:				
Third parties	47.9	52.8	55.5	58.4
Related parties	91.0	40.1	60.1	50.3
Non-trade payables:				
Third parties	2.6	4.6	5.2	5.8
Related parties	7.6	6.9	4.9	4.8
Taxes payable	5.7	4.4	8.1	15.5
Accrued expenses	56.9	51.9	54.9	51.4
Short-term employee benefits liability	4.5	6.7	2.5	4.8
Advances from customers:				
Third parties	0.4	0.9	0.5	2.4
Related parties	—	2.6	3.4	3.3
Current maturities of long-term liabilities:				
Lease liabilities — third parties	—	—	13.1	9.5
Lease liabilities — related parties	6.3	3.5	10.5	17.8
Long-term non-trade payables — third parties	—	7.2	3.8	2.8
Total current liabilities	**222.8**	**216.6**	**262.7**	**266.6**
Non-current liabilities				
Provision for environmental restoration obligation	3.0	3.8	4.4	4.3
Long-term liabilities — net of current maturities:				
Bonds payable	341.2	343.3	345.7	346.3
Lease liabilities — third parties	—	—	7.0	5.8
Lease liabilities — related parties	14.2	8.4	9.1	73.4
Long-term non-trade payables — third parties	—	6.2	3.4	3.4
Deferred tax liabilities — net	9.7	11.7	9.6	9.5
Long-term employee benefits liability	13.2	19.0	23.7	14.4
Total non-current liabilities	**381.3**	**392.4**	**402.8**	**457.2**
Total liabilities	**604.1**	**609.0**	**665.5**	**723.8**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

	December 31,			March 31
	2018	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
EQUITY				
Equity attributable to owners of the parent company				
Share capital — Rp.500 par value per share Authorized capital — 9,360,000,000 shares Issued and fully paid capital — 2,753,165,000 shares	146.6	146.6	146.6	146.6
Additional paid-in capital — net	115.1	115.1	115.1	115.1
Other components of equity	0.0	0.0	0.0	0.0
Retained earnings (deficit)				
Appropriated	0.3	0.4	0.5	0.5
Unappropriated	14.6	15.1	(24.4)	1.5
Other comprehensive loss	(11.9)	(10.8)	(52.8)	(51.6)
Sub-total	264.6	266.3	184.9	212.1
Non-controlling interests	(16.8)	(21.2)	(23.2)	(19.6)
Net equity	**247.8**	**245.2**	**161.7**	**192.5**
Total liabilities and equity	**851.9**	**854.2**	**827.2**	**916.3**

Consolidated Cash Flow Data

	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
				(Unaudited)	
	US$	US$	US$	US$	US$
			(US$ in millions)		
Net cash provided by operating activities	135.8	60.1	132.3	37.1	48.1
Net cash used in investing activities	(47.2)	(88.3)	(62.5)	(12.0)	(10.7)
Net cash used in financing activities	(83.3)	(14.6)	(62.1)	(13.2)	(27.9)
Net increase (decrease) in cash and cash equivalents	5.3	(42.8)	7.8	11.9	9.5
Net effect of changes in exchange rates on cash and cash equivalents	(1.9)	0.7	(0.5)	(5.0)	(1.4)
Cash and cash equivalents at beginning of period	140.7	144.1	101.9	101.9	109.2
Cash and cash equivalents at end of period	144.1	101.9	109.2	108.8	117.3

Non-GAAP Financial Measures (Unaudited)

Non-GAAP and other financial ratios (Consolidated)	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
	US$	US$	US$	US$	US$
			(US$ in millions) unless otherwise indicated		
Non-GAAP Measures:					
EBITDA[(1)]	189.3	112.7	138.3	35.2	77.2
EBITDA margin[(2)]	24.5%	19.0%	22.8%	21.9%	36.6%
Total debt[(3)]	361.6	390.3	425.4	436.3	492.8
Net debt[(4)]	217.6	288.4	316.2	327.5	375.5
Capital expenditures[(5)]	31.8	46.3	68.8	12.7	10.3
Selected financial ratios:					
Total debt / EBITDA (x)	1.9	3.5	3.1	—	2.7[(6)]
Net debt / EBITDA (x)	1.1	2.6	2.3	—	2.1[(6)]
EBITDA / Finance charge (x)	4.1	3.1	3.2	—	4.0[(6)]

(1) See "*Non-GAAP Financial Measure*" for our definition of EBITDA. EBITDA presented in this Offering Memorandum is a supplemental measure of our performance that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry.

The following table reconciles our profit (loss) under Indonesian FAS to our definition of EBITDA for the periods indicated:

	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
				(Unaudited)	
	US$	US$	US$	US$	US$
			(US$ in millions)		
Profit / (Loss) for the period	67.2	3.9	(37.7)	(1.1)	29.5
plus tax expense[1]	26.4	16.1	13.8	4.0	10.9
plus finance charges	46.7	36.6	43.9	9.6	10.8
minus finance income — net	(3.6)	(3.0)	(3.7)	(0.4)	(0.3)
plus impairments[2]	(32.3)	0.0	39.2	5.5	0.5
minus gains / plus loss on foreign exchange	(1.0)	0.5	(3.0)	(2.6)	0.0
minus gains / plus loss on sale of fixed assets	(0.5)	(1.1)	(1.3)	(0.1)	(0.1)
plus depreciation and amortization	86.4	59.7	87.1	20.1	25.8
EBITDA	189.3	112.7	138.3	35.2	77.2
EBITDA margin	24.5%	19.0%	22.8%	21.9%	36.6%

(1) Sum of consolidated final tax expense and income tax expense-net.

(2) Sum of consolidated impairment loss (reversal of impairment loss) on mining properties, impairment loss on fixed assets and provision (reversal) for impairment loss on receivables.

(2) EBITDA margin refers to EBITDA divided by consolidated revenue from contracts with customers.

(3) Total debt refers to the sum of short-term bank loans, current maturities of lease liabilities — third parties and lease liabilities — related parties, long term net of current maturities of bonds payable, lease liabilities — third parties and lease liabilities — related parties.

(4) Net debt refers to total debt less cash and cash equivalents.

(5) Capital expenditure is calculated as cash used for: payments of payables related to the acquisition of fixed assets, acquisitions of fixed assets, expenditures for mining exploration and development costs, additions to advances for purchase of fixed assets, payments of payables related to the acquisition of intangible assets, acquisitions of intangible assets.

(6) Based on Last Twelve Months' ("LTM") for March 31, 2021. LTM EBITDA is calculated by subtracting EBITDA for the three months ended March 31, 2020 from EBITDA for the year ended December 31, 2020, plus EBITDA for the three months ended March 31, 2021.

Operating Data

Open Cut Coal Mining

The table below summarizes our average strip ratio, production volume, sales volume, coal sales revenue, production cost, average selling price per ton, and average cash cost per ton for our open cut coal mining business:

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Average strip ratio[1]					
TIA	7.0	7.1	6.3	6.5	5.3
MIFA	2.2	2.2	2.6	2.5	3.1
BEL	3.3	3.8	3.4	3.3	3.2
Production volume (million tons)[2][3]					
TIA	4.6	4.0	3.4	1.0	1.1
MIFA	4.9	7.1	7.9	2.1	2.1
BEL	0.3	0.6	1.3	0.4	0.4
Total	9.8	11.8	12.6	3.5	3.6
Sales volume (million tons)					
TIA	4.7	4.0	3.4	0.9	1.2
MIFA	5.1	7.2	7.4	2.2	2.5
BEL	0.2	0.6	0.9	0.2	0.3
Total[4]	9.9	11.8	11.6	3.4	4.0
Coal sales revenues (US$ in millions)					
TIA	189.8	135.0	97.1	31.5	41.8
MIFA	125.9	144.7	142.7	46.9	61.7
BEL	5.0	12.6	17.4	5.1	8.2
Total	320.7	292.3	257.1	83.4	111.7
Production Cost (US$ in millions)[5]					
TIA	140.1	121.9	81.6	27.4	23.5
MIFA	80.9	119.6	116.4	35.9	41.7
BEL	4.6	11.8	13.5	3.5	5.0
Total	225.6	253.3	211.5	66.8	70.2
Average selling price per ton (US$)[6]					
TIA	40.8	33.7	28.9	34.0	36.0
MIFA	24.9	20.2	19.4	21.4	25.0
BEL	21.5	21.0	19.3	21.4	25.5
Average Cash cost per ton (US$)[7]					
TIA	30.1	30.4	24.3	29.5	20.2
MIFA	16.0	16.7	15.8	16.4	16.9
BEL	19.7	19.6	15.0	14.6	15.7

(1) Strip ratio is the number of bank cubic meters of overburden needing removal to access one ton of coal.

(2) We commenced commercial production at the TIA concession in 2009, at the MIFA concession in 2012 and at the BEL concession in 2011.

(3) Coal production volume reflects the volume of coal mined during the relevant periods.

(4) The difference between our coal production and coal sales levels primarily relates to timing differences between sales and production and the impact that this has on inventories.

(5) Production costs is calculated from cost of revenue and selling expense excluding depreciation and amortization.

(6) Average selling price per ton is calculated by dividing the coal sales revenues by sales volumes for the periods presented.

(7) Average cash cost per ton is calculated as total production costs divided by sales volumes for the periods presented.

Contract Mining

The table below summarizes the aggregate coal production and overburden removal information and other operating statistics for our contract mining business:

	As of and for the Years Ended December 31,			As of and for the Three-Month Periods Ended March 31,	
	2018	**2019**	**2020**	**2020**	**2021**
				(Unaudited)	
Coal Production (in million tons)	20.0	18.6	27.6	5.9	7.4
Overburden Removal (in million BCM)	140.4	95.5	139.7	27.9	42.5
Total Cost (per BCM)	1.61	1.69	1.70	1.91	1.66
Mining fleet and equipment (in number of units)[(1)]	74	44	59	53	64

Note:

(1) The number of units owned as of the specified date.

RISK FACTORS

An investment in the Notes is subject to significant risks. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect us and the value of the Notes as well as our ability to pay interest on, and repay the principal of, the Notes. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties including those described under "Disclosure Regarding Forward-Looking Statements" elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Risks Relating to All of Our Businesses

Outbreak of an infectious disease, such as the current COVID-19 pandemic, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely affect us.

The outbreak of an infectious disease in Asia, including Indonesia, or elsewhere, or fear of an outbreak, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Indonesia and the rest of Asia, and thereby adversely impact our revenue. Examples include the outbreak in 2003 of Severe Acute Respiratory Syndrome ("SARS"), the outbreak in 2004 and 2005 of avian influenza (also known as bird flu), the outbreak in 2009 of influenza H1N1 and the outbreak from 2014 through 2016 of Ebola. More recently, in December 2019, a novel strain of coronavirus (also known as COVID-19) was reported to have surfaced in Wuhan, China. The COVID-19 virus has since spread across over 200 countries and territories, including Indonesia, the United States, China, Japan, South Korea, India, Singapore, the United Kingdom and several countries across Europe. On March 11, 2020, the World Health Organization declared the current outbreak of COVID-19 a pandemic, expanding its assessment of the threat beyond the global health emergency it had announced in January. On April 13, 2020, the President of Indonesia issued Presidential Decision No. 12 of 2020 declaring the current COVID-19 pandemic a national disaster.

The current COVID-19 pandemic and preventative or protective actions that governmental authorities around the world have taken to counter the effects of COVID-19, including social distancing, office and school closures, travel restrictions and the imposition of quarantines, have resulted in a period of business disruption, including prolonged disruptions to manufacturing and global supply chains as well as restrictions on business activity and the movement of people comprising a significant portion of the world's population, and a decrease in economic activity in several countries, including Indonesia. Such measures, and rapid increases of severe cases and deaths where such measures fail or are lifted prematurely, may cause unprecedented economic disruption in Indonesia and in the rest of the world. Further, there is currently substantial uncertainty regarding the availability of COVID-19 vaccines that can be purchased by the authorities in Indonesia. As a result, the current COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets, which may have a negative impact on global

economic conditions and lead to significant declines in the demand for and prices of the commodities we produce and sell. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the current COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The current COVID-19 pandemic has directly impacted our business operations, including about 689 COVID-19 cases in aggregate at our work sites at various mines in the calendar year 2020 and 270 cases in aggregate at our work sites during the three months ended March 31, 2021 requiring us to adopt precautionary measures such as requiring pre-site entry screening, telecommuting, rotation of office hours among employees, changing our rostering of employees to extend their time at mine sites, limiting face-to-face meetings and restricting domestic and overseas business travel. The current COVID-19 pandemic has affected, and we expect it to continue to affect, our ability to continue doing business with our customers, suppliers, third party contractors and other parties that we conduct business with or that operate within our supply chains for our various businesses, whether due to restrictions placed on business activities and movements in Indonesia, in the countries where they are located, or other regions operating within our supply chains, or other reasons stemming from COVID-19.

We have also experienced a significant decrease in demand from China and India for our coal products. In addition, certain customers of our coal mining and transportation services have significantly scaled back coal production as a result of a decline in global coal prices. As a result, such customers have either exercised options under their agreements with us to decrease the volume of services required or, in some cases, have entirely suspended operations at their mines and placed our services on hold. We have also experienced general delays in our operations due to safety measures implemented by us or our customers in response to COVID-19. For example, at our CK-TIA mines in November 2020, we required all our employees, which include subcontractors, to undergo polymerase chain reaction testing for COVID-19 and self-isolate for a period of 10 to 29 days before resuming operations. Some of the safety measures implemented by us or our customers in response to COVID-19 also increase our operating costs, for example transporting employees on privately chartered flights for Meulaboh operation (as opposed to commercial flights which are open to the public), hiring of hotels in Jakarta, Sumatra and South Kalimantan for the purpose of quarantining and observation of our employees prior to entering into mine sites, more frequent cleaning of common and work spaces and requiring our employees to be equipped with personal protective equipment, masks and other protective clothing. Our logistics services have also been affected by heightened restrictions at the ports we operate, which have resulted in delayed port clearance and extended crew change processes. We have also faced delays in the extension of certain permits we require for our operations such as, in particular, in relation to our river and sea transportation services, due to social distancing measures implemented at Government offices resulting in prolonged processing periods. Further, although the current COVID-19 pandemic has not lead to any major disruptions to operations at our coal mines or facilities, we may be required to suspend or shut down operations at some or all of our mines or facilities as a result of the pandemic. While we have established temperature screening checkpoints and temporary medical facilities and isolation areas at all our mine sites as well as established COVID-19 testing facilities for our employees and their families, we cannot assure you that such measures or any other actions we have taken to mitigate the effects of the pandemic on our business operations will be adequate. If any of the foregoing disruptions to our operations were to reoccur, continue for an extended period of time or significantly worsen, our business, financial condition and results of operations may be materially and adversely affected.

More broadly, the global economic disruption from the COVID-19 outbreak has negatively affected Indonesian companies of all sizes, from SMEs to large corporates, which have experienced

significant reductions in sales and revenue. Even before the formal implementation of large scale social distancing in Indonesia at the end of March 2020, the COVID-19 outbreak initially adversely affected sectors related to travel, such as tourism, airlines, hospitality, food and beverage, and their sub-sectors. Subsequently, the COVID-19 outbreak affected a broader set of sectors due to a combination of weak demand and supply disruptions (including in manufacturing, commodities, and export-oriented sectors). Although certain sectors are believed to benefit from current social distancing measures (such as the technology, telecom, staple foods and pharmaceuticals and other healthcare related sectors), the overall impact of COVID-19 on Indonesia's economy has been adverse. Total combined revenue from contracts with customers of TIA, MIFA and BEL decreased by 12.0% from US$292.3 million for 2019 to US$257.1 million for 2020, primarily as a result of lower average selling prices and lower coal sales volume driven by the impact of COVID-19 on coal prices and demand. However, the extent to which the current COVID-19 pandemic will impact our operations and revenues will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain COVID-19 or mitigate its impact, and the direct and indirect economic effects of the illness and containment measures, among others. Any intensification of the current COVID-19 pandemic or any recurrence of SARS, influenza, Ebola or other contagious disease in Asia, including Indonesia, or elsewhere may adversely affect our businesses, financial condition and results of operations. Further, to the extent the outbreak of any infectious disease, including the current COVID-19 pandemic, adversely affects our businesses and financial results, it may also have the effect of exacerbating many of the other risks described in this "Risk Factors" section, such as those relating to the fluctuations in the demand, supply and prices for the products we sell and services we provide, fluctuations in the value of the Rupiah, the downgrade of credit ratings of Indonesia and Indonesian companies, and our ability to maintain sufficient levels of working capital and comply with the restrictions and covenants contained in our debt agreements. See also "*Business — Overview — COVID-19 impact and responses*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — Factors affecting our business and results of operations — Current COVID-19 pandemic*".

Our various businesses are concentrated within or primarily serve the mining and energy industries in Indonesia and any decline in these industries could materially adversely affect our business, financial condition, results of operations and prospects.

Our operations are concentrated within or primarily serve the mining and energy industries in Indonesia, in particular the coal industry. Reswara and CK are directly engaged in open cut coal mining and contract mining services, respectively. CKB provides integrated logistics services primarily to customers engaged in the mining, oil and gas, engineering and construction, power and heavy equipment industries. SSB provides engineering and manufacturing services to customers predominantly engaged, in the mining, oil and gas, petrochemical and power industries. PWP provides fuel and lubricants to other subsidiaries of the Company, the wider Trakindo Group and some unrelated third parties. While we seek to diversify our operations to additional industries, the vast majority of our revenues is sourced directly or indirectly from the mining and energy industries in Indonesia.

Demand for many of our services is also affected by capital spending by large mining, oil and gas and petrochemical companies, including national and international companies, which is, in turn, affected by trends in global and regional gold, coal, oil and gas prices. Perceptions of longer-term lower coal, oil and gas prices by mining, oil and gas and petrochemical companies can cause these companies to reduce or defer major expenditures given the long-term nature of many large-scale projects. Prices for coal, oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for coal, oil and natural gas, market uncertainty and a variety

of other factors that are beyond our control. Factors affecting the prices of gold, coal, oil and natural gas include:

- economic growth and related demand for increased services in China, India and Southeast Asia;
- worldwide political, military and economic conditions;
- the cost of producing and delivering coal, gold and oil and gas;
- population changes and the resulting changes in energy demands;
- the level of demand for coal, gold and oil and gas;
- governmental regulations or policies, including the policies of governments regarding the use of energy and the exploration for and production and development of their coal, oil and gas reserves;
- a reduction in energy demand as a result of energy taxation or a change in consumer spending patterns;
- the level of oil production by countries not within the Organization of the Petroleum Exporting Countries ("OPEC") and available excess production capacity within OPEC;
- global weather conditions and natural disasters;
- oil refining capacity and projected refinery capacity and geographic location;
- potential acceleration of the development of alternative fuels; and
- environmental regulation, including limitations on fossil fuel consumption based on concerns about its relationship to climate change.

Historically, the markets for gold, coal, oil and gas have been volatile, and they are likely to continue to be volatile in the future. See "*—Risks Relating to Our Open Cut Coal Mining Business and Our Contract Mining Services Business—Coal prices are cyclical and subject to significant fluctuations, and any significant decline in the prices we receive for our coal could materially adversely affect our business, financial condition, results of operations and prospects.*"

Demand for our services may also be materially and adversely affected by the consolidation of our customers, which could cause customers to reduce their capital spending, thereby reducing demand for our services, and result in customer personnel changes, thereby affecting the timing of contract negotiations and claim negotiations and settlements.

Any decline in the mining and energy industries could materially adversely affect our business, financial condition, results of operations and prospects.

A few customers account for a major portion of our total revenues.

In the year ended December 31, 2018, our five largest customers Adimitra Baratama Nusantara, Trakindo, Mulia Green Resources, Adani Global FZE, and PLN accounted for 44.8% of our total

consolidated revenue from contracts with customers. In the year ended December 31, 2019 , our five largest customers Mulia Green Resources, Trakindo, China Bai Gui International Trade, Antang Gunung Meratus, and Bukit Baiduri Energi accounted for 50.9% of our total consolidated revenue from contracts with customers. In the year ended December 31, 2020 and the three months ended March 31, 2021, our five largest customers Mulia Green Resources, Binuang Mitra Bersama, Multi Harapan Utama, Trakindo and Bungo Bara Utama accounted for 57.5% and 65.4% of our total consolidated revenue from contracts with customers, respectively. If one of our large customers were to terminate their contracts with us prior to the expiration date or the completion of the projects, as applicable, or if we are unable to extend our contract with any such customer upon its expiration, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The agreements we have with MIFA and TIA, as well as several of our external clients in our contract mining and other businesses, contain certain provisions allowing either contracting party to terminate the agreement prior to expiry on the occurrence of certain events, such as force majeure or failure to follow supply or operating and compliance provisions. In the event that our principal customers terminate our agreements based on such early termination provisions, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our results of operations depend on the award of new contracts and the timing of performance of these contracts.

As a substantial portion of our revenue is generated from mining projects and the timing of new project awards is unpredictable, our results of operations and cash flows may be subject to significant periodic fluctuations. At any given time, our business depends on revenues from a limited number of projects from certain large customers. It is generally very difficult to predict whether or when we will win similar contracts in the future as these contracts often involve lengthy and complex bidding and selection processes and are affected by a number of factors, such as market conditions, financing arrangements, governmental approvals and environmental matters. Although we have identified and are bidding for several projects, we cannot assure you that we can win the contracts for any of these projects in the near future or at all.

Consistent with industry practice, we are often required to provide performance and surety bonds to our customers. These bonds indemnify the customer should we fail to perform our obligations under the contract. If a bond is required for a particular project and we are unable to obtain an appropriate bond, we will not be able to pursue that project. Moreover, due to events that affect the insurance and bonding markets generally, performance and surety bonds may be difficult to obtain or may be available only at significant cost. In addition, we could at times be unable to provide necessary letters of credit due to liquidity or other issues. Any inability to obtain adequate bonding or provide letters of credit or other customary credit enhancements and, as a result, to submit bids on new work, could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to attract and retain a sufficient number of affordable, trained engineers and other skilled workers, our ability to pursue projects and effectively execute our growth strategy may be adversely affected and our costs may increase.

The Indonesian market in which we compete is currently growing. Our rate of growth will be confined by resource limitations as competitors and customers compete for increasingly scarce human resources. We believe our success depends upon our ability to attract, develop and retain a sufficient number of affordable, trained engineers and other skilled workers that can execute our

services in remote locations under difficult working conditions. The demand for trained engineers and other skilled workers is currently high and is expected to remain so for the foreseeable future. If we are unable to attract and retain a sufficient number of skilled personnel at affordable levels of compensation, our ability to pursue projects and effectively execute our growth strategy may be materially and adversely affected and the costs of performing our existing and future projects may increase, which may adversely impact our business, financial condition, results of operations and prospects.

Further, we are dependent on certain key senior management employees, including members of our Board of Directors. If we lose the services of any of our key senior management personnel, it could be very difficult to find, relocate and integrate adequate replacement personnel into our operations, which could seriously hamper our operations and the growth of our business. We are also dependent on attracting qualified technical employees to provide services in relation to all of our coal operations.

Our projects may encounter difficulties in the design or engineering phases related to the procurement of supplies and due to schedule changes, equipment performance failures and other factors that may result in additional costs to us, reductions in revenue, claims or disputes.

Our projects may involve complex design and engineering, significant procurement of equipment and supplies, and extensive construction management. Many of these projects involve design and engineering phases that may occur over extended time periods. We may encounter difficulties in the design or engineering, equipment and supply delivery, schedule changes, and other factors, some of which are beyond our control, that impact our ability to complete a project in accordance with the original delivery schedule. In some cases, the equipment we purchase for a project does not perform as expected, and these performance failures may result in delays in completion of the project or additional costs to us or the customer to complete the project and, in some cases, may require us to obtain alternate equipment at additional cost.

We may not be able to obtain compensation for additional work or expenses incurred as a result of customers changing orders or providing deficient design or engineering information, equipment or materials.

Some of our contracts may require that our customers provide us with design or engineering information or with equipment or materials to be used on the project. In some cases, the customer may provide us with deficient design or engineering information, equipment or materials or may provide the information, equipment or materials to us later than required by the project schedule. The customer may also determine, after commencement of the project, to change various elements of the project. Our project contracts generally require the customer to compensate us for additional work or expenses incurred due to customer-requested change orders or failure of the customer to provide us with specified design or engineering information or equipment or materials. Under these circumstances, we generally negotiate with the customer with respect to the amount of additional time required to make these changes and the compensation to be paid to us. However, we may be unable to obtain, through negotiation, arbitration, litigation or otherwise, adequate amounts to compensate us for the additional work or expenses incurred by us due to customer-requested change orders or failure by the customer to timely provide required items. A failure to obtain adequate compensation for these matters could require us to record adjustments to amounts of revenue and gross profit that were recognized in prior periods. Any such adjustments, if substantial, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be required to pay liquidated damages upon our failure to meet schedule or performance requirements of our contracts.

In certain circumstances, our contracts contain certain schedule and performance requirements. Failure to meet any such schedule or performance requirements could result in additional costs, and the amount of such additional costs could exceed projected profit margins for the project. These additional costs include liquidated damages paid under contractual penalty provisions, which could be substantial and may accrue on a daily basis. In addition, our actual costs could exceed our projections for numerous reasons, many of which are outside our control. Performance problems for existing and future contracts could cause actual results of operations to differ materially from those anticipated by us and could cause us to suffer damage to our reputation within our industry and our customer base.

Difficulties in engaging third-party subcontractors, equipment manufacturers or materials suppliers or failures by any such party to perform could result in project delays and cause us to incur additional costs.

We rely on third-party subcontractors as well as third-party equipment manufacturers and materials suppliers to assist us with the completion of our contracts. To the extent we cannot engage subcontractors or acquire equipment or materials, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for services, equipment and materials exceeds the amount we have estimated in bidding for fixed-price work, we could incur losses in the performance of these contracts. Any delay or failure by a subcontractor to satisfactorily complete our portion of the project and other factors beyond our control may result in delays in the project or may cause us to incur additional costs, or both. These delays and additional costs may be substantial and we may not be able to recover these costs from our customers or may be contractually required to compensate our customers for these delays. In such event, we may not be able to recover these additional costs from the responsible vendor, subcontractor or other third party. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms and timetable for any reason, including the deterioration of its financial condition, we may be delayed in completing the project and be required to purchase the services, equipment or materials from another source at a higher price, thereby reducing the profit or award fee to be realized or incurring a loss on a project for which the services, equipment or materials were needed.

Further, should any contracts with our third party contractors or subcontractors be terminated, our operations may be disrupted for a substantial period to find a suitable replacement and to allow the terminated contractor or subcontractor to remove its equipment and the new contractor or subcontractor to install its equipment, to the extent applicable. Further, we cannot assure you that a suitable replacement contractor or subcontractor could be found within a reasonable time or at all if any of our contractors or subcontractors ceased providing their services or terminated their contracts with us.

We have received considerable support from companies affiliated with the Group in the past and there can be no assurance that such support will continue in the future.

We have received considerable support from companies affiliated with the Group in the past and there can be no assurance that such support will continue in the future. We are reliant on our affiliated companies affiliated with the Group as both suppliers of equipment and components for our businesses and as customers of our services, and when dealing with companies affiliated with the Group we believe we enjoy favorable commercial terms which we might be unable to enjoy from

third parties. CK, for example, relies heavily on Trakindo, which supplies a substantial portion of its equipment, and on terms which we believe compare favorably to what third parties can offer with regard to order priority, payment flexibility, support and after sales services. In particular, CK relies heavily on Trakindo for the supply of Caterpillar-brand equipment, which is the premier heavy equipment brand in Indonesia and for which Trakindo is the sole authorized dealer. In addition, one of CKB's and SSB's principal customers is Trakindo. While alternative suppliers are available, the attributes of these equipment and components mean that certain components may only be available from a limited number of sources.

We cannot be certain that companies affiliated with the Group will continue to deal with us on the terms they currently do. For example, Trakindo has previously provided our businesses with advantageous payment terms through the entry into a payment agreement, which allowed for payment of our outstanding trade payables over a period of up to five years, but we now make payments to Trakindo on normal arm's length terms. Our inability to maintain our relationships and current terms of engagement with companies affiliated with the Group such as Trakindo could have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, historically, we have benefited from considerable financial support from parties affiliated with the Group. We have been reliant in part on the financial support of these parties affiliated with the Group for our operations. There can be no assurance that we will continue to have access to such financial support or that the loss of access to shareholder financing or guarantees will not result in a material adverse effect on our business, financial condition, results of operations and prospects.

We operate in a highly competitive industry and intense competition could adversely impact us.

We compete with numerous regional and specialized competitors. Some of our competitors are divisions or subsidiaries of larger companies, which have greater financial and other resources than we do. In other instances, our competitors may be smaller regional companies which have greater expertise as well as greater brand recognition in particular regional markets where we compete. If we do not compete successfully in these markets, our business, financial condition and results of operations may be materially adversely affected.

We compete primarily on the basis of the price, quality, range and functionality of our equipment and services. Our competitors can be expected to improve their equipment and services and to introduce new products at competitive prices, with attractive performance and design characteristics. We cannot assure you that we will have sufficient resources to continue to make adequate investments in our equipment and services or that we will be successful in maintaining our competitive position. If we do not anticipate and respond to changes in evolving market demands, including for new products and equipment, we will not be able to compete successfully in our markets.

We primarily operate in the Indonesian market, which is highly competitive and in which a large number of domestic and multinational companies compete. We also compete with domestic suppliers in places like China and India, as their increased production has reduced demand for imported coal in those markets. This highly competitive market requires that we retain substantial resources, technology and skilled personnel to compete in the market and our projects are frequently awarded through a competitive bidding process, which is standard in the industries in which we operate. As such, we must regularly compete for project awards based on pricing and the breadth and technological sophistication of our services. Any increase in competition or reduction in our competitive capabilities could have a material adverse impact on our business, financial conditions, results of operations and prospects.

We rely on our information technology system to provide quality services to our customers.

We rely extensively on our information technology systems to provide connectivity across our business functions through our software, hardware and network systems. Any failure in our information technology systems or loss of connectivity or any loss of data arising from such failure could have a material adverse impact on our business, financial conditions, results of operations and prospects.

In case of any natural calamity, strike, congestion, acts by third parties or any other factors that might affect the functioning of freight lines, our business may be adversely affected and we may be unable to meet certain contractual obligations.

Certain natural events and disasters that are beyond our control may adversely affect the functioning of the freight lines on which our business is dependent, and may thereby adversely affect our operations. In addition, strikes, congestion, acts by third parties or any other factors that may affect the functioning of ports in Indonesia or globally could adversely affect the volume of our logistics and vessel rental business, and may adversely affect our business, financial conditions, results of operations and prospects.

For our logistics and vessel rental business, we have commitments for safe and timely delivery of the cargo to our customers. Timely delivery of the cargo is affected by various factors that are outside of our control, including weather, required regulatory approval processes and road and infrastructure problems. Any failure to meet the scheduled timelines set by our customers or loss or damage to cargo may lead to our customers raising claims against us. Assertion of one or more legal claims against us could have an adverse effect on our business, financial conditions, results of operations and prospects. While we are insured for such risks, our insurance may not be sufficient to cover us for these risks completely and we would be liable to the customer for amounts exceeding our insurance limits. See "— *Our insurance coverage does not cover all potential losses*."

Our insurance coverage does not cover all potential losses.

The industries in which we operate are subject to significant risks that could result in damage to, or destruction of, properties or producing facilities, or machinery and equipment, personal injury or death, environmental damage, delays and disruptions, and monetary losses and possible legal liability. Where we consider it practical to do so, we maintain insurance against risks in the operation of our business and in amounts which we believe to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. In addition, and consistent with Indonesian industry practice, we do not maintain insurance for business interruption or for acts or omissions of our contractors. Accordingly, our insurance policies do not provide coverage for all losses related to our business, and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on our business, financial condition, results of operation and prospects. There can be no assurance that insurance that we do carry will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. Should any liabilities arise for which we are not insured or insurance coverage is inadequate to cover the entire liability or if insurers fail to pay such claims, they could reduce or eliminate our actual or prospective profitability, result in increasing costs and could materially and adversely affect our business, financial condition, results of operations and prospects.

Our indebtedness could adversely affect our business, financial condition, results of operations and prospects.

As of March 31, 2021, our total indebtedness was US$492.8 million calculated by the sum of short-term bank loans, current maturities of lease liabilities to third parties and lease liabilities to related parties, and long term net of current maturities of bonds payable, lease liabilities to third parties and lease liabilities to related parties. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness*" for additional information. This indebtedness could have important consequences to our business and prospects, including the following:

- we may be required to dedicate a substantial portion of our cash flow from operations to required payments of indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;

- covenants relating to our indebtedness may limit our ability to obtain additional financing or utilize the available financing facilities for working capital, capital expenditures and other general corporate activities;

- covenants relating to our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and the coal mining industry;

- we may be unable to obtain funding for acquisitions of new businesses and projects;

- we may be more vulnerable than our less leveraged competitors to the impact of economic downturns and adverse developments in our business; and

- we may be placed at a competitive disadvantage against any less leveraged competitors.

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, we may incur additional indebtedness in the future, which could further exacerbate the risks described above. Covenants in agreements governing debt that we may incur in the future may materially restrict our operations and financial flexibility, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets, which could adversely affect our ability to finance our future operations or capital needs or to execute our strategy. In addition, financial covenants contained in agreements relating to our existing and future debt could lead to a default in the event that our results of operations do not meet our plans. A default under one debt instrument may also trigger cross-acceleration or cross-defaults under our other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on business, financial condition, results of operations and prospects.

The outcome of any pending or future threatened litigation could adversely affect our business, financial condition, result of operations and prospects.

From time to time, we may be involved in legal proceedings concerning matters that arise in the ordinary course of our business operations. We are currently involved in, among others, a number of legal proceedings in connection with our business for which no final decisions have been made. See "*Business — Litigation*" for further details regarding these matters and other legal proceedings involving us or our subsidiaries.

A court's decision against us or our subsidiaries in such legal proceedings or revocation of our IUPs or forestry borrow-use permits resulting from any legal dispute may have a material adverse effect on our business, financial condition, and results of operations and prospects.

We have had to restate our published consolidated financial statements due to corrections of misstatements in certain financial statement line items.

We have had instances in the past where we had to restate our previously published unaudited and unreviewed consolidated financial statements due to corrections of misstatements in certain financial statement line items. Most recently when we published our interim consolidated financial statements as of March 31, 2021 and for the three-month period then ended, the corresponding interim consolidated financial information for the three-month period ended March 31, 2020 was restated due to corrections of misstatements in the implementation of PSAK 71 and PSAK 73, long-term employee benefits liability, translation of financial statements of certain subsidiaries, deferred tax assets, deferred tax liabilities, revenue from contracts with customers, mining properties, inventories, and reclassifications to conform with the presentation of accounts in the interim consolidated financial statements as of March 31, 2021 and for the three-month period then ended, resulting in material differences between the previously reported amounts and the restated amounts for certain financial statement line items. There can be no assurance that in the future we will not have further misstatements requiring corrections and restatements that may materially or adversely affect the market price of the Notes. In addition, if we fail to remediate any potential future material weakness in our internal control over financial reporting, we may not be able to accurately report our consolidated financial position, financial performance, or cash flows, or report them in a timely manner.

We may not be able to successfully manage our foreign currency exchange risk.

Fluctuations in exchange rates have affected and may continue to affect our financial condition and results of operations. Our reporting currency is the U.S. dollar. However, certain expenses associated with our daily operations are denominated in other currencies, primarily the Rupiah. Additionally, certain of our monetary liabilities, and particularly our monetary assets, such as tax receivables and trade receivables, refer to and are denominated in foreign currency, primarily the Rupiah. At December 31, 2018, we had net monetary assets denominated in Rupiah of US$13.6 million and at December 31, 2019 and 2020 and at March 31, 2021 we had net monetary liabilities denominated in Rupiah US$30.9 million, US$52.6 million and US$73.3 million, respectively. We have not historically hedged and do not currently hedge our exposure to fluctuations in exchange rates.

Accordingly, our results of operations can be affected by fluctuations in exchange rates, in particular by depreciation or appreciation of the Rupiah against the U.S. dollar. The Rupiah has undergone periods of significant depreciation against the U.S. dollar. We had gain (loss) on foreign exchange from operations of US$1.0 million, US$(0.5) million, US$3.0 million and US$0.0 million for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, respectively.

We may not be able to successfully implement our business strategies or achieve our objectives.

Whether we ultimately implement the business strategies plans described in this Offering Memorandum, and whether we achieve the objectives described in this Offering Memorandum, will depend on a number of factors including, but not limited to: the availability and cost of capital; current and projected prices and demand; markets, including the Indonesian Stock Exchange, where we are listed; costs and availability of services, costs and availability of equipment, machinery, supplies and personnel; success or failure of activities in similar areas to those in which we operate;

success in obtaining the requisite approvals, permits or licenses; success in land acquisition (for example, for the purpose of building an additional or alternative transport solution); successful acquisition of additional thermal coal reserves and resources; success in entering new markets and business lines in order to increase our non-thermal coal related EBITDA and meet the revenue growth and other targets in our transition plan; and changes in estimates of costs associated with our strategies. We will continue to gather information about our projects, and it is possible that additional information will cause us to alter our schedule or determine that a proposal or project should not be pursued at all. Accordingly, our plans and objectives may change from those described in this Offering Memorandum.

Our cash flows may be adversely affected by difficulties in collecting payments from our customers.

We may provide our customers with credit terms in some of our operations. For example, under the terms of our contract mining operating agreements, we bill our customers on a monthly basis with average credit terms ranging between 30 to 60 days, depending on the customer and our internal credit assessment procedures. Certain of our customers have delayed payment in the past and there is no assurance that we will not experience difficulties in collecting payments due from our customers in the future. For example, in the past few years we have entered into debt settlement agreements with certain of our customers with respect to their then outstanding debts to us. In addition, we may experience similar difficulties in collecting our accounts receivable in the future. Such difficulties in collecting our account receivables may adversely affect our cash flows, working capital position and financial condition.

Risks Relating to Our Open Cut Coal Mining Business and Our Contract Mining Services Business

Coal prices are cyclical and subject to significant fluctuations, and any significant decline in the prices we receive for our coal could materially adversely affect our business, financial condition, results of operations and prospects.

Our results of operations are highly dependent upon the prices that Reswara receives for its coal. Some of our coal supply agreements contain provisions that require the parties to negotiate the sales prices every month or every few months. The parties negotiate the new coal price in consideration of the prices set forth in the Coal Price Benchmark (Harga Batubara Acuan) or the ICI Index, the coal price reference provided by the Ministry for Energy and Mineral Resources ("MEMR"). To the extent our prices are renegotiated under our coal supply agreements, we are subject to price volatility, which has been significant, over the term of those coal supply agreements.

Prices for all of our coal products are based upon or affected by global coal prices, which tend to be highly cyclical and subject to significant fluctuations. Prices for our coal products are also affected by a variety of other factors over which we have no control, including weather, transportation problems, government policy and related regulatory issues, and major public health issues, such as the current COVID-19 pandemic. According to Wood Mackenzie, benchmark prices hit historical lows in the second and third quarter of 2020 amid lockdowns across the globe, as well as extended coal-to-gas switching risk and protectionist measures. Newcastle benchmark fell below US$50/t in August 2020 for the first time since late 2015. The FOB Indonesia EcoCoal 4,200 kcal/kg (ICI-4 equivalent) benchmark price fell to a low of US$24/t in Q3 2020 while the FOB Indonesia 3,400 kcal/kg (ICI-5 equivalent) dropped to US$18/t in the same period. Prices of seaborne thermal coal slowly started recovery from August, only to begin accelerating towards the end of 2020 as Chinese imports increased ahead of winter and industrial demand from India strengthened. Colder

than expected weather across Europe, China, Japan and elsewhere drove power generation to record highs in December and spurred demand for coal. However, spot supply was limited after producers spent the majority of the year cutting production to align with the demand destruction of the COVID-19 pandemic.

The global coal markets are sensitive to changes in coal mining capacity and output levels, patterns of demand and consumption of coal from the electricity generation industry and other industries for which coal is the principal fuel, and changes in the global economy. The coal consumption patterns of the electricity generation and other industries for which coal is the principal fuel are affected by the demand for their products, local environmental and other governmental regulations, technological developments and the price and availability of competing coal and alternative fuel supplies. All of these factors can have a significant impact on selling prices for our coal. Demand for coal is also affected by the price of alternative energy sources, including nuclear energy, natural gas, oil and renewable energy sources, such as hydroelectric power, and recent increases in the price of oil have also contributed to increases in the price of coal. The price of our coal is also affected by the value that the market places on environmentally desirable coal (i.e., low-ash, low-sulfur coal) and other economic benefits of our coal. Discoveries of coal resources of low-ash, low-sulfur coal in closer proximity to Reswara's customers could create price competition for us and result in downward pricing pressures or the loss of customers. In addition, improved distribution of Australian, South African or U.S. coal, lower ocean freight rates that improve the overall price competitiveness of U.S. coal, an economic downturn in China, India or Asia in general or a change in current China government policy restricting coal exports could further reduce world coal prices. These developments may lead to increased competition and lower coal prices in the future. Any oversupply of coal in the world markets could reduce world coal prices in the future and the prices we receive for our coal sales under existing or new coal supply agreements.

We have not historically hedged and do not currently hedge, nor do we intend in the foreseeable future to hedge, the commodity price risk associated with the price of coal. In circumstances where we have entered into supply contracts with a minimum volume to be delivered, we may need to continue mining when coal prices fall between our cash costs.

Revenue from our contract mining services business is indirectly dependent on international and domestic demand for coal and coal prices and, in turn, on factors affecting such demand and pricing. The terms of our contract mining operating agreements with CK's customers typically provide, among other things, targeted production volumes with respect to coal extraction or production and overburden removal. These production targets are typically set in the preceding year, are communicated to us by our customers, including TIA and MIFA, on a rolling basis, and are subject to mutual agreement. Fees paid to us under these operating agreements are based on prescribed unit rates and the volumes of overburden removed, as well as coal mined, hauled and delivered to the stockpile. Unit rates are subject to adjustment for fuel prices and other variations in the cost of raw materials and labor as provided for in the terms of the relevant operating agreement and also adjustments related to the market price of coal.

As such, as coal prices increase, the customers for our contract mining services business may review and increase production targets where possible in order to maximize their revenue based on the higher price received for their products. Similarly, in times where coal prices are declining, our production targets may be reduced. Coal prices also affect the economic viability of mining operations. Generally, coal is extracted from a producing coal seam down to the depth at which the marginal cost of production is equivalent to marginal revenue derived. Accordingly, higher coal prices make the extraction of coal at greater depths more economically viable for coal producers, subject to operational considerations such as health and safety concerns. Coal prices may also affect the mine plan, and in turn, the strip ratios with respect to each producing coal seam. In the event of

significant declines in coal prices, our customers may instruct to decrease strip ratios with respect to their mines, which typically results in coal reserve losses. Decreases in strip ratios will result in a corresponding decrease in our overburden removal target volumes, in addition to decreasing the production lifespan of the mine and the volume of viable coal extraction, which may, in turn, adversely affect our revenues, business and prospects.

Sales of coal produced at our mines decreased by 10.7% from US$144.7 million for the six months ended December 30, 2019 to US$129.2 million for the six months ended December 30, 2020, primarily as a result of lower average selling prices by the impact of COVID-19 on coal prices and demand. However, given the rapidly changing implications of the spread of COVID-19, it is difficult to assess the full nature and extent of the impact that the outbreak will have on the demand and prices for our coal and, in turn, our financial performance for 2020 and future periods. See also *"— Risks Common to All Our Businesses — Outbreak of an infectious disease, such as the current COVID-19 pandemic, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely affect us" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — Other factors affecting our business and results of operations — Current COVID-19 pandemic*." If the current COVID-19 pandemic persists, our financial performance for 2021 and future periods may be materially and adversely affected.

Any fluctuation in world coal demand and prices will directly or indirectly affect our business, prospects, revenues, profitability, financial condition and results of operations, in particular, extended or substantial price declines would also have a material adverse effect on our business, financial condition, results of operations and prospects.

The regulatory framework governing the Indonesian mineral resource and mining industry sectors is undergoing significant changes, and adverse changes or developments in mining laws or regulations may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition, results of operations and prospects.

The mining industry and mining activities are subject to extensive regulation within Indonesia, and there have been major developments in laws and regulations applicable to coal concession holders and mining service operators. In particular, the enactment of Law No. 4 of 2009 on Coal and Mineral Mining on January 12, 2009 (the "Mining Law") replaced the previous regulatory framework. On June 10, 2020, the Government issued Law No. 3 of 2020 on Amendment to Mining Law, which amended Mining Law, as further amended by Law No. 11 of 2020 on Job Creation ("New Mining Law"). The New Mining Law, which sets out the regulatory framework for the mining industry in Indonesia, only contains substantive principles and leaves many specific issues to be addressed in implementing regulations, such as the appointment of mining services contractors and domestic processing. For instance, under the New Mining Law, coal and other minerals mined within Indonesia must be processed domestically. However, for coal products, there is no specific regulation setting out the minimum standard of coal that can be exported. Indonesian coal producers are also restricted from engaging their subsidiaries or affiliates to provide mining services on their concessions without obtaining prior ministerial approval, and are required to prioritize domestic contractors, labor and products and services. The New Mining Law provides for implementing regulations to be issued at a later date with respect to these provisions.

Any regulatory changes affecting coal concession holders, including those set out in the implementing regulations, may affect our business as a mining services contractor as well. Specifically with respect to mining services, the MEMR issued Regulation No. 7 of 2020 on Procedure to Grant Areas, Licenses and Reporting in Mineral and Coal Mining Business Activities

on March 6, 2020 (the "Mining Service Regulations"). The Mining Service Regulations are one of the implementing regulations under the New Mining Law and they require, among other things, that coal concession holders, rather than mining service contractors, conduct certain activities in the coal extraction process (namely, coal digging and coal loading).

While we have amended our operating agreements at MIFA, if we are unable to amend all of our other operating agreements to comply with the New Mining Law and its implementing regulations, including the Mining Service Regulations and its subsequent amendment, TIA and BEL and the contractors they engage, including CK, may be subject to administrative sanctions in the form of written warnings, temporary suspensions and the revocation of our mining or mining services licenses. A court or an administrative or regulatory body may in the future render interpretations of these laws and regulations, or issue new or modified regulations, that differ from our interpretation, which could materially and adversely affect our business, financial condition, results of operations and prospects. For more information regarding the Mining Law and other applicable regulations, see "*Regulation*."

Our mining operations are dependent on our ability to obtain, maintain and renew licenses, permits and approvals and maintain our concession from the Government and other relevant government authorities.

We require various licenses, permits, and approvals from the regional governments and the Government to conduct our mining operations. These licenses include general corporate, mining, manpower, environmental, land utilization, forestry and other licenses. We must renew all of our permits, licenses and approvals as they expire, as well as obtain new permits, licenses and approvals when required. We cannot assure you that the Government (whether at the central or regional level) will issue or renew the permits, licenses or approvals we require in the timeframe we anticipate or at all. A loss of, or failure to obtain or renew, any permits, approvals and licenses necessary for our operations could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our most significant licenses are our IUPs granted by regional governmental authorities, which grant TIA, MIFA and BEL the exclusive right to mine in their respective concession areas. In addition to the risks relating to the extensions of our IUPs, the provisions of our IUPs may subject us to the following risks:

- If we fail to comply with or satisfy our obligations under our IUPs or if we breach applicable laws and regulations, the issuing regional government may revoke these IUPs. Such obligations and applicable laws may include the payment of royalties and taxes to the regional government and the satisfaction of certain mining, environmental, health and safety requirements. In addition, third parties may challenge our rights under the IUPs as a part of any legal claims made by them. Such challenge as a part of any legal claims by third parties would only be, for example, an overlapping concession area between ours and third parties. Furthermore, as CK conducts most of our mining operations at our concession areas, CK's failure to perform its obligations under its operating agreement may result in our inability to satisfy the contractual obligations under our IUPs. Any of the foregoing would have a material adverse effect on our future business, financial condition, results of operations and prospects.

- It may be difficult to enforce arbitral awards or judgments against the relevant regional government in Indonesian courts. In the event of disputes under our IUPs, there is no provision requiring us to submit to arbitration or other judicial courts. This could make it

difficult to enforce our rights under the IUPs. In the event of dispute, the only way for us to submit a complaint, relating to our IUPs, against the relevant regional government would be through the administrative court (*Pengadilan Tata Usaha Negara* or "PTUN") of the relevant jurisdiction, because any decision made by administrative official may only be challenged in PTUN and IUP's, seeing the condition that it was issued by regional government, is considered as administrative official decision.

- Certain mining areas under TIA's and MIFA's IUPs may overlap with the mining concession areas owned by third parties. In the past, there have been instances where a party was granted a KP or IUP for mining of resources by a regional government which overlapped with a concession granted by the MEMR. If any dispute arises in the future in connection with the usage or title of these overlapping areas, there can be no assurance that any such dispute will be resolved favorably and, as a result, we may temporarily or permanently lose access to these mining areas.

In addition, we rely on our borrow-use permits (*Izin Pinjam Pakai Kawasan Hutan*) issued by the Ministry of Forestry (currently known as Ministry of Environment and Forestry) and Head of the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or "BKPM") on behalf of the Minister of Environment and Forestry to exploit the concession area under TIA's IUP. This is required as the concession area under our IUPs for TIA is within production forests. Indonesian laws impose severe penalties for mining within production forest areas without a borrow-use permit, including a maximum jail sentence of fifteen years and a maximum of Rp.50 billion fine. If mining is conducted by or on behalf of a legal entity, members of the entity's management may be imprisoned for up to 20 years. TIA currently has four borrow-use permits expiring in December 2022 and March 2031, allowing it to use 1,745.06 hectares of land within our concession in South Kalimantan. We also rely on our borrow-use permit issued by the Ministry of Manpower of Transmigration to exploit approximately 769.8 hectares of concession area under MIFA's IUP that overlaps with the land owned by the Government. MIFA's borrow-use permit will expire on February 2024 and may be extended. If we are unable to maintain our current borrow-use permits or obtain borrow-use permits necessary to expand our mining operations, our business, financial condition, results of operations and prospects could be materially and adversely affected. Our concessions areas at MIFA and BEL are largely outside of the production forest area.

If any of our IUPs were revoked for any reason, we would be unable to mine coal within the applicable concession areas and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We face risks related to the expansion of our open cut coal mining operations.

We intend to acquire new thermal coal mining rights in Kalimantan to replace the production of our TIA concession. Since the commencement of production in 2012 and 2011 at our MIFA and BEL concessions, respectively, to March 31, 2021, we have mined approximately 27.3 and 3.1 million tons of coal from our MIFA and BEL concessions, respectively. We expect to produce 9.0 million tons, 1.5 million tons and 2.9 million tons of coal for the year 2021 at our MIFA, BEL and TIA concessions, respectively. Our open cut coal mining expansion program and planned increased coal production are dependent upon acquiring suitable thermal coal reserves and resources, signing coal supply agreements with customers and upon the coal logistics chain that supports such expansion and production. These expected increases will be dependent upon our ability to exploit the existing coal reserves, and operate and maintain our coal logistics chain.

Our ability to increase our production capacity within the timeframes targeted, or at all, will be subject to a number of additional risks, including:

- delays in obtaining necessary licenses, permits and approvals as we must obtain or maintain regional and national Government permits, licenses and approvals to proceed with our expansion plans and any delay or failure to do so within the timeframe we anticipate, or at all, could delay or prevent our expansion. For example, a delay or failure to obtain "borrow-use" permits over areas targeted for additional production within our concession area or the port license required for our new coal logistics chain could delay or prevent our expansion;

- we may be unable to integrate new equipment, machinery, facilities and concession areas into the production or logistics process as efficiently and quickly as we expect;

- we may not be able to increase our production capacity to comply with our expansion plans, which would require us to make alternative arrangements, cause delays and potentially increase the costs of our expansion plans;

- the equipment, facilities and machinery used in our coal logistics chains to increase production may not perform according to specifications or expectations;

- we may experience difficulties in obtaining machinery, equipment and spare parts, particularly coal hauling trucks, excavators and tires for such equipment, required to increase production;

- our capital expenditures and operating plans are and will be subject to risks, contingencies and other factors, some of which are and will be beyond our control, such as increases in costs and delivery delays of equipment and materials, adverse weather conditions and our ability to secure necessary approvals, recruit a sufficient number of qualified employees and obtain required financing on acceptable terms or at all, which may affect our ability to increase production as planned and expand our operations;

- we may generate insufficient cash flow from our operations;

- effects of changes in laws, including tax laws, and regulations affecting the Indonesian coal industry;

- unknown liabilities, tax or otherwise, relating to previous mining operations at the site;

- mine construction difficulties, including difficulties due to lack of management experiences, shortages of equipment or materials, work stoppages, weather interferences, unforeseen engineering, design environmental and geological problems, or unanticipated cost increases;

- economic factors, including, coal prices, fuel price risk and other operational costs and foreign exchange risk;

- unexpected difficulties or delays in finalizing or implementing a profitable coal blending strategy;

- regulatory discretion, including interpretation and implementation of the IUPs governing the concession area and the Mining Law;

- the effects of international and domestic political events;

- effects of current or future litigation; and

- unforeseen conditions or developments could arise during our expansion programs that could substantially delay our planned expansion, including adverse weather conditions (such as heavy rainfall and forest fires), land disputes with villagers in our concession area, difficulties negotiating with villagers to vacate our concession area and equipment and machinery malfunctions once operations commence.

We expect to incur significant start-up capital expenditures and development costs during the mine construction phases at any new concession areas and further development costs at our existing concession areas that will not be immediately off-set, and may not be off-set at all, by any revenues or other benefits from coal sales. Our inability to expand our operations and production could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our coal production is concentrated in a few mining sites, some of which are nearing the end of their useful life and there is no assurance that we will be successful in increasing our coal resources to replenish the depleted resources.

We currently produce our own coal from three mining concession areas. Through TIA, we have the mining rights to a total concession area of 3,085 hectares under a Production Operation IUP. Such IUP expires on March 5, 2031. Through MIFA, we have the mining rights to a total concession area of 3,134 hectares under a Production Operation IUP, which expires on April 13, 2025. Through BEL, we have the mining rights to a total concession area of 1,495 hectares under a Production Operation IUP, which expires on September 26, 2027. There is no assurance that we will be able to obtain a renewal or extensions of such Production Operation IUPs. Any significant operational or other difficulties in the mining, processing, storing, transporting or shipping of coal at or from these areas could reduce, disrupt or halt our coal production, which would materially and adversely affect our businesses, financial condition, results of operations and prospects.

Further, current coal reserves at our TIA concession are limited. Based on the Reserve Statement for TIA, as of December 31, 2020, TIA's concession area has a total of 8 million tons of coal reserves and 21 million tons of coal resources. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x , we expect that our current reserves estimates at the TIA concessions could be depleted as soon as 2023. The depletion of our TIA concession, without the acquisition of a viable replacement concession(s), could have a material adverse effect on our business, financial condition, results of operations and prospects, in particular, the ability of our open cut coal mining business to generate material revenues and cash flows. See "*— The acquisition of mining companies or concessions may not be successful and could result in operating difficulties and other harmful consequences*." and "*Our business may be adversely affected in the long term if we are unable to convert coal resources to reserves in our concession areas or if we are unable to acquire additional coal resources and reserves*."

The acquisition of mining companies or concessions may not be successful and could result in operating difficulties and other harmful consequences.

We intend to expand our coal and other mining operations, primarily through the acquisition or investment in new brownfield coal or other mining concessions or companies. In particular, we are currently reviewing a number of potential thermal coal sites in Kalimantan as part of our strategy to

increase our reserves and resources. If we decide to pursue strategic acquisitions or investments, the success of such acquisitions or investments will depend on the availability of suitable acquisition or investment candidates at an acceptable cost, our ability to compete effectively to attract and reach agreement with acquisition candidates on commercially reasonable terms, and the availability of financing to complete such acquisitions or investments. In addition, the anticipated benefits of our future acquisitions may not materialize. Future acquisitions could result in incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition. We could incur significant upfront capital expenditures and development costs that we may be unable to recover through returns from operations. Future acquisitions could also divert management's time and focus from operating our current businesses. In addition, integrating an acquired company, business or technology is risky and may result in unforeseen operating difficulties and expenditures associated with integrating employees from the acquired company into our organization and integrating each company's accounting, management information, human resources and other administrative systems to permit effective management. We may fail to realize expected synergies, growth opportunities and other benefits from such acquisitions. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our experience is concentrated in operating and providing mining services for thermal coal mines, and as a result, the experience we have gained in mining and mining services may not be fully relevant or applicable to the development of our future lines of business.

Our experience in the development of properties has been concentrated in providing mining services for thermal coal mines, in Kalimantan and Aceh. We intend to develop, in the future, other mining and mining services projects outside of thermal coal and Kalimantan or Aceh, as well as other lines of business utilizing our equipment and knowledge. However, the experience we have gained in mining and providing mining services for thermal coal mines in Kalimantan and Aceh is limited in terms of industry, geology and geography. We may purchase other types of mineral mines or contract to provide other types of mining services or other lines of business in which we have had no, or limited prior experience. For example, our strategy includes re-focusing away from the thermal coal business, including by acquiring non-coal mining operations, in which we have no previous experience. See "*Business — Our Strategy — Transition plan to diversify cashflows derived from non-thermal coal businesses*." Matters relating to such projects or lines of business may require more time and attention of management than currently anticipated. There is also no assurance that any of our projects or lines of business will achieve the benefits or results currently expected by management. The success of any of our projects or lines of business will be dependent upon the extent to which we are able to effectively apply our previous experience to such new projects or lines of business. If any of our future projects or lines of business are not successful, this may have a material adverse effect on our business, financial condition, results of operations and prospects, and on our ability to pay interest on, and repay the principal of, the Notes.

The interpretation and implementation of applicable regional mining laws and regulations is uncertain and certain of our mines have not been meeting their Domestic Market Obligations.

The regulation of mining companies in Indonesia by regional governments is subject to uncertainty due to the scope and application of laws issued by the Government and limitations in the ability of regional governments to apply local regulations. Moreover, limited precedents or other guidance exists concerning the interpretation and implementation of the regional laws and regulations. This uncertainty increases the risks, and may increase the costs, involved in mining activities in Indonesia.

Our IUPs have been issued by regional governments in South Kalimantan and Aceh. The regional governments or regional government officials where our concessions are located could adopt regulations or decrees, or interpret and implement regional autonomy laws or regulations or question the validity of IUPs issued by previous regional governments or officials in a manner that could adversely affect our ability to exploit coal in our IUP concession areas, including the revocation of an IUP prior to its expiry date. For example, under our IUPs for MIFA and BEL issued by the regional government in Aceh and related regulations we are required to comply a domestic sales obligations. *See "Regulation — Domestic Market Obligation."* For the current financial year, MIFA and BEL must set each aside 25% of their production for the domestic market. Because the coal produced by MIFA and BEL is not in demand in the domestic market, by customers such as PLN, MIFA and BEL each set aside less than the required 25% domestic market obligation. To date, MIFA and BEL have never received any sanctions or warnings from the relevant government institution due to the incompliance of this requirement, but this may change at any time due to economic, political or other factors. Failure to meet the DMO level may result in sanctions imposed by the Government, which may differ each year based on the Government ruling. These sanctions could cover, for example, reduction of production quota for the following year or invoke an obligation to pay compensation calculated based on the discrepancy between the minimum DMO obligation and actual sales. In addition, in connection with our IUPs, we face uncertainties resulting from the Indonesian governmental infrastructure and newly implemented or ambiguous regulations. See "*Regulation — Coal Mining Regulations*" for a summary of the relevant regulations.

The characteristics of coal may make it difficult for coal users to comply with environmental standards related to coal combustion, which may cause such users to switch to alternative fuel sources and adversely affect demand for coal and coal prices. This may result in decreases in our production targets and, in turn, our revenues.

Coal contains impurities, including sulfur, mercury, chlorine, carbon and other elements and compounds, many of which are released into the air when coal is burned. Stricter environmental regulation of emissions from coal fired electricity generation plants and other industrial plants could increase the costs of using coal, thereby reducing demand for coal as a fuel source, and adversely affect our and our customers' coal sales and coal prices. Stricter regulations could make coal a less attractive fuel alternative in the planning and building of electricity generation plants in the future, thereby reducing demand for coal, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect businesses and the markets in which they operate. Indonesia and nearly 200 other nations are signatories to the 1992 United Nations Framework Convention on Global Climate Change, which is intended to limit or capture emissions of greenhouse gasses, such as carbon dioxide. In 1997, in Kyoto, Japan, the signatories to the convention established country-specific targets for cutting greenhouse gas emissions for developed nations. In December 2007, the signatories to the convention also participated in the United Nations Climate Change Conference held in Bali, Indonesia, where participants agreed to the adoption of the "Bali Roadmap", which sets forth a new negotiating process leading to an international agreement on climate change by 2012 or thereafter. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets supplied by our customers. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. Following the 2015 United Nations Climate Change Conference, the Paris Agreement within the United Nations Framework Convention on Climate Change ("UNFCCC"), Indonesia and approximately 195 other members states have signed the agreement.

The agreement, which aims to hold back the increase in global temperatures, increases the ability to adapt to the adverse impacts of climate change and provides channels to finance projects that lead towards reducing greenhouse gas emissions and a climate-resilient development strategy, entered into force globally on November 4, 2016 and in Indonesia was specifically ratified on October 31, 2016. China has also limited its manufacturing activity to address its severe air pollution and adopted a policy to lower carbon emissions by reducing coal usage for its power plants, all of which has had a significant effect on coal demand. At the United Nations General Assembly on September 22, 2020, China's President Xi Jinping announced a pledge to make China carbon neutral by 2060.

The enactment of comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets serviced by us. Further, our compliance with any new environmental laws or regulations, particularly relating to greenhouse gas emissions, may require significant capital expenditure or result in the incurrence of fees and other penalties in the event of noncompliance. We cannot assure you that future legislative, regulatory, international law, industry, trade or other developments will not negatively impact our open cut coal mining operations and the demand for our coal. In addition, we may be subject to activism from environmental Groups and organizations campaigning against our open cut coal mining activities, which could affect our reputation and disrupt our operations. For example, activism against the coal industry has pressured several banks and other financial institutions to implement policies against financing companies engaged in open cut coal mining or coal-fired power generation including, in some cases, worldwide bans on providing lending, underwriting and advisory services for transactions associated with open cut coal mining and coal-fired power projects. As more banks and financial institutions cease to provide key financial services to companies operating in the coal industry, including us, as well as coal-fired power plant operators and other end-users of coal, our access to additional funding may be restricted and the demand for our coal products may significantly decline.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal. Other efforts to reduce emissions of greenhouse gasses and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source and could materially and adversely affect our business, financial condition, results of operations and prospects. Furthermore, there is a potential gap between the current valuation of coal reserves and the reduced value that could result if a significant proportion of our coal reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. In such an event, our inability to utilize our coal reserves may adversely affect our financial condition and results of operations.

The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt TIA's, MIFA's and BEL's operations. These disruptions in operations may, in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

Seasonal weather changes may adversely affect our mining and transportation operations.

Our mining operations are affected by changes in weather conditions, particularly heavy rains. South Kalimantan and Aceh, where our mining operations are located, experience an annual rainy season, which may occur at various times throughout the year. During the rainy season, the concession areas of TIA, MIFA and BEL typically experience heavy rains and occasional flooding. Heavy rains and winds affect our operations by increasing truck cycle times, reducing the efficiency

of equipment and otherwise slowing or stopping entirely overburden removal, mining, haulage, barging and transshipment.

When it rains, we may lose production time either because of unsafe working conditions which necessitate complete stoppage of operations or lower equipment and labor efficiency. Post-rain clean-up is also necessary before work can resume operations safely. Adverse weather conditions could prevent us from meeting our production targets under our contract mining operating agreements. We attempt to mitigate the effects of the rainy season by increasing production during the dry season to provide sufficient stockpiles to satisfy customers' demands during the rainy season and by constructing all-weather roads.

Most of our coal sale contracts include provisions in the event that a force majeure condition disrupts or delays a party's performance of the contract. We have previously, including as recently as 2020 in South Kalimantan and 2021 in Aceh, encountered periods of continuous heavy rains or other bad weather conditions that prevented coal hauling, barging, shipping and transportation activities. Delivery was delayed by several days, but we did not incur demurrage costs or face disputes with our customers, due to the force majeure provisions contained in our agreements. While none of our contracts were terminated due to the force majeure event, there can be no assurance that similar circumstances in the future would not cause customers to terminate contracts.

Our mining operations are also affected during the dry season when water levels decrease in rivers and inland waterways used for barging coal. The risk of forest fires is also highest during the dry season. Seasonal weather changes may have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on key pieces of plant, equipment and machinery to conduct our mining and contract mining services operations, the acquisition of which is dependent upon our ability to obtain additional capital or financing.

Our mining and contract mining services businesses depend on key pieces of plant, equipment and machinery, including fleets of excavators, bulldozers, graders and hauling trucks, coal crushing plants, barge loading facilities, and workshops and warehouses. Any significant damage to, failure of, or operational difficulties with, the key components of our mining operations could have a material adverse effect on our business, financial condition, results of operations and prospects.

Given the age and number of our equipment and machinery, we replace a substantial part of our fleet and acquire additional pieces of equipment and machinery for our mining operations on a regular basis. Such replacement and acquisition is dependent upon our ability to obtain necessary capital or financing. If we are unable to replace or acquire additional pieces of equipment and machinery due to our inability to obtain necessary capital or financing, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The coal industry is highly competitive and is affected by factors beyond our control.

In the year ended December 31, 2020 and the three months ended March 31, 2021, 84.0% and 82.4% of our total coal sales, by revenue, were exported overseas, respectively. We expect export sales will continue to account for most of our coal sales in the coming years. Our principal coal producer competitors in Indonesia include large coal producing companies that focus on low-ranking or sub-bituminous coal. We compete with other coal producing groups primarily on the basis of price, coal quality, transportation cost and reliability of supply. Some of our international competitors, particularly those in Australia, may have greater coal production capacity, lower cash

production costs as well as greater financial, marketing, distribution and other resources than we do, and may benefit from more established brand names in international markets. Demand for our coal by our principal customers is also affected by the price of alternative energy sources, including nuclear energy, natural gas, oil and renewable energy sources, such as hydroelectric power. Generally, the competitiveness of our coal products compared to the coal products of our competitors and alternative fuel supplies is evaluated on a delivered cost per heating value unit basis. Factors that directly influence production costs of coal producers include the geological characteristics of their coal (including seam thickness), strip ratios, depth of underground reserves (for underground mining companies), transportation costs, fuel costs and labor availability. Our cash production costs are based, in part, on the strip ratio for areas mined by us which may vary due to geological conditions and will increase as we extract coal in mining areas experiencing higher strip ratios. Because world coal prices are denominated in U.S. dollars, we and our competitors are also affected by the relative rates of exchange between the U.S. dollar and our or their local currency. Our inability to maintain our competitive position as a result of these or other factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

We also compete with both domestic Indonesian and international mining contractors for our contract mining services business, primarily on the basis of price, quality, track record and reliability of services provided. Demand for our contract mining services by our principal customers is affected by factors which affect demand for coal production, such as the availability of alternative and renewable energy resources and as described above. Certain of our competitors may have larger mining service operations than we do or have significant capital or other resources available to them for the development of their mining service operations in Indonesia.

We expect to encounter intense competition for provision of contract mining services to new coal mines entering the exploitation stage in the future. If we are unable to maintain our competitive position relative to those of our competitors, our business, financial condition, results of operations and prospects may be adversely affected.

Our results of operations are subject to fuel price volatility.

Fuel represents a significant portion of our operating costs for mining representing 17.3%, 16.3%, 18.5% and 17.5% of our cost of revenue in the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, respectively, and fluctuations in fuel prices may affect our profitability. While we are also considering the development of coal power sources to reduce our exposure to fuel oil, any significant increase in fuel prices may increase our coal production costs significantly. We have not historically hedged and do not currently hedge our fuel price risk, though we are investigating various options of doing so in the future. If we are unable to pass such increased costs to our customers, our profitability will be affected, and on the other hand, if we pass such increased costs to our customers, our customers may terminate their supply contract or may not enter into further supply contracts with us. As such, any significant increases in the price of fuel and any corresponding increase in our productions costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

Increases in the price, and delays or shortages in delivery, of spare parts and explosives may adversely impact the costs related to our mining and contract mining services businesses.

Costs of spare parts comprise another significant portion of our production costs, representing 10.4%, 7.9%, 10.0% and 9.0% of our cost of revenue for mining and contract mining services businesses in the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, respectively. Historically, prices for mining equipment, machinery and related spare

parts and rental payments for operating and financing leases of such equipment and machinery have increased substantially. If this occurs in the future, costs associated with replacing or adding machinery and equipment and the cost of spare parts, particularly tires, may increase, which would increase our production costs and adversely affect our profitability. Whilst steel prices are currently expected to be higher than previous years, there is no shortage of steel in the global market and prices for mining equipment, machinery and related spare parts are generally stable, although prices are expected to increase over time. However, if worldwide growth in the future results in a shortage of steel, rubber or other commodities that are necessary for our operations, the cost of replacing or adding equipment and machinery to our operations and the cost of spare parts could increase, thereby increasing our cost of goods sold.

Global demand for off-the-road ("OTR") tires has increased significantly in the past, as has the demand for the vehicles that use such tires, resulting at times in supply shortages. If we or our subcontractors are unable to secure sufficient OTR tires for our vehicles or heavy equipment in the future, or if we or our subcontractors are unable to secure adequate OTR trucks or other mining equipment, we may suffer temporary reductions in our production capacity. The same demand which led to such shortages has in the past resulted in a significant increase in mining equipment prices generally and longer lead times for the delivery of equipment. Although manufacturers of mining equipment have been increasing their capacity, capacity increases may not be sufficient to meet the significant increase in demand.

In addition, we are exposed to fluctuations in the prices of key materials used in mining operations (other than diesel fuel costs) such as explosives which are primarily made from ammonia, the price of which can fluctuate significantly. The costs for explosives represented 0.6%, 0.8%, 1.2% and 1.2% of our cost of revenue in the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, respectively. If the prices for ammonium nitrate increase, our costs for explosives and thus our cost of goods sold and services would increase.

Any significant increase in our cost of goods sold and services, whether related to the costs of equipment, fuel, spare parts or explosives or any delays in delivery of equipment, fuel, spare parts or explosives, or inability to secure such supplies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to fulfill our customers' requirements due to unexpected disruptions or safety incidents, which could harm our customer relationships or cause our results of operations to fluctuate across fiscal periods.

Our mining operations are subject to events and operating conditions and risks, some of which are beyond our control, which could disrupt or delay our mining, loading, transportation or delivery of coal or minerals for varying lengths of time. These risks include unexpected maintenance or technical problems, periodic interruptions to our mining operations due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions and critical equipment failure, including malfunction and breakdown of our shovels, upon which our mining operations are heavily reliant and which would require considerable time to replace. These risks and hazards may result in personal injury, damage to, or destruction of, properties or production facilities, environmental damage, business interruption and damage to our business reputation. In addition, operations at our mine sites involve the operation of heavy machinery and explosives, which could result in industrial accidents with damage to property, personal injury or death. In such event, we may be liable for loss of life and property, medical expenses, medical leave payments and fines or penalties for violation of applicable Indonesian laws and regulations. We may also be subject to business interruptions or negative publicity as a result of equipment shutdowns for

Government investigations or the implementation or imposition of enhanced safety measures as a result of such accidents. These types of accidents or enhanced safety measures imposed by Government authorities could have a material adverse effect on the manner in which we conduct our operations, thereby adversely impacting our business, financial condition, results of operations and prospects.

In addition, mining continues to be a labor-intensive industry and we may, from time to time, experience unexpected disruptions arising out of disputes with our employees or the labor force.

We may also be unable to mine or deliver sufficient amounts of coal or remove sufficient amounts of overburden to meet our customers' demands or the amount we are required to deliver or remove, respectively, under our present or future agreements. These events, conditions and risks may be due to the following factors:

- operating and infrastructure risks, such as the risks of fires, explosions, embargoes, accidents, labor disputes, unexpected geological conditions, mine collapses and environmental hazards;

- adverse weather and natural disasters, including heavy rains, floods, strong winds, large swells, extended periods of dry weather leading to low river levels, earthquakes, tsunamis and forest fires;

- hazards of maritime operations, such as piracy, capsizing, collision and adverse sea conditions;

- actions taken by local authorities, such as building or repairing infrastructure, which restricts our ability to transport coal or supplies on roads we utilize;

- unexpected breakdowns, failures and maintenance problems of plant, equipment or machinery or difficulties or delays in obtaining replacement plant, equipment or machinery;

- protests by the local community against our mines relating to environmental concerns, compensation claims for land acquisitions, contractor or employee deaths or serious injuries or other reasons;

- failure to obtain key materials and supplies, such as explosives, fuel and spare parts due to various factors including, among others, transportation limitations due to weather conditions, global shipping and port congestion and occasional low river levels;

- variations in coal seam thickness, the amount and type of rock and soil overlying the coal seam (overburden) and discrepancies to our geological models;

- delays or disruptions in our coal chains, production logistics, shipments of our coal products or importation of equipment, materials and spare parts;

- changes in geological conditions and geotechnical instability of the high walls or low walls of our mining pits;

- increased costs of and risks related to shipping;

- injuries and casualties arising from accidents on our mining sites;
- any potential labor disputes; and
- failure of reserve estimates to prove correct.

If any of these operating risks occur, we could incur substantial losses. Such losses may involve serious personal injury or loss of life, severe damage to or destruction of property and equipment, pollution, destruction of natural resources or other environmental damage, environmental remediation responsibilities, regulatory investigation and penalties and suspension of operations.

Any of the above factors may also result in a failure to deliver sufficient amounts of coal to meet our coal delivery commitments or meet our production targets for coal extraction and delivery and overburden removal. liquidated damages or temporary reductions in payments may apply if we are unable to meet our coal extraction and overburden removal production targets. Liquidated damages calculations are based on the amount of insufficient overburden volume and a percentage of the prevailing overburden rate. We cannot assure you that problems similar to the ones we have previously experienced will not re-occur or that new problems will not arise. Our inability to satisfy our contractual obligations and our customers' demands in the future could result in customers initiating claims against us or otherwise harm our relationships with our customers and harm our contract renewal prospects, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to maintain good relations with local communities near our concession areas, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Due to the adverse environmental impact associated with mining activities, local communities surrounding the areas in which we conduct mining operations may oppose further mining activities being carried out in these locations. Local communities may also cause disruptions due to disputes relating to compensation claims for land acquisitions and land use rights, local contractor or employee deaths or serious injuries or for other reasons.

We support infrastructure programs, including building roads and other facilities near our project sites. Though we believe we have, to date, maintained good relations with these local communities, we cannot assure you that our mining operations will not be disrupted by local community opposition or unrest. If our operations are disrupted in the future by protests or complaints from members of the local communities we may be unable to mine or deliver sufficient amounts of coal or remove sufficient amounts of overburden to meet our customers' requirements, which could have material adverse effect on our business, financial condition, results of operations and prospects.

Any fluctuation in the consistency of coal quality sold may result in economic penalties, price adjustments, rejection or termination of supply contracts.

We are required under our coal sale agreements to meet quality thresholds for certain characteristics, such as low sulfur content, ash content and Calorie levels. While we carefully monitor the quality of coal extracted and sold, we remain subject to transport limitations which may result in a need to stockpile coal along our transport chain before delivery is made to our customers. Any exposure to the open air in unsheltered intermediate stockpiles or on unsheltered barges, for extended periods of two or more months, may increase moisture levels or decrease the fluidity of

stockpiled coal. See "— *Fluctuations in sea freight transportation costs and disruptions in transportation could adversely affect the demand for our coal and increase competition from coal producers in other parts of Asia and the world.*" for a description of transport limitations which may hinder our ability to manage the exposure of our coal to the elements and, accordingly, control the quality of our coal.

We are similarly required under our open cut coal mining services contract to ensure that the quality of coal hauled is not adversely affected by any contaminants during the term of contract. Any decline in coal quality due to our negligence during the performance of our services may cause us to incur additional penalties.

Our failure to meet these delivery or product quality specifications could result in economic penalties, including price adjustments, rejection of deliveries or termination of the contracts, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our mining operations create difficult and costly environmental challenges, and changes in environmental laws and regulations or their interpretation or implementation, or unanticipated environmental effects from our operations, could require us to incur new or increased costs.

Our mining operations could adversely affect the environment, resulting from, among other factors, our water use, disposal of overburden, creation of runoff from our mining pits, coal stockpiles, overburden and topsoil storage piles and discharge of emissions from our coal crushing, screening and blending plants. We are subject to Indonesian environmental and health and safety laws, regulations, forestry laws and other legal requirements enacted or adopted by the Government and regional governments. These laws govern operational activities such as exploration, development, production, health and safety, toxic substances, discharge of substances into the air and water, the management and disposal of hazardous substances and wastes, site cleanup, groundwater quality and availability, plant and wildlife protection, reclamation and restoration of mining properties after mining is completed, the restriction of open cut coal mining activities on protected forest areas and other related matters. The environmental regulations require various governmental permits and licenses to be granted to us prior to the commencement of mining operations on a particular site. It also requires us to submit an environmental impact study to be approved by the Government before it may increase our production capacity. The costs associated with complying with these laws have had, and will continue to have, a significant impact on our operating costs and competitive position. In addition, we may be required to incur substantial costs or penalties as a result of violations of, or liabilities under, environmental and health and safety laws. Furthermore, permission to carry on mining operations may be suspended if there is evidence of serious failure to meet environmental standards, or withdrawn permanently in the event of extreme failures.

Under the terms of CK's operating agreements with its customers, each concession holder, including TIA and MIFA, is responsible for complying with the applicable Indonesian laws and regulations and applying for such certifications, permits and licenses. CK's contract mining services business requires certifications, permits or licenses and submission of reports to regulatory authorities. The operating agreements typically also require CK to comply with prevailing environmental laws and regulations in performing our obligations under such operating agreements, including requirements under applicable environmental laws and regulations, and provide that costs of such compliance or failure to comply with applicable environmental regulations are to be borne by it. If our contract mining services on a mining site are not compliant with applicable Indonesian environmental regulations, or if an incident were to occur on a mining site operated by us, we could

be held liable to our customers for any damages or expenses arising out of or in connection with such incident. In addition, our customers may terminate their operating agreements with CK for any failure to comply with its contractual obligations with respect to compliance with environmental laws and regulations. If this were to occur, our revenues, profitability, business, financial condition, results of operations and prospects may be materially and adversely affected. Failures by our customers to comply with applicable laws or regulations may also result in, among others, the loss of their concession rights, the suspension or revocation of permits and licenses necessary for mining operations and other enforcement measures that could have the effect of disrupting our operations. If such circumstances occur, we may be required to suspend or cease our operations on the affected site, and our business, profitability, financial condition and results of operations may be adversely affected.

The impact of our operations on the environment may be materially greater than we anticipate or is allowed by Indonesian environmental laws and regulations. In addition, the requirements for compliance and remediation under existing Indonesian laws and regulations may be materially increased by new laws or regulations or changes in the interpretation or implementation of existing laws and regulations. We cannot assure you that we will not experience difficulties in complying with any new environmental requirements. Any material increase in the cost of environmental compliance and remediation or the occurrence of a major environmental accident at our mines could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business may be adversely affected in the long term if we are unable to convert coal resources to reserves in our concession areas or if we are unable to acquire additional coal resources and reserves.

Our coal reserves, as currently estimated, are expected to decline as mining continues. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x, we expect that our current reserves estimates at the TIA concessions could be depleted as soon as 2023. We estimate the remaining mine life at the MIFA and BEL concessions area to each be more than 16 years, based on proved and probable reserves as of December 31, 2020. Our future growth will be dependent on our ability to convert coal resources into economically recoverable coal reserves within our existing concession area or our ability to economically acquire new concession areas with suitable coal reserves and/or resources. Our inability to obtain new coal resources and reserves would have a material adverse effect on our business, financial condition, results of operations and prospects. See "— *The acquisition of mining companies or concessions may not be successful and could result in operating difficulties and other harmful consequences*."

Even if we discover additional resources, it could take us a number of years from the initial phases of drilling before exploitation is possible, during which the economic viability of production may change. It takes substantial time and expenditures to:

- establish coal reserves through drilling;
- determine appropriate mining processes for optimizing the recovery of the coal;
- obtain environmental and other licenses required in order to obtain and maintain mining concessions;
- construct mining and processing facilities for green field properties; and
- mine and market the coal.

If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. In addition, potential changes or complications involving mining and other logistical processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

Whether a project is economically viable will depend in part on the price of coal, which is volatile. See "— *Coal prices are cyclical and subject to significant fluctuations, and any significant decline in the prices we receive for our coal could materially adversely affect our business, financial condition, results of operations and prospects*."

As a result of any of these factors, we may not discover any viable resources, we may be unable to exploit any resources discovered, or we may not be able to recover all or any portion of our investments in those exploration activities, which could materially adversely affect our business, financial condition, results of operations and prospects.

We face numerous uncertainties in estimating our coal reserves and resources which are based on a number of assumptions.

In determining the feasibility of developing and operating our mines, we use estimates of coal reserves and resources that are made by our internal personnel and, in most cases, by independent mining consultants such as RPM. These estimated coal reserves and resources have been determined by taking into account knowledge, experience and industry practice and may require revision based upon actual production experience, operating costs, world coal prices and may be affected by many other factors, including quality of the results of exploration drilling and analysis of coal samples, as well as the procedures adopted by and the experience of the person making the estimates. Determinations of coal resources or reserves that appear valid when made may change significantly in the future when new information becomes available.

We determined our proved and probable coal reserve amounts included in this Offering Memorandum in accordance with the 2012 JORC Code, which is an accepted standard for professional reporting purposes in Australia, Asia and certain other jurisdictions. The coal reserve estimates we have included in this Offering Memorandum are only estimates of the coal deposits that can be economically and legally recovered. The classification of reserves as either proved or probable carries a different level of confidence. Proved reserves carry a higher certainty, are generally believed to be more likely to be recovered and are estimated with a higher level of confidence than probable reserves.

Numerous uncertainties inherent in estimating quantities and the value of proved and probable coal reserves exist, including many factors beyond our control. As a result, estimates of reserves are, by their nature, uncertain. When calculating reserves estimates, we make assumptions, about:

- geological conditions;
- historical production from the mining area compared with production from other producing areas;
- the effects of regulations and taxes by governmental agencies;
- future prices; and
- historical and assumed future operating costs, including increased reliance on mining contractors.

Actual factors may vary considerably from the assumptions we use in estimating our reserves resources. For these reasons, our actual recoverable and marketable reserves and resources and our actual production, costs, revenues and expenditures related to our reserves and resources may vary materially from our estimates. Our estimates may not accurately reflect our actual reserves or resources or be indicative of future production, costs, revenues or expenditures.

In addition, the quality of coal ultimately mined may differ from that indicated by drilling results, which will result in variations in the volumes of coal that we can sell from period to period. Should we encounter coal seams or formations different from those predicted by past drilling, sampling and similar examinations and exploration activities, our reserve and resource amounts may have to be adjusted. There can be no assurance in the future that coal recovered in laboratory tests will be duplicated under on-site conditions or in production scale operations. In the event that the actual level of impurities is higher than expected or if the coal mined is of a lower quality than expected, the demand for, and realizable price of, our coal may decrease.

Also, our reserve amounts have been determined based on assumed coal prices and historical and assumed operating costs. Some of our reserves may become unprofitable or economically prohibitive to develop if there are unfavorable long-term market price fluctuations for coal, or if there are significant increases in our operating costs and capital expenditure requirements, which may require the impairment of some of our assets. For example, we recorded an impairment loss of US$24.0 million in 2020 due to declining coal prices and idled equipment. Our exploration activities may not result in the discovery of additional coal deposits that can be mined profitably. Our coal products may not continue to meet the quality specifications in our coal supply agreements. Adjustments to proved and probable coal reserves could affect our development and any significant reduction in the volumes and grades of the coal reserves and resources we recover from what we have estimated could have a material adverse effect on our business, financial condition, results of operations and prospects.

The cost of our significant ongoing mine reclamation and rehabilitation obligations could have a material adverse effect on our business, financial condition, results of operation and prospects.

The Government establishes operational, reclamation and closure standards for all aspects of surface mining. We have developed mine reclamation and rehabilitation strategies based on the geological characteristics of our mines. The coal deposits of our surface mines permit us to use topsoil from land clearing immediately to rehabilitate previously mined blocks. We place overburden into external waste dumps or in mined out pits as we progress. As we conduct reclamation and rehabilitation activities, we record an expense for the estimated cost of these reclamation and rehabilitation activities (including reclamation and rehabilitation expenses for areas being mined by mining contractors) and record a liability for the estimated future cash outlays for reclamation and rehabilitation. These expenses increase as we disturb more areas for mining to increase our coal production.

With our mining and contract mining services businesses, we are, and will continue to be, responsible for the reclamation and rehabilitation of mining areas in our own concessions as well as those third party concessions for which we have contractually agreed to provide reclamation or rehabilitation services. Under our IUPs, we are responsible to the Government for the reclamation and rehabilitation of all areas being mined within our concession areas. Our mine reclamation and rehabilitation liabilities can change significantly if our actual costs vary from our assumptions or if Governmental regulations change. Any significant unanticipated increase in our reclamation and rehabilitation costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, we are required to provide the Government with reclamation guarantees securing the performance of our reclamation obligations in our concession areas. These guarantees can be enforced by the Government if reclamation works are not carried out as agreed for a specified period.

Coal remains the legal property of the Government until payment of royalty.

Under the New Mining Law, we do not hold legal title to any coal. The Government retains title to all coal until the payment of royalty to the Government and regional government is made. Although the property, plant and equipment purchased by us and all coal inventories are classified as our assets of on our balance sheet, we do not have legal title to these assets. Based on applicable regulations, each of TIA, MIFA and BEL are currently required to pay royalties of 2 — 5% of their respective revenues from coal sales. In addition, MIFA and BEL also currently participate in the payment of regional development fees by paying 1.0% of their respective revenues from coal sales to their local regency, based on the customary requirement by each of the regional agencies. There can be no assurance that royalties and development fees will not increase in the future. Any such increase could have a material adverse effect on our business, financial condition, results of operations and prospects. Under the New Mining Law, business actors that increase the added-value of coal may be granted certain favorable treatment in relation to the mandatory state revenue in the form of imposition of 0% royalty.

Furthermore, the IUPs could be revoked by the Minister of Energy and Mineral Resources at their option without compensation if the company holding the concession were declared bankrupt. Since the coal we produce in our operations is the property of the Government, the assets of TIA, MIFA or BEL, as the case may be, may not be sufficient to satisfy outstanding claims of its creditors and make distributions to its shareholders if it were to be declared bankrupt, liquidated or wound up.

Our mining operations may be affected by mining licenses issued by local governments in conflict with concessions held by us or customers for our contract mining business.

Under the Indonesian constitution, all mineral resources are deemed to be national assets and are therefore controlled by the Government. Based on current Indonesian mining laws and regulations in force, authority over and control and regulation of strategic and vital mineral resources, including coal, is vested in the Minister of Energy and Mineral Resources, while authority over and control and regulation of non-strategic and non-vital mineral resources is vested in the regional governments of Indonesia based on their location. Under previous mining laws and regulations, investors could conduct mining activities in Indonesia under either a Coal Contract of Work (*Perjanjian Karya Pengusahaan Pertambangan Batubara or Kontrak Karya*) or a KP. The Minister of Energy and Mineral Resources, representing the Government, had the authority to appoint contractors through contracts of work, or concessions, to carry out mining activities. These concessions were typically granted for a period of 30 years, with extension permitted.

Under the current New Mining Law, a new mine concession will be granted through the issue of either an IUP or IUPK for areas which the Government has designated as being of national strategic interest (or state reserve areas). The IUPK and IUPs can only be issued by the Central Government through MEMR. However, as the MEMR may still delegate certain of its powers to the provincial and regional governments, such governments may still be involved in the licensing process if granted such authority by the MEMR. The New Mining Law stipulates that previously granted concessions will continue to be valid until expiry and shall be subject to certain adjustments in accordance with the New Mining Law.

Under both the previous and current regulatory regimes, the delegation of authority to issue concession or mining license rights gives rise to the possibility of overlap between licenses or concessions issued by different authorities. There can be no assurance that local miners will not receive permits to mine coal or other minerals, or obtain logging or plantation permits from local or regional governments which conflict with our concession rights or the rights of our customers under the terms of their coal concessions. If this occurs, our mining operations in our own concession areas or those of our customers may be disrupted, and in the event that such third party claims are successful, we may be required to cease our mining operations on such site and terminate our coal production or our contract mining operating agreement with the relevant customer. This may adversely affect our business, revenues, financial condition, results of operations and prospects.

Parties to our contract mining operating agreements may disagree on certain factors that determine the unit rates applicable to actual production volumes, which may affect our working capital position and cash flows.

We invoice our customers on a monthly basis based on records of units rented to support our customers' coal production and the coal volumes delivered and overburden removed at the respective unit rates specified in the terms of our operating agreements with such customers, as adjusted in accordance with the price adjustment mechanisms set out therein.

Our customers may dispute our production or overburden removal volumes or our adjustments to applicable unit rate changes. In the event we are unable to recover disputed amounts from our customers, or if similar disputes were to arise with other customers in the future which we are unable to resolve in an amicable manner, our business, cash flows, financial condition and results of operation, or relationship with such customers, may be materially and adversely affected.

Fluctuations in sea freight transportation costs and disruptions in transportation could adversely affect the demand for our coal and increase competition from coal producers in other parts of Asia and the world.

Sea freight transportation costs, which represent a significant portion of the total cost of coal purchased by our coal supply customers, are a critical factor in our customers' purchasing decisions. Currently, under the terms of our coal supply agreements, the customer is responsible for paying sea freight transportation costs. Increases in sea freight transportation costs could make our coal less competitive than other sources of coal or in markets outside of Southeast Asia, such as Europe and North America, relative to coal producers that are in closer geographic proximity to such markets. On the other hand, significant decreases in sea freight transportation costs, or the absence of disruptions in coal sea freight transportation systems, could result in increased competition from coal producers in other parts of the world. Decreases in sea freight transportation rates may provide our competitors from other areas of the world an opportunity to serve customers in our markets, depending on their proximity to the target market.

We depend upon ships to deliver coal to the majority of our customers. While our customers typically arrange and pay for sea freight transportation of coal from our coal shipping terminals to the point of use, disruption of these sea freight transportation services because of freight availability, weather-related problems, distribution problems, labor disputes, logistics issues or other events could temporarily restrict our ability to supply coal to our customers or could result in demurrage claims by ship owners for loading delays. In particular, the transportation services we rely on may be disrupted by the current COVID-19 pandemic, see "*— Risks Relating to All of Our Business — In case of any natural calamity, strike, congestion, acts by third parties or any other factors that might affect the functioning of freight lines, our business may be adversely affected and*

we may be unable to meet certain contractual obligations." and "*Risks Relating to All of Our Business — Outbreak of an infectious disease, such as the current COVID-19 pandemic, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely affect us*." For example, ship owners are now required to provide health declarations for their crew to port authorities in order to obtain a loading permit. In addition, if any crew member exhibits any symptoms of COVID-19, the crew member as well as all other crew members operating in the same shift may be subject to testing procedures. In the event that any of our coal transportation services providers are unable to provide the required health declarations, or if any of the crew on their vessels are suspected to have or have contracted COVID-19, the loading processes for our coal and, in turn, deliveries to our customers, may be subject to significant delay. Given the rapidly changing implications of the spread of COVID-19, it is difficult to assess the full nature and extent of the impact that the outbreak will have on transportation services and costs. We cannot assure you that such transportation services will not continue to be disrupted, or that transportation costs will not increase in the future, and a prolonged or significant disruption in, or increase in the costs of, the transportation services that we rely on may materially and adversely affect our business, financial condition and results of operations.

Any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our mining activities may be disrupted by illegal mining activities.

Unauthorized extraction and removal or theft of coal from mining concession areas is a common problem for several mine operators in Indonesia. Illegal mining in Indonesia has increased in recent years primarily due to increases in market prices for coal, the decentralization of the Government's authority and increased black-market demand for coal products. The level of illegal mining or theft of coal typically increases as coal prices rise, as they have since 2000. Mining company losses from illegal mining include reserve losses and the rehabilitation costs associated with illegally mined areas.

We have not, to date, experienced any significant coal theft. We cannot assure you that unauthorized extraction of coal or illegal mining within one or more of our concession areas will not occur in the future or that our mining operations will not be disrupted by illegal mining activities. Any illegal mining within our concession areas could have a material adverse effect on our business, financial condition, results of operations and prospects.

CK's operating costs are subject to fluctuations and increases which we may not be able to pass on to our customers.

Under the terms of CK's operating agreements with customers, we are typically paid certain fees per BCM of overburden removed and per hours of equipment leased for coal production for CK's contract mining services. Under the operating agreements, prices per BCM of overburden removed are generally based on the location and terrain of the project, the estimated strip ratio, the distances over which that overburden are to be transported and other factors affecting our operating costs, save that we are typically entitled to pass through fuel cost variances from the specified contractual rate as well as certain other costs to the concession holder.

In the event that the estimates and assumptions which we rely on in agreeing to provide contract mining services to customers at such agreed rates prove to be inaccurate, or if events occur which have a disruptive effect on our ordinary operations, our operating costs may increase. In addition, we are exposed to inflationary pressures with respect to our production costs such as wage

and salary costs and costs of raw materials and there can be no assurance that we will be able to negotiate a corresponding increase in the fixed contractual rates governing overburden removal and coal extraction and delivery. In such instances, our profitability, business, financial condition and results of operations may be adversely affected.

Risks Relating to our Fuel and Lubricants Supply Business

Increases in the price, and delays or shortages in delivery, of fuel and lubricants may adversely impact the costs related to fuel and lubricants supply.

We are exposed to fluctuations in the prices of fuel, which we purchase at spot prices and lubricants, which we purchase at fixed prices over longer terms. If the prices of fuel and lubricants increase, our cost of procuring supply of such products and thus our cost of goods sold and services would increase.

Any significant increase in our cost of goods sold and services, or inability to secure such supplies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risk of interruptions in importation of fuel and lubricants.

We supply fuel and lubricants to our customers on a just-in-time basis. A large portion of Indonesia's fuel and lubricants supply is imported from overseas and is transported to Indonesia by tanker. In addition, both imported and domestically produced fuel and lubricants are transported to our sales' areas by our suppliers, including by tanker and barge. This creates a risk of transportation delays or suspensions if supplies are interrupted.

RISKS RELATING TO INDONESIA

All of our operations and substantially all of our assets are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies the Government may take or adopt, or omit from taking or adopting, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Political and social instability in Indonesia may adversely affect us.

Following the collapse of President Suharto's regime in 1998, Indonesia has experienced a process of democratic change. Despite Indonesia successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the middle-east. Although these demonstrations were generally peaceful, some have turned violent.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further

political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes.

Indonesia is subject to significant geological risk that could lead to natural disasters and economic loss.

Because of its location in a geologically active part of the world, Indonesia is subject to various forms of natural disasters. These include earthquakes, tsunamis, volcanic eruptions, floods and landslides that can result in major losses of life and property, such as the 2004 Indian Ocean Tsunami that devastated the province of Aceh and therefore have significant economic and developmental effects.

While these events have not had a significant impact on Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings including ours, thereby materially and adversely affecting our business financial condition, results of operations and prospects, and on our ability to pay interest on, and repay the principal of, the Notes.

In addition, the future geological or meteorological occurrences, may significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Terrorist attacks and terrorist activities and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business.

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia, in 2017 and during the last several years, there have been various terrorist attacks directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people.

There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy, interrupt parts of our business and materially and adversely affect our financial condition, results of operations and prospects.

Regional autonomy may adversely affect our business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of the former President Soeharto, the Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the allocation of revenues generated from extraction of national resources

in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources. In response to such demand, the Indonesian Parliament in 1999 passed Law No. 22 of 1999 regarding Regional Autonomy ("Law No. 22/1999") and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments ("Law No. 25/1999"). Law No. 22/1999 has been revoked by Law No 32 of 2004, which was further amended by Law No. 23 of 2014, and lastly amended by Law No. 2 of 2015, Law No. 9 of 2015 on Regional Autonomy and the Job Creation Law. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments as partly revoked by Government Regulation in Lieu of Law No. 1 of 2020 ("Law No. 33/2004"). Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of "national assets and resources" and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy and with the presence of the Law No. 28 of 2009 on Local Taxes and Levies as amended by Law No. 11 of 2020 on Job Creation, Law No. 23 of 2014 on Regional Autonomy and Constitution Court Decision No. 46/PUU-XII/2014, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments or are in addition to restrictions, taxes and levies stipulated by the central Government. Our business and operations are located in various locations in Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Labor laws and regulations in Indonesia and labor unrest may materially adversely affect our results of operations.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 regarding Labor Union (the "Labor Union Law"). The Labor Union Law permits employees to form unions without intervention from an employer, the government, a political party or any other party. On March 25, 2003, President Megawati enacted Law No. 13 of 2003 regarding Employment (the "Labor Law") which, among other things, increased the amount of severance, pension, medical coverage, life insurance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires companies with 50 or more employees establish bipartite forums with participation from employers and employees. The Labor Law also requires a labor union to have participation of more than half of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strikes.

Law No. 11 of 2020 on Job Creation (the "Job Creation Law") as further implemented with recently enacted Government Regulation No. 35 of 2021 on Fixed-Term Employment Agreement, Outsourcing, Working Hours and Time-off, and Termination of Employment, introduced several amendments to the Labor Law, including, among others, that employers may terminate employees based on 'efficiency' due to losses, where the Labor Law previously required that termination on this ground required closure of the company. Another change is that there is now only one severance payment formula applicable to all grounds of termination, where previously some grounds for

termination granted a double severance payment (*pesangon*). In addition to the above, there will be several implementing regulations to be issued that will govern, among others, outsourcing and termination of employees by the Government. The changes proposed have triggered several protests against the Job Creation Law in Indonesia, and labor unrest may continue as the implementing regulations are to be issued.

Labor unrest and activism in Indonesia could disrupt our operations, our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes.

Indonesian accounting standards differ from those in other jurisdictions.

We prepare our financial statements in accordance with Indonesian FAS, which differs from U.S. GAAP. As a result, our financial statements and reported earnings could be significantly different from those that would be reported under U.S. GAAP. This Offering Memorandum does not contain a reconciliation of our financial statements to U.S. GAAP, and there can be no assurance that such reconciliation would not reveal material differences. See "*Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP*" for a summary of certain principal accounting differences that may be applicable to us.

Regional or global economic challenges may materially and adversely affect the Indonesian economy and our business.

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among others, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments. As a result of the economic crisis in 1997, the Government has had to rely on the support of international agencies and governments to prevent sovereign debt defaults. The economic difficulties Indonesia faced during the Asian economic crisis that began in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness.

Indonesia's economy remains significantly affected by the Asian economic crisis, which resulted in a decrease in Indonesia's real GDP growth in recent years. These conditions had a material adverse effect on Indonesian businesses. The global financial markets have experienced, and may continue to experience, significant turbulence originating from the liquidity shortfalls in the U.S. credit and sub-prime residential mortgage markets since 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. The global economic crisis has also resulted in a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. The global financial markets have also recently experienced volatility as a result of concerns over the debt crisis in the Eurozone. Uncertainty over the outcome of the Eurozone governments' financial support programs and worries about sovereign finances generally are ongoing.

The Government continues to have a modest fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile and has poor liquidity, and

the banking sector is weak and suffers from high levels of non-performing loans. The inflation rate (measured by the year on year change in the consumer price index) remains volatile with an annual inflation rate of 1.9% in 2018 and 2.3% in 2019 and 1.4% in 2020.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our business. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and on our ability to pay interest on, and repay the principal of, the Notes.

We are subject to corporate disclosure and reporting requirements that differ from those in other countries.

We are subject to corporate governance and reporting requirements in Indonesia that differ, in significant respects, from those applicable to companies in certain other countries. The amount of information made publicly available by issuers in Indonesia may be less than that made publicly available by comparable companies in certain more developed countries, and certain statistical and financial information of a type typically published by companies in certain more developed countries may not be available. As a result, investors may not have access to the same level and type of disclosure as that available in other countries, and comparisons with other companies in other countries may not be possible in all respects.

Downgrades of the credit ratings of Indonesia and Indonesian companies could materially and adversely affect us and the market price of the Notes.

As of the date of this Offering Memorandum, Indonesia's sovereign foreign currency long-term debt is rated "Baa2" (stable) by Moody's, "BBB" (stable) by Fitch and "BBB" (negative) by S&P. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due and are an improvement over the sovereign ratings granted by these international credit rating agencies to Indonesian following the 1997 financial crisis.

Any downgrade to credit rating of Indonesia or Indonesian companies could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on us.

RISKS RELATING TO THE NOTES AND THE SUBSIDIARY GUARANTEES

Through the purchase of the Notes, the Holders of the Notes may be exposed to a legal system subject to considerable discretion and uncertainty, and it may be difficult or impossible for the Holders of the Notes to pursue claims under the Notes or the Subsidiary Guarantees.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical application by Indonesian courts, differ materially from those that would apply within the United States, the United Kingdom or the European Union. Indonesia's legal system is a civil law system based mainly on written statutes; judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws as well as rules on judicial process were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated

commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is that the outcome of the application of Indonesian law is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit a clear articulation of the legal and factual analysis of the issues presented in a case. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

In addition, under the Indonesian Civil Code, a guarantor may ostensibly waive its right to require the obligee to exhaust its legal remedies against the obligor's assets prior to the obligee exercising its rights under a related guarantee. However, a guarantor may be able to argue successfully that such guarantor can nonetheless require the obligee to exhaust such remedies before acting against the guarantor. We cannot assure you that an Indonesian court would not side with the Subsidiary Guarantors on this matter, despite the express waiver by the Subsidiary Guarantors of this obligation in the Subsidiary Guarantees. As a result, it may be difficult for the Holders of the Notes to pursue a claim against, initially, the Company, and then, once such remedies are exhausted, against the Subsidiary Guarantors in Indonesia, which may adversely affect or eliminate entirely their ability to obtain and enforce a judgment against the Company or the Subsidiary Guarantors in Indonesia or increase their costs of pursuing, and the time required to pursue, claims against the Company or the Subsidiary Guarantors.

Furthermore, on September 2, 2013, the holders of notes issued by BLD Investments Pte. Ltd and guaranteed by PT Bakrieland Development Tbk ("Bakrieland"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Jakarta commercial court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 23, 2013, the Jakarta commercial court ruled, among other things, that the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, that it does not have authority to examine and adjudicate this case.

An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language and the fact that the Indenture and certain documents entered into in connection with the issuance of the Notes will be made and prepared in the Indonesian language as required under the law may raise issues as to the enforceability of agreements entered into in connection with the offer and sale of the Notes and the Subsidiary Guarantees.

Pursuant to Law No. 24/2009, agreements to which Indonesian entities are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, an execution of the document also in English or the national language of the relevant foreign entity is permitted.

On June 20, 2013, the West Jakarta District Court ruled Decision No. 451/Pdt.G/2012/PN.Jkt.Bar (the "June 2013 Decision"), which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. In the June 2013 Decision, the court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1) of Law No. 24/2009, it

therefore failed to satisfy the "lawful cause" requirement and was void from the outset, meaning that a valid and binding agreement had never existed. The June 2013 Decision was affirmed by the Jakarta High Court (in other jurisdictions, the Court of Appeal) in its decision issued on May 7, 2014 and further affirmed by the Supreme Court under its decision issued on October 23, 2015 that upheld two lower court decisions reached by the Jakarta High Court and West Jakarta District Court. Indonesian court decisions are generally not binding precedents, as would typically be the case in common law jurisdictions. However, we cannot assure you that an Indonesian court will not, in the future, issue similar decisions to the foregoing.

In addition, PR No. 63/2019 stipulates that the Indonesian language must be used in memorandums of understanding or agreements that involve, among others, Indonesian private entities (including Indonesia limited liability companies). If the agreement involves a foreign party, the agreement may also be made in the national language of such foreign party or in English. This provision also implies that the Indonesian language version of the agreement needs to be executed at the same time as the English version of the agreement, or the agreement need to be executed in a bilingual version. PR No. 63/2019 expressly confirms that parties to an agreement involving foreign parties may agree on any prevailing language of the agreement if there are any inconsistencies between the Indonesian language version and the foreign language version. The Indenture, which will govern the Notes, and certain other agreements in connection with this offer and sale of the Notes and the Subsidiary Guarantees will be prepared in dual language English and Bahasa Indonesia. All transaction documents will provide that in the event of a discrepancy or inconsistency, the English versions of the transaction documents will prevail; however, we cannot assure you that an Indonesian court would hold that the English language version would prevail., which is in line with the provisions of PR No. 63/2019. In addition, concepts in the English language may not have a corresponding term in Bahasa Indonesian and the exact meaning of the English text or may not be fully captured by such Bahasa Indonesian version. If this occurs, we cannot assure you that the terms of the Notes, including the Indenture, will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

The covenants in the Indenture governing the Notes and certain of our credit agreements impose restrictions that may limit our operating and financial flexibility.

Covenants contained in the documentation relating to the Notes will restrict the ability of the Company and any Restricted Subsidiary (as defined in "Description of the Notes") to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Company, or its Restricted Subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Company or any of its Restricted Subsidiaries;

- sell, lease or transfer certain assets, including stock of Restricted Subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the Holders of the Notes.

All of these covenants are subject to the limitations, exceptions and qualifications described in "Description of the Notes — Certain Covenants". These covenants could limit our ability to finance our future operations or capital needs or to execute our business strategies.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that we will be able to pay any amounts due to the Holders of the Notes in the event of such default, and any default may significantly impair our ability to pay, when due, the interest of and principal on the Notes.

In addition, certain of our credit agreements contain restrictive covenants that impose significant operating and financial restrictions, including financial ratio maintenance covenants. See "*Description of Material Indebtedness*." The operating and financial restrictions and covenants in our current credit agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities. For example, as of December 31, 2020 and March 31, 2021, we did not met the required net debt to equity ratio pursuant to certain of our credit agreements. While we have received a waiver of such non-compliance, we cannot assure you that we will be in compliance with such covenants in any future periods, including as of June 30, 2021. Any default under our credit agreements may trigger cross-defaults under other agreements, including the Notes and the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we may obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

We may incur additional indebtedness, which could further exacerbate the risks described above.

Subject to restrictions in the Indenture, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the Holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Company. This may have the effect of reducing the amount of proceeds paid to the Holders of the Notes. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Enforcing the rights of the Holders under the Notes or the Subsidiary Guarantees across multiple jurisdictions may prove to be difficult.

The Notes will be issued by the Company, which is established and existing under the laws of Indonesia. The Notes and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency, suspension of debt payment or similar event, proceedings could be initiated in Indonesia and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of the Holders under the Notes and the Subsidiary Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, suspension of debt payment, administrative and other laws of Indonesia and the United States may be materially different from, or be in conflict with, each other and those with which the Holders of the Notes may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and could adversely affect your ability to enforce your rights under the Notes and the Subsidiary Guarantees in the relevant jurisdictions or limit any amounts that you may receive.

It may not be possible for investors to effect service of process or to enforce certain judgments on us.

We are a limited liability company established and existing in Indonesia and substantially all of our assets and operations are located in Indonesia, although in the future we may conduct operations in other countries. In addition, all of our commissioners and all of our directors reside in Indonesia. As a result, it may be difficult for investors to effect service of process on us or our commissioners and directors outside Indonesia, or to enforce against us or our commissioners and directors judgments obtained in non-Indonesian courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by our Indonesian legal advisors that judgments of non-Indonesian courts are not enforceable in Indonesian courts. To obtain an Indonesian court judgment, a claimant would be required to pursue claims in Indonesian courts on the basis of Indonesian law. However, a foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indonesia court as the Indonesian court may deem appropriate in its sole discretion. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability of jurisdictions other than Indonesia. As a result, the Holders of the Notes would be required to pursue claims against us or our commissioners and directors in Indonesian courts. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We intend to use the net proceeds of this offering to finance the 2022 Notes, which are maturing on August 1, 2022, and to the extent any 2022 Notes remain

outstanding following the Offering and the Concurrent Tender Offer (as defined herein), we intend to draw on an additional loan facility to refinance such remaining 2022 Notes. See "*Recent Developments — Concurrent 2022 Notes Tender Offer and Redemption*." However, there can be no assurance that any such refinancing would be possible on commercially reasonable terms and in a timely manner, or at all. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of the Notes*".

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control as required by the Indenture.

Upon the occurrence of certain events constituting a Change of Control (as defined in "Description of the Notes"), we must make an offer to repurchase all outstanding Notes a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "*Description of the Notes — Repurchase of Notes Upon a Change of Control*". However, we may not have sufficient funds at available at such time to pay the purchase price of the outstanding Notes. Our failure to make repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for the purposes of the Indenture does not necessarily afford protection for the Holders of the Notes in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction that may adversely affect the Holders of the Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "Description of the Notes — Repurchase of Notes Upon a Change of Control," the Indenture does not contain provisions that require us to offer to repurchase or redeem the Notes in the event of certain highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the Holders of the Notes.

The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of the properties or assets of the Company and the Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and the Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether we are required to make an offer to repurchase the Notes.

The Subsidiary Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws, which could impair the enforceability of the Subsidiary Guarantees.

Under bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws in Indonesia, where the Subsidiary Guarantors are incorporated and where most or all of their significant assets a currently located (as well as under the law of certain other jurisdictions to which in certain circumstances a Subsidiary Guarantor may be subject), the enforceability of a Subsidiary Guarantee may be impaired if certain statutory or other conditions are met. In particular, a Subsidiary Guarantee may be voided, or claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of such Subsidiary Guarantor, if the Subsidiary Guarantor, at the time of the incurrence of the indebtedness evidenced by, or when it gives, its Subsidiary Guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Subsidiary Guarantee in a position which, in the event of such Subsidiary Guarantor's insolvency, would be better than the position the beneficiary would have been in had the Subsidiary Guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such Subsidiary Guarantee;

- received no commercial benefit;

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which such Subsidiary Guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy if a fraudulent transfer is found, may vary depending on the law of the jurisdiction which is being applied. Under the laws of Indonesia, it would also be necessary for the directors to ensure that the Subsidiary Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and

- the realizable value of the assets of such Subsidiary Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of the Subsidiary Guarantor is maintained and that, after the giving of the Subsidiary Guarantee, such Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided a Subsidiary Guarantee, or held such Subsidiary Guarantee unenforceable for any other reason, then the Holders of the Notes would cease to have a claim against such Subsidiary Guarantor based upon such Subsidiary Guarantee, and would solely be creditors of the Company.

If a court subordinated a Subsidiary Guarantee to other indebtedness of such Subsidiary Guarantor, then claims under such Subsidiary Guarantee would be subject to the prior payment of all liabilities (including trade payables) and we may not have sufficient assets to satisfy the claims of the Holders of the Notes after providing for all such prior claims.

The Subsidiary Guarantees will be effectively subordinated to any secured obligations of the Subsidiary Guarantors to the extent of the assets serving as security for such obligations.

The Subsidiary Guarantees will constitute unsubordinated obligations of the Subsidiary Guarantors and will rank pari passu in right of payment with all other existing and future unsubordinated indebtedness of the Subsidiary Guarantors and senior in right of payment to all subordinated indebtedness of the subsidiary guarantors, if any. Each Subsidiary Guarantee will be issued as a general obligation of the relevant Subsidiary Guarantor. However, the Subsidiary Guarantees will be effectively subordinated to any secured obligations of the Subsidiary Guarantors to the extent of the assets serving as security for such secured obligations. In bankruptcy, the holder of a security interest with respect to any assets of the Subsidiary Guarantors would be entitled to have the proceeds of such assets applied to the payment of such holder's claim before the remaining proceeds, if any, are applied to the claims of the Holders of the Notes.

Only the Company and subsidiaries of the Company designated as Restricted Subsidiaries will be subject to the restrictive covenants contained in the Indenture. Furthermore, certain of the Company's Restricted Subsidiaries will not guarantee the Notes.

On the Original Issue Date, PT Anzara Janitra Nusantara and its subsidiaries, which provide independent power solutions, have been designated as the Company's "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes. PT Anzara Janitra Nusantara and its subsidiaries had US$0.2 million of revenue in both the year ended December 31, 2020 and the three months ended March 31, 2021. As of March 31, 2021 PT Anzara Janitra Nusantara and its subsidiaries had total consolidated assets of US$18.4 million and total consolidated liabilities of US$33.8 million. There will be no limitation in the Indenture on the amount of indebtedness that the Unrestricted Subsidiaries may incur in the future and there can be no assurance that we will not operate or dispose of such subsidiaries in a manner less beneficial to the Holders of the Notes than the methods permitted under the Indenture with respect to our Restricted Subsidiaries.

Furthermore, on the Original Issue Date, all of our Restricted Subsidiaries (other than PT Media Djaya Bersama ("MDB") and its subsidiaries and PT Agata Nugraha Nastari ("ANN")) will provide a Subsidiary Guarantee. MDB and its Subsidiaries existing on the Original Issue Date and ANN will not provide a Subsidiary Guarantee on the Original Issue Date or at any time in the future. As of March 31, 2021, MDB and its subsidiaries had no indebtedness outstanding, other than indebtedness owed to ABM under shareholder loans. The Notes will be effectively subordinated to existing and future obligations of the Subsidiaries that are not Subsidiary Guarantors. See "*Description of the Notes*."

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated "B1" by Moody's and "B+" by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment or circumstances in the future so warrant. We have no obligation to inform the Holders of the Notes of any such revision, downgrade or withdrawal. In addition, rating agencies other than Moody's and Fitch may rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody's or Fitch of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities for which there is currently no trading market. We have been advised that the Initial Purchasers intend to make a market in the Notes, but are not obligated to do so and may discontinue such market-making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than the initial offering price. Whether or not the Notes could trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- general economic conditions;
- the financial condition and stability of the Indonesian financial sector;
- political and economic developments in and affecting Indonesia;
- changes in the credit ratings of the Notes, us or Indonesia; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, no assurance can be given that we will be able to obtain or maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Holder's ability to dispose of the Notes.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of such securities. We cannot assure you that the market for the Notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on the market price of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Subsidiary Guarantees have not been registered under, and we are not obligated to register the Notes or the Subsidiary Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Transfer Restrictions*." We have not agreed to or otherwise undertaken to register the Notes or the Subsidiary Guarantees (including by way of an exchange offer), and have no intention to do so.

Investment in the Notes may subject the Holders of the Notes to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

Holders of the Notes are exposed to risks relating to Singapore taxation.

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfillment of certain conditions more particularly described in the section "Taxation — Singapore Taxation". However, there is no assurance that the Notes will continue to be "qualifying debt securities" or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws be amended or revoked at any time.

Holders of the Notes will not have voting rights at shareholders' meetings.

Holders of the Notes do not have any right to vote at any of our shareholders' meetings. Consequently, Holders of the Notes cannot influence any decisions by our Board of Directors or any decisions by shareholders concerning our capital structure, including the declaration of dividends in respect of our ordinary shares.

Interest rate risks may affect the value of the Notes.

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

The Notes will initially be held in book-entry form.

The Notes will initially only be issued in global certificated form and held through DTC and its participants, including Euroclear and Clearstream, Luxembourg. Interests in the global Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of

book-entry interests will not be considered owners or holders of the Notes. A nominee of DTC will be the sole registered holder of the global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global Notes representing the Notes will be made to the paying agent who will make payments to DTC. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to the nominee of DTC, the Company will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes. See "*Description of the Notes — Book-entry; Delivery and Form*."

We will follow the applicable disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

We will be subject to continuing reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST for such continuing reporting obligations may be different than those imposed by securities exchanges in other countries or regions such as the United States or the United Kingdom. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

Applicable OJK regulations may restrict our ability to issue additional debt securities.

On April 21, 2020, OJK issued OJK Regulation No. 17/POJK.04/2020 on Material Transactions and Change of Business Activities ("Material Transaction Regulation"), which revoked Bapepam-LK Regulation No. IX.E.2 on Material Transactions and Change of Core Business Activity as attached to the Decree of Chairman of Bapepam-LK No. 614/BL/2011. This regulation is applicable to publicly listed companies in Indonesia and their consolidated subsidiaries. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the publicly listed company's equity, as determined by the latest audited annual financial statements, the limited review or audited quarterly financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report, subject to certain exemptions available under the Material Transaction Regulation. The announcement relating to the material transaction must be made to the public through the public company's and the IDX's website no later than the end of the second business day after the date of execution of the agreement(s) related to the material transaction or on the same day as general meeting of shareholders ("GMS") announcement date, in the event the transaction constitute as a material transaction that requires GMS approval. The announcement is required to include a

summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction or date of GMS in the event the transaction constitutes as material transaction that requires GMS approval, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the date of execution of the agreement(s) related to the material transaction or on the same day as GMS announcement date, in the event the transaction constitutes as a material transaction that requires GMS approval.

Subject to certain exceptions under the Material Transactions Regulation, a material transaction with a value in excess of 50% of a company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements.

A material transaction must be approved by the independent shareholders if the transaction: (a) is subject to GMS' approval and is an affiliated transaction; (b) contains a conflict of interest; and/or (c) potentially disrupts the going concern of the public companies.

Pursuant to our Articles of Association, the shareholders meeting may be convened if attended by the shareholders or its authorized proxies representing more than 1/2 (one half) of the amount of issued shares with voting rights. The shareholders meeting resolutions are valid and binding if such resolution is approved by 1/2 (one half) of the amount of issued shares with voting shares casted at the shareholders meeting. The Company obtained the approval of its shareholders for this offering on May 7, 2021.

The aggregate transaction value of the offering of the Notes will exceed the 50.0% threshold. Accordingly, in connection with this offering, we are required to obtain and submit to OJK an appraisal report from an independent appraiser (registered with OJK), a summary of which is required to be announced in the Company's and the IDX's website two business days after the Original Issue Date. We have appointed an independent appraiser, KJPP Stefanus Tonny Hardi & Rekan to prepare this appraisal report, which we expect to be completed on or before the issue date of the Notes.

If we decide to issue additional debt securities other than through a public offering in Indonesia, and the amount issued exceeds the 50% threshold, we would be required to obtain shareholders' approval, as well as a new appraisal report. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This requirement could limit our ability to finance our future operations and capital needs, or pursue business opportunities or activities that may be in our interest. Any limitation on our ability to raise funds to finance our operations could materially and adversely affect our business, financial condition, results of operations and prospects.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from the offering of the Notes will be approximately US$191.5 million after deducting underwriting fees and commissions and other estimated transaction expenses relating to the offering of the Notes.

The Company will use the net proceeds of the offering of the Notes, to fund the Concurrent Tender Offer or to otherwise redeem or discharge the 2022 Notes.

CAPITALIZATION

The following table shows our capitalization (including current maturities of long-term liabilities) on an actual basis as of March 31, 2021; and as adjusted to give effect to the issuance of the Notes and the application of the net proceeds thereof to fund the Concurrent Tender Offer, assuming: (i) an aggregate principal amount of 2022 Notes equal to the net proceeds of this Offering are tendered pursuant to the Concurrent Tender Offer at or before the early tender time and (ii) the utilization of Tranche A of the New Senior Loan Facility and cash and cash equivalents in order to redeem any 2022 Notes which remain outstanding following the Offering and the Concurrent Tender Offer. See "*Use of Proceeds*."

You should read this table in conjunction with our financial statements contained elsewhere in this Offering Memorandum and the section in this Offering Memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of March 31, 2021	
	Actual	As adjusted
	(unaudited)	
	(US$ in millions)	
Short-term bank loans	40.0	40.0
Current maturities of long-term debts:		
Bank loans	—	3.8
Lease liabilities:		
Third parties	9.5	9.5
Related parties	17.8	17.8
Long-term debts, net of current maturities:		
Bonds payable(1)	346.3	191.5
Bank loans	—	146.2
Lease liabilities:		
Third parties	5.8	5.8
Related parties	73.4	73.4
Total indebtedness	**492.8**	**488.0**
Equity		
Share capital — Rp.500 par value per share		
Authorized capital — 9,360,000,000 shares		
Issued and fully paid capital — 2,753,165,000 shares	146.6	146.6
Additional paid-in capital — net	115.1	115.1
Other components of equity	0.0	0.0
Retained earnings (deficit):		
Appropriated	0.5	0.5
Unappropriated	1.5	(2.2)
Other comprehensive loss	(51.6)	(51.6)
Sub-total	212.1	208.4
Non-controlling interests	(19.6)	(19.6)
Total equity	**192.5**	**188.8**
Total capitalization (Total indebtedness plus total equity)	**685.3**	**676.8**

(1) Net of unamortized debt issuance costs.

Except as disclosed or contemplated in this Offering Memorandum, there has been no material change in our capitalization since March 31, 2021.

SELECTED FINANCIAL INFORMATION

You should read the selected financial information presented below in conjunction with our Financial Statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections of this Offering Memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We have derived our summary consolidated financial information from our audited consolidated financial statements as of and for the years ended December 31, 2018, 2019, and 2020, which were prepared in accordance with Indonesian FAS, and included elsewhere in this Offering Memorandum. Our summary interim consolidated financial data as of and for the three-month periods ended March 31, 2020 and 2021 has been derived from our unaudited interim consolidated financial statements contained elsewhere in this Offering Memorandum. The unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of our results of operations and financial condition. Our results for any interim period may not be indicative of our results for the full year or for any period.

This Offering Memorandum contains our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, and our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, all prepared by us in accordance with Indonesian Financial Accounting Standards and presented in United States Dollar (collectively referred to as the "Financial Statements"). Our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, which are included elsewhere in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja ("PSS") (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), as stated in their audit reports included elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, which are included elsewhere in this Offering Memorandum, have been reviewed by PSS (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the IICPA, as stated in their review report included elsewhere in this Offering Memorandum. A review of interim financial information conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and accordingly, as stated in their review report appearing elsewhere in this Offering Memorandum, PSS (a member of Ernst & Young Global Limited), independent auditors, did not audit and do not express any opinion on our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021 included elsewhere in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, (i) all financial data as of and for the years ended December 31, 2018, 2019, and 2020 presented in this Offering Memorandum have been extracted from our audited consolidated financial statements for such dates and periods included elsewhere in this Offering Memorandum, and (ii) all financial data as of and for the three-month periods ended March 31, 2020 and 2021 have been extracted from our unaudited interim consolidated financial statements for such date and periods included elsewhere in this Offering Memorandum.

We have prepared and presented our audited consolidated financial statements in accordance with Indonesian FAS, which differs in certain material respects from U.S. GAAP. You should read the section of this Offering Memorandum entitled "Summary of Certain Significant Differences

Between Indonesian FAS and U.S. GAAP" for a description of certain significant differences between Indonesian FAS and U.S. GAAP.

Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018.

Consolidated Profit or Loss and Other Comprehensive Income Data

	Years Ended December 31,						Three-Month Periods Ended March 31			
	2018[1]		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Revenue from contracts with customers	773.1	100.0	592.4	100.0	606.4	100.0	160.9	100.0	210.9	100.0
Cost of revenue	(598.8)	(77.5)	(484.6)	(81.8)	(504.9)	(83.3)	(134.7)	(83.7)	(152.4)	(72.3)
Gross profit	**174.2**	**22.5**	**107.8**	**18.2**	**101.5**	**16.7**	**26.2**	**16.3**	**58.5**	**27.7**
Selling, general and administrative expenses	(65.3)	(8.4)	(58.3)	(9.8)	(54.1)	(8.9)	(18.3)	(11.4)	(9.9)	(4.7)
Other income	9.2	1.2	10.6	1.8	12.7	2.1	4.4	2.7	4.1	1.9
Reversal of impairment loss (impairment loss) on mining properties	45.4	5.9	—	—	(24.0)	(4.0)	—	—	—	—
Other expenses	(26.8)	(3.5)	(6.5)	(1.1)	(19.8)	(3.3)	(0.1)	(0.1)	(1.8)	(0.9)
Profit from operations	**136.8**	**17.7**	**53.5**	**9.0**	**16.3**	**2.7**	**12.1**	**7.5**	**51.0**	**24.2**
Finance income — net	3.6	0.5	3.0	0.5	3.7	0.6	0.4	0.2	0.3	0.1
Finance charges	(46.7)	(6.0)	(36.6)	(6.2)	(43.9)	(7.2)	(9.6)	(6.0)	(10.8)	(5.1)
Profit (loss) before final tax and income tax	**93.6**	**12.1**	**20.0**	**3.4**	**(23.9)**	**(3.9)**	**2.9**	**1.8**	**40.4**	**19.2**
Final tax expense	(0.5)	(0.1)	(0.9)	(0.2)	(1.1)	(0.2)	(0.4)	(0.2)	(0.3)	(0.1)
Profit (loss) before income tax	**93.1**	**12.0**	**19.0**	**3.2**	**(25.0)**	**(4.1)**	**2.5**	**1.6**	**40.1**	**19.0**
Income tax expense — net	(25.9)	(3.4)	(15.1)	(2.5)	(12.7)	(2.1)	(3.6)	(2.2)	(10.6)	(5.0)
Profit (loss) for the period	**67.2**	**8.7**	**3.9**	**0.7**	**(37.7)**	**(6.2)**	**(1.1)**	**(0.7)**	**29.5**	**14.0**
Other comprehensive income (loss)										
Item that will be reclassified to profit or loss:										
Exchange difference from financial statements translation	(0.9)	(0.1)	2.4	0.4	(0.2)	(0.0)	(9.8)	(6.1)	(3.3)	(1.6)
Item that will not be reclassified to profit or loss:										
Gain (loss) on changes in fair value of financial assets through other comprehensive income	—	—	—	—	(19.0)	(3.1)	(21.4)	(13.3)	0.4	0.2
Remeasurement of defined benefit plan	2.6	0.3	(1.9)	(0.3)	(1.9)	(0.3)	1.6	1.0	5.2	2.5
Related income tax	(0.7)	(0.1)	0.5	0.1	0.4	0.1	(0.3)	(0.2)	(1.0)	(0.5)
Total comprehensive income (loss) for the period	**68.3**	**8.8**	**4.9**	**0.8**	**(58.5)**	**(9.6)**	**(31.1)**	**(19.3)**	**30.8**	**14.6**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

Consolidated Financial Position Data

	December 31,			March 31
	2018[1]	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
ASSETS				
Current assets				
Cash and cash equivalents	144.1	101.9	109.2	117.3
Other current financial assets	13.1	0.0	0.1	0.1
Trade receivables				
Third parties — net	106.5	77.7	105.3	100.5
Related parties — net	17.1	29.5	33.3	55.5
Non-trade receivables				
Third parties — net	3.0	3.2	0.8	0.2
Related parties — net	0.5	2.5	5.8	6.2
Inventories — net	30.6	29.7	37.7	35.8
Advances	3.1	6.1	10.1	10.8
Prepaid expenses	4.3	6.0	3.1	3.9
Prepaid value added tax	1.1	3.0	7.7	12.4
Non-current assets held for sale	0.5	—	—	—
Other current assets	1.4	1.1	0.9	2.1
Total current assets	**325.2**	**260.8**	**314.2**	**345.0**
Non-current assets				
Investment in shares	0.1	60.1	20.0	20.4
Long-term trade receivables — third parties — net	1.7	—	—	—
Long-term non-trade receivables				
Third parties — net	—	0.8	0.0	—
Related parties — net	—	1.0	—	—
Deferred tax assets — net	11.3	11.0	8.1	7.3
Fixed assets — net	401.0	369.7	330.7	321.6
Right of use assets — net	—	—	37.4	106.1
Estimated claims for tax refund — net	32.4	43.0	38.8	40.4
Mining properties — net	66.9	60.4	41.0	38.9
Intangible assets — net	3.2	17.4	17.0	16.3
Other non-current assets — net	10.0	30.0	20.0	20.3
Total non-current assets	**526.7**	**593.5**	**513.1**	**571.3**
Total assets	**851.9**	**854.2**	**827.2**	**916.3**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

	December 31,			March 31
	2018[1]	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
Short-term bank loans	—	35.0	40.0	40.0
Trade payables:				
Third parties	47.9	52.8	55.5	58.4
Related parties	91.0	40.1	60.1	50.3
Non-trade payables:				
Third parties	2.6	4.6	5.2	5.8
Related parties	7.6	6.9	4.9	4.8
Taxes payable	5.7	4.4	8.1	15.5
Accrued expenses	56.9	51.9	54.9	51.4
Short-term employee benefits liability	4.5	6.7	2.5	4.8
Advances from customers:				
Third parties	0.4	0.9	0.5	2.4
Related parties	—	2.6	3.4	3.3
Current maturities of long-term liabilities:				
Lease liabilities — third parties	—	—	13.1	9.5
Lease liabilities — related parties	6.3	3.5	10.5	17.8
Long-term non-trade payables — third parties	—	7.2	3.8	2.8
Total current liabilities	**222.8**	**216.6**	**262.7**	**266.6**
Non-current liabilities				
Provision for environmental restoration obligation	3.0	3.8	4.4	4.3
Long-term liabilities — net of current maturities:				
Bonds payable	341.2	343.3	345.7	346.3
Lease liabilities — third parties	—	—	7.0	5.8
Lease liabilities — related parties	14.2	8.4	9.1	73.4
Long-term non-trade payables — third parties	—	6.2	3.4	3.4
Deferred tax liabilities — net	9.7	11.7	9.6	9.5
Long-term employee benefits liability	13.2	19.0	23.7	14.4
Total non-current liabilities	**381.3**	**392.4**	**402.8**	**457.2**
Total liabilities	**604.1**	**609.0**	**665.5**	**723.8**

(1) Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. Our 2018 audited consolidated financial statements have not been restated. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

	December 31,			March 31
	2018	2019	2020	2021
				(Unaudited)
	US$	US$	US$	US$
		(US$ in millions)		
EQUITY				
Equity attributable to owners of the parent company				
Share capital — Rp.500 par value per share Authorized capital — 9,360,000,000 shares Issued and fully paid capital — 2,753,165,000 shares	146.6	146.6	146.6	146.6
Additional paid-in capital — net	115.1	115.1	115.1	115.1
Other components of equity	0.0	0.0	0.0	0.0
Retained earnings (deficit)				
Appropriated	0.3	0.4	0.5	0.5
Unappropriated	14.6	15.1	(24.4)	1.5
Other comprehensive loss	(11.9)	(10.8)	(52.8)	(51.6)
Sub-total	264.6	266.3	184.9	212.1
Non-controlling interests	(16.8)	(21.2)	(23.2)	(19.6)
Net equity	**247.8**	**245.2**	**161.7**	**192.5**
Total liabilities and equity	**851.9**	**854.2**	**827.2**	**916.3**

Consolidated Cash Flow Data

	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
				(Unaudited)	
	US$	US$	US$	US$	US$
			(US$ in millions)		
Net cash provided by operating activities	135.8	60.1	132.3	37.1	48.1
Net cash used in investing activities	(47.2)	(88.3)	(62.5)	(12.0)	(10.7)
Net cash used in financing activities	(83.3)	(14.6)	(62.1)	(13.2)	(27.9)
Net increase (decrease) in cash and cash equivalents	5.3	(42.8)	7.8	11.9	9.5
Net effect of changes in exchange rates on cash and cash equivalents	(1.9)	0.7	(0.5)	(5.0)	(1.4)
Cash and cash equivalents at beginning of period	140.7	144.1	101.9	101.9	109.2
Cash and cash equivalents at end of period	144.1	101.9	109.2	108.8	117.3

Non-GAAP Financial Measures (Unaudited)

Non-GAAP and other financial ratios (Consolidated)	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
	US$	US$	US$	US$	US$
	(US$ in millions) unless otherwise indicated				
Non-GAAP Measures:					
EBITDA[(1)]	189.3	112.7	138.3	35.2	77.2
EBITDA margin[(2)]	24.5%	19.0%	22.8%	21.9%	36.6%
Total debt[(3)]	361.6	390.3	425.4	436.3	492.8
Net debt[(4)]	217.6	288.4	316.2	327.5	375.5
Capital expenditures[(5)]	31.8	46.3	68.8	12.7	10.3
Selected financial ratios:					
Total debt / EBITDA (x)	1.9	3.5	3.1	—	2.7[(6)]
Net debt / EBITDA (x)	1.1	2.6	2.3	—	2.1[(6)]
EBITDA / Finance charge (x)	4.1	3.1	3.2	—	4.0[(6)]

(1) See "*Non-GAAP Financial Measure*" for our definition of EBITDA. EBITDA presented in this Offering Memorandum is a supplemental measure of our performance that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry.

The following table reconciles our profit (loss) under Indonesian FAS to our definition of EBITDA for the periods indicated:

	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
				(Unaudited)	
	US$	US$	US$	US$	US$
			(US$ in millions)		
Profit / (Loss) for the period	67.2	3.9	(37.7)	(1.1)	29.5
plus tax expense[1]	26.4	16.1	13.8	4.0	10.9
plus finance charges	46.7	36.6	43.9	9.6	10.8
minus finance income — net	(3.6)	(3.0)	(3.7)	(0.4)	(0.3)
plus impairments[2]	(32.3)	0.0	39.2	5.5	0.5
minus gains / plus loss on foreign exchange	(1.0)	0.5	(3.0)	(2.6)	0.0
minus gains / plus loss on sale of fixed assets	(0.5)	(1.1)	(1.3)	(0.1)	(0.1)
plus depreciation and amortization	86.4	59.7	87.1	20.1	25.8
EBITDA	189.3	112.7	138.3	35.2	77.2
EBITDA margin	24.5%	19.0%	22.8%	21.9%	36.6%

(1) Sum of consolidated final tax expense and income tax expense-net.

(2) Sum of consolidated impairment loss (reversal of impairment loss) on mining properties, impairment loss on fixed assets and provision (reversal) for impairment loss on receivables.

(2) EBITDA margin refers to EBITDA divided by consolidated revenue from contracts with customers.

(3) Total debt refers to the sum of short-term bank loans, current maturities of lease liabilities — third parties and lease liabilities — related parties, long term net of current maturities of bonds payable, lease liabilities — third parties and lease liabilities — related parties.

(4) Net debt refers to total debt less cash and cash equivalents.

(5) Capital expenditure is calculated as cash used for: payments of payables related to the acquisition of fixed assets, acquisitions of fixed assets, expenditures for mining exploration and development costs, additions to advances for purchase of fixed assets, payments of payables related to the acquisition of intangible assets, acquisitions of intangible assets.

(6) Based on Last Twelve Months' ("LTM") for March 31, 2021. LTM EBITDA is calculated by subtracting EBITDA for the three months ended March 31, 2020 from EBITDA for the year ended December 31, 2020, plus EBITDA for the three months ended March 31, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with the selected financial and operating data and the Financial Statements and related notes included elsewhere in this Offering Memorandum. Those Financial Statements and related notes have been prepared in accordance with Indonesian FAS, which differs in certain material respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP."

This Offering Memorandum contains our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, and our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, all prepared by us in accordance with Indonesian Financial Accounting Standards and presented in United States Dollar (collectively referred to as the "Financial Statements"). Our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, which are included elsewhere in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja ("PSS") (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), as stated in their audit reports included elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, which are included elsewhere in this Offering Memorandum, have been reviewed by PSS (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the IICPA, as stated in their review report included elsewhere in this Offering Memorandum. A review of interim financial information conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and accordingly, as stated in their review report appearing elsewhere in this Offering Memorandum, PSS (a member of Ernst & Young Global Limited), independent auditors, did not audit and do not express any opinion on our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021 included elsewhere in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, (i) all financial data as of and for the years ended December 31, 2018, 2019, and 2020 presented in this Offering Memorandum have been extracted from our audited consolidated financial statements for such dates and periods included elsewhere in this Offering Memorandum, and (ii) all financial data as of and for the three-month periods ended March 31, 2020 and 2021 have been extracted from our unaudited interim consolidated financial statements for such date and periods included elsewhere in this Offering Memorandum.

This discussion contains forward-looking statements and reflects our current view with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-Looking Statements," "Risk Factors" and elsewhere in this Offering Memorandum.

Overview

We are an integrated mining solutions company that manages the entire mining value chain. This includes mining resources, mining services, fuel solutions and mining infrastructure, supported by leading logistics and engineering services companies. We pursue a vision of becoming a strategic investments company across the coal and non-coal mining value chains and in our adjacent businesses.

Our operations are carried out through various operating subsidiaries as follows: (i) Reswara, which was established in 2010, and its subsidiaries, undertakes our open cut mining business; (ii) CK, which was established in 1997, undertakes our contract mining business; (iii) CKB, which was established in 1997, and its subsidiaries, undertakes our integrated logistics business; (iv) SSB, which was established in 1977, undertakes our engineering services and manufacturing business; and (v) PWP, which was established in 2011, undertakes our fuel solutions business.

We were established on June 1, 2006 to provide mining consulting services. On August 11, 2009, we were acquired by the Trakindo Group to own and manage certain operating entities. The Trakindo Group is one of the largest Indonesian business conglomerates. Trakindo, a subsidiary of Trakindo Group, is the sole authorized dealer for Caterpillar in Indonesia.

We completed our initial public offering in 2011 and are listed on the Indonesian Stock Exchange under the trading symbol "ABMM". As of March 31, 2021, our market capitalization was Rp.2.1 trillion.

In 2020, we established our vision for 2025 which focuses on two central themes. First, we aim to maximize opportunities in mining. Second, we aim to maximize group wide synergies within the Trakindo Group. In the coal mining value chain, we intend to continue to find new sources of coal reserves to maintain a healthy level of production. We plan to leverage our historical performance in the coal mining value chain to cater to other commodities mined by our existing customers through CKB and SSB. We are also exploring opportunities for partnerships with other strategic players in the industry to expand the breadth of services provided by CKB and SSB.

As a group, we employed a total of 7,883 employees as of March 31, 2021. Our total revenue from contracts with customers for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021 was US$773.1 million, US$592.4 million, US$606.4 million and US$210.9 million, respectively. Our EBITDA for the years ended December 31, 2019 and 2020 and three months ended March 31, 2021 was US$112.7 million, US$138.3 million and US$77.2 million, respectively.

We are engaged in the following businesses:

Open Cut Mining. We hold open cut coal mining assets through our operating subsidiary, Reswara. Through Reswara, we own three operating subsidiaries, TIA, MIFA and BEL, each holding an IUP in Indonesia for producing high quality low rank coal. Our coal from TIA is generally subbituminous coal while our coal from MIFA and BEL is generally low rank coal. We hold a 100.0% ownership interest in TIA and an indirect 70.0% ownership interest in each of MIFA and BEL through Reswara's subsidiary MDB. The coal we produce is primarily sold to power generators in India, China, Vietnam, Thailand, the Philippines and Indonesia. Reswara and its subsidiaries employed over 500 employees as of March 31, 2021. Based on their respective Reserve Statements, as of December 31, 2020, TIA, MIFA and BEL combined were estimated to have 218 million tons of coal reserves and 395 million tons of coal resources.

With respect to our concessions:

- Through TIA, we hold the exclusive mining rights over a total concession area of 3,085 hectares in South Kalimantan, Indonesia under a Production Operation IUP, the term of which is due to expire in 2031. Based on the Reserve Statement for TIA, as of December 31, 2020, TIA's concession area was estimated to have 8 million tons of coal reserves and 21 million tons of coal resources. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x, we expect that our current reserves estimates at the TIA concessions could be depleted as soon as 2023. TIA was established in November 2003 and acquired by us in December 2007. Since the commencement of production in August 2009 to March 31, 2021, we have mined approximately 46.75 million tons of coal at TIA. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 4.6 million tons, 4.03 million tons, 3.4 million tons, 1.0 million tons, and 1.1 million tons of coal, respectively, at TIA.

- Through MIFA, we hold the exclusive mining rights over a concession area of 3,134 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2025. MIFA was established in January 2002 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2012 to March 31, 2021, we have mined approximately 26.97 million tons of coal at MIFA. In the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021, we produced approximately 4.9 million tons, 7.1 million tons, 7.9 million tons, 2.1 million tons and 2.1 million tons of coal, respectively, at MIFA. Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, MIFA's concession area was estimated to have 174 million tons of coal reserves and 314 million tons of coal resources.

- Through BEL, we hold the exclusive mining rights over a concession area of 1,495 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2027. BEL was established in June 2005 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2011 to March 31, 2021, we have mined approximately 3.17 million tons of coal at BEL. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 0.3 million tons, 0.6 million tons, 1.3 million tons, 0.4 million tons and 0.4 million tons of coal, respectively, at BEL. Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, BEL's concession area was estimated to have 36 million tons of coal reserves and 60 million tons of coal resources.

Contract Mining Services. Through CK, we provide mining services to Indonesian coal producers, which include mine planning, overburden removal, coal loading, transportation and rehabilitation and reclamation. As of March 31, 2021, we provided contract mining services to six Indonesian coal producers, including TIA and MIFA, for eight different projects. Our contract mining operating agreements have terms ranging from three years to life of the mine. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, CK extracted 20.0 million tons, 18.6 million tons, 27.6 million tons, 5.9 million tons and 7.4 million tons of coal, and removed 140.4 million BCM, 95.5 million BCM, 139.7 million BCM, 27.9 million BCM and 42.5 million BCM of overburden, respectively. As of March 31, 2021, CK had a fleet of over 60 heavy vehicles and mining equipment, including bulldozers, excavators, cranes and drilling machines, several hundred light vehicles and employed over 4,500 employees for our contract mining services business.

Integrated Logistics. Through CKB and its subsidiaries, we provide supply chain solutions to meet traditional and complex customer needs with added expertise in logistics solutions for the oil and gas, mining, heavy equipment, manufacturing and construction industries. We also offer a variety of services in the form of freight management and customs brokerage, as well as specialized services in project logistics, warehouse management, bonded logistics center management, site management and shipping and port management. Our operations are Quality Management System and Occupational Health and Safety Management System certified in accordance with the ISO 9001:2015 and ISO 45001:2018 standards. Our integrated logistics business' strengths are our vast national logistics and transportation network and ability to reach remote areas in Indonesia; our alignment with government policies to improve transportation networks within Indonesia; our ability to customize solutions for our customers; our entrepreneurial culture that has led us to invest and grow our fleet and hub operation in areas where others see risk; and our deep commitment to personal service for our customers and development of our human resources. Our logistics network connects our consolidated hubs to more than 41 locations throughout Indonesia. Our fleet of owned or time-chartered vessels includes a semi-container ship with the capacity of 1,800 DWT and 3 landing craft tanks with capacities ranging from 1,000 to 4,500 DWT. As of March 31, 2021, CKB had more than 150 trucks in Indonesia (including trailers, prime movers and multi-axle low loaders) to support the distribution and logistics operation and approximately 1,173 employees throughout Indonesia.

Engineering Services and Manufacturing. Through SSB, we provide engineering and manufacturing services to our customers throughout Indonesia, with such customers being primarily engaged in the mining, oil and gas, petrochemical and power generation industries. We offer a comprehensive selection of industrial services, including on-site repairs, process plant maintenance and construction services, salvaging, remanufacturing and manufacturing of heavy equipment primarily used in coal mining. We also offer industrial transport equipment services, including the design and manufacture of process equipment, general fabrication and solutions for controls and installation. As of March 31, 2021, SSB had approximately 1,500 employees in 13 sites located throughout Indonesia.

Fuel & Lubricant Supply. Through PWP, we supply fuel and lubricants to other subsidiaries of the Company for cost optimization purposes, the wider Trakindo Group and some unrelated third parties. As of March 31, 2021, we have supplied more than 429.5 million liters of fuel and 4.7 million liters of lubricant since 2018. Our commercial permit (INU) issued by the Ministry of Energy and Mineral Resources has been extended until 2029. One of PWP's primary focus areas within this sector is the supply of fuels to mining customers, where demand for fuels is growing rapidly, and where PWP's strengths in transportation and logistics in Java, Sumatra and Kalimantan, and storage in the Aceh and South Kalimantan areas, ability to obtain reliable fuel quality and pricing provide a strong competitive advantage.

Factors Affecting Comparability of our Financial Statements

Our audited consolidated financial statements as of and for the year ended December 31, 2018 included the results of operations of SS until November 30, 2018. SS issued shares resulting in a dilution of the Company's ownership in SS from 100% to 0.99% and accordingly, SS was deconsolidated effective as of November 30, 2018. For eleven month period ended November 30, 2018, result of operation of SS and its subsidiaries was consolidated to our consolidated financial statements, SS accounted for 6.4% of our consolidated revenue from contracts with customers, (3.6%) of our consolidated profit from operations, 23.7% of our consolidated total assets and 3.1% of our consolidated cash flow from operations. The 2018 audited consolidated financial statements are therefore not comparable with the 2020 audited consolidated financial statements, the 2019 audited consolidated financial statements and the consolidated interim financial statements.

Consolidated Financial Statements.

Factors Affecting Our Business and Results of Operations

Our businesses and our results of operations have been affected by a number of important factors, some of which we believe will continue to affect our financial condition and results of operations.

Fluctuations in Global Coal Prices and Demand

Coal prices have been highly cyclical and subject to significant fluctuations. As a commodity product, global coal prices depend principally on supply and demand dynamics of the seaborne coal export markets. These markets are highly competitive and are sensitive to changes in mining output (including the opening and closing of mines, the discovery of new deposits and the expansion of operations at existing mines), disruptions in coal distribution (including due to weather conditions), the demands of coal end-users (such as electricity generation plants and industrial facilities), and global economic conditions. Increases in global coal prices may encourage coal producers to increase production through various measures, including through changing their mine plans to maximize the production from their producing coal mines, as higher coal prices make it economically viable to increase strip ratios and to mine coal at deeper depths. Conversely, decreases in global coal prices may encourage coal producers to decrease production in the long run. Our revenue from coal mining and contract mining services is highly dependent on prices and demand for coal. Any change in price will impact the price at which we are able to sell the coal we produce as our coal supply agreements are based on market prices. In addition, coal prices drive mine planning and any material decrease in price may result in a decrease or cessation in coal mining by certain operators with higher mining costs, affecting our contract mining services business.

According to Wood Mackenzie, benchmark prices hit historical lows in the second and third quarter of 2020 amid lockdowns across the globe, as well as extended coal-to-gas switching risk and protectionist measures. Newcastle benchmark fell below US$50/t in August 2020 for the first time since late 2015. The FOB Indonesia EcoCoal 4,200 kcal/kg (ICI-4 equivalent) benchmark price fell to a low of US$24/t in Q3 2020 while the FOB Indonesia 3,400 kcal/kg (ICI-5 equivalent) dropped to US$18/t in the same period. Prices of seaborne thermal coal slowly started recovery from August, only to begin accelerating towards the end of 2020 as Chinese imports increased ahead of winter and industrial demand from India strengthened. Colder than expected weather across Europe, China, Japan and elsewhere drove power generation to record highs in December and spurred demand for coal. However, spot supply was limited after producers spent the majority of the year cutting production to align with the demand destruction of the COVID-19 pandemic.

Current COVID-19 pandemic

In December 2019, a novel strain of coronavirus (also known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 200 countries and territories and has been declared a pandemic by the World Health Organization. The current COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic, such as lockdowns, quarantines, travel restrictions, business shutdowns and physical distancing requirements, have resulted in a period of business disruption and a decrease in economic activity in several countries, including in Indonesia and countries where our suppliers, customers and third-party contractors are located. As a result, the current COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets. In

addition, since March 2020, the Government has issued several regulations in response to the current COVID-19 pandemic in order to contain the spread of the virus across the country as well as curb the negative financial impact of the outbreak on the country's economy. Over the first two quarters of 2020, coal, oil and gas prices have shown a downward trend. Sales volumes of coal have been lower for the third quarter of 2020 as compared to the corresponding quarter in 2019. Between February 2020 and April 2020, China and India imposed lockdowns and quarantines of varying degrees, limiting industrial activity and severely affecting coal demand in both these countries. According to Wood Mackenzie, Benchmark prices hit historical lows in the second and third quarter of 2020 amid lockdowns across the globe, as well as extended coal-to-gas switching risk and protectionist measures. Newcastle benchmark fell below US$50/t in August 2020 for the first time since late 2015. The FOB Indonesia EcoCoal 4,200 kcal/kg (ICI-4 equivalent) benchmark price fell to a low of US$24/t in Q3 2020 while the FOB Indonesia 3,400 kcal/kg (ICI-5 equivalent) dropped to US$18/t in the same period. Prices of seaborne thermal coal slowly started recovery from August, only to begin accelerating towards the end of 2020 as Chinese imports increased ahead of winter and industrial demand from India strengthened. Colder than expected weather across Europe, China, Japan and elsewhere drove power generation to record highs in December and spurred demand for coal. However, spot supply was limited after producers spent the majority of the year cutting production to align with the demand destruction of the COVID-19 pandemic.

We are closely monitoring the impact that the current COVID-19 pandemic might have on our operations, customers and suppliers. In particular, our revenue from our open cut coal mining business decreased significantly in 2020 as compared to 2019, as total combined revenue from contracts with customers of TIA, MIFA and BEL decreased by 12.0% from US$292.3 million for 2019 to US$257.1 million for 2020, primarily as a result of lower average selling prices and lower coal sales volume driven by the impact of COVID-19 on coal prices and demand, partially offset by revenue from our contract mining services, which primarily support coal mining companies, which increased by 33.2% from US$228.5 million for 2019 to US$304.4 million for 2020, primarily as a result of ramped up production in 2020 compared to the previous period. In addition, during 2020 we incurred US$2.2 million of preventative and curative costs related to COVID-19 and expect these incremental costs will continue during 2021. We plan to implement cost saving measures and delay our capital expenditure plans should the severity of the situation require. However, given the rapidly changing implications of the spread of COVID-19, it is difficult to assess its impact on our business and results of operations at this time. To the extent the current COVID-19 pandemic adversely affects our Group, it may also significantly increase the effect of the aforementioned factors affecting our business and results of operations. See "*Risk Factors — Risks Common to All Our Businesses — Outbreak of an infectious disease, such as the current COVID-19 pandemic, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely affect us.*"

Open Cut Mining

Coal Production Volumes and Sales

Our revenue is significantly dependent on our mining business and is a function of the volume and price of coal we produce and sell. Our production volumes are dependent upon mine planning by our management and logistics management to extract coal and transport it from our mining concession area to the barge-loading port site, as well as to a coal transshipment point. We have increased our total coal production at our TIA, MIFA and BEL concession areas from 9.8 million tons in 2018 to 11.8 million tons in 2019 and to 12.6 million tons in 2020. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x, we expect that our current reserves estimates at the TIA concessions could be depleted as

soon as 2023. The table below summarizes our production volume and sales volume for the periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Production volume (million tons)[1]:					
TIA	4.6	4.0	3.4	1.0	1.1
MIFA	4.9	7.1	7.9	2.1	2.1
BEL	0.3	0.6	1.3	0.4	0.4
Total	**9.8**	**11.8**	**12.6**	**3.5**	**3.6**
Sales volume (million tons)					
TIA	4.7	4.0	3.4	0.9	1.2
MIFA	5.1	7.2	7.4	2.2	2.5
BEL	0.2	0.6	0.9	0.2	0.3
Total[2]	**9.9**	**11.8**	**11.6**	**3.4**	**4.0**

Notes:

(1) Coal production volume reflects the volume of coal mined during the relevant periods.

(2) The difference between our coal production and coal sales levels primarily relates to timing differences between sales and production and the impact that this has on inventories.

Coal production is also dependent upon the respective production cycle of our concession areas. We have a long term and short term mining plan for each of concession areas, which is analyzed and updated on a regular basis to take into account current and projected demand for and sales of our coal products, as well as the volume and quality of our coal reserves.

A significant majority of the coal we produce is purchased by power generation plants in China, India, Vietnam, Thailand, Philippines and Indonesia. We enter into contracts with trading companies and with end-users directly, some of whom we have been supplying consistently for several years. The majority of our contracts are index priced contracts, whereby the amount that we receive for our coal is based on reference global market index prices and are typically for a term of one year.

Average Selling Price

Our average selling prices are driven by the demand and supply for coal in the market as well as the quality of coal we sell. Higher quality coal generally attracts higher selling prices. We market the coal produced in our TIA concession area under the marketing name "TIA Compliant Coal" which is known in the market as high quality low rank coal with low ash and low sulfur. The coal produced in our MIFA and BEL concession areas are generally of a lower rank and therefore usually sell at a lower average selling price than the TIA Compliant Coal. This lower rank coal is typically subject to more price volatility than higher rank coal, as demand for this type of coal tends to vary

more. Our average selling prices per ton of coal for each of our TIA, MIFA and BEL concession areas are set out in the table below.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Average selling price per ton (US$)[1]					
TIA	40.8	33.7	28.9	34.0	36.0
MIFA	24.9	20.2	19.4	21.4	25.0
BEL	21.5	21.0	19.3	21.4	25.5

Note:

(1) Average selling price per ton is calculated by dividing the coal sales revenues by sales volumes for the periods presented.

Cost of Revenue in the Open Cut Mining Business

Our cost of revenue for our open cut mining business is comprised of the cost of overburden removal, coal extraction, crushing, hauling to ports and barging to transshipment points, fuel, spare parts, royalties, depreciation of equipment, amortization of deferred exploration expenditures, equipment maintenance and rental costs, labor, subcontractor fees and other costs.

Average cash cost per ton is calculated as total production costs divided by sales volumes for the periods presented. The key factors impacting our production costs include variations in production volume, stripping ratios and distance from the pit to overburden disposal sites.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Average cash cost per ton (US$)					
TIA	30.1	30.4	24.3	29.5	20.2
MIFA	16.0	16.7	15.8	16.4	16.9
BEL	19.7	19.6	15.0	14.6	15.7

Trends in Mining Strip Ratios

Our costs of coal production are affected by the strip ratios we face in extracting coal from the mine pits. A strip ratio is the number of banked cubic meters of overburden (rock and soil) that must be removed to access and extract one ton of coal. Higher strip ratios require us to remove higher amounts of overburden to access coal for mining, resulting in higher production costs. Therefore, higher strip ratios are only economical for higher value coal, such as that produced at TIA. Where possible, we mine at higher strip ratios when global coal prices increase in order to maximize the recoveries from our coal reserves.

The table below summarizes our average strip ratio for the periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Average strip ratio:					
TIA	7.0	7.1	6.3	6.5	5.3
MIFA	2.2	2.2	2.6	2.5	3.1
BEL	3.3	3.8	3.4	3.3	3.2

Contract Mining

Our revenues are significantly dependent on revenue from our contract mining business, which is primarily derived from the volumes of overburden removed and coal produced pursuant to the terms of our contract mining agreements, including through the lease of equipment for the extraction phase. Our revenues also are driven by the number of customer contracts we are servicing in any period. Performance of our contract mining activities is dependent on the handling and utilization capacities of our existing fleet of equipment and personnel deployed to each mining site and may be affected by events and operating conditions, including wet weather, which disrupt our coal extraction, hauling and overburden removal activities. We have previously, including as recently as 2020 in South Kalimantan and 2021 in Aceh, encountered periods of continuous heavy rains or other bad weather conditions that prevented coal hauling, barging, shipping and transportation activities. The amount of overburden removed and coal extracted is also influenced by changes in our annual or quarterly production targets agreed with our customers, which are in turn dependent on factors such as global coal prices and market demand.

The following table shows the aggregate coal production and overburden removal information for the periods indicated for both our internal and external contract mining customers:

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Coal Production (in million tons)	20.0	18.6	27.6	5.9	7.4
Overburden Removal (in million BCM)	140.4	95.5	139.7	27.9	42.5

Our production volumes and consequently our revenues are affected by the strip ratios set by our customers in respect of their mines. Customers typically vary their strip ratios where possible to mine at higher strip ratios when coal prices increase in order to maximize recoveries from their coal reserves, if feasible under their respective mine plans.

Contract Mining Agreements

Revenues earned under our contract mining agreements are the main source of revenue for our contract mining business. The terms of our contract mining agreements with our customers specify the agreed scope of services we provide and typically include targeted production volumes with respect to overburden removal, coal hauling and equipment leases for coal mining services over three to five years, with some of our mining services agreements extending for life of the mine. Customers generally confirm specific annual production targets in the last quarter of the preceding

year. Customers are permitted to make adjustments to the targets during the year as necessary, subject to minimum production volume guarantees contained in certain contracts. Customers pay us fees under these mining services agreements, calculated on a monthly basis, based on prescribed unit rates per hours of equipment leased for coal production and per BCM of overburden removed, subject to adjustments for fluctuation in factors such as foreign exchange rates, fuel prices, oil, tire, spare parts, prevailing wages and explosives prices. In response to declining prices in the coal markets, we have, in the past, amended our contracts with certain customers to reduce our rates, to better enable the profitability of their projects. In the majority of our newer customer contracts, we have incorporated tiered pricing based on one month rolling average coal price.

Accordingly, since our revenues are significantly dependent on, among others, the volumes of coal extracted and hauled and overburden removed at each mine where we operate, any variations in our target production volumes and pricing as a result of movements in coal prices would impact our revenues and profitability. Our ability to benefit from increased production or to minimize our losses from production cuts would also depend on our ability to deploy and transfer equipment between our various operating sites in order to maximize capacity utilization.

Our revenues and results of operations are significantly affected by the credit worthiness of our customers. As a result of past downturns in commodity prices, certain of our contract mining customers delayed or were unable to make payments. For example, we previously entered into debt settlement agreements with certain of our customers, with respect to outstanding debts relating to the years 2013 to 2019 and significantly extended the payment terms, before ultimately making provisions for these amounts.

Starting in 2019, a significant portion of our revenue from our contract mining business comes from our relationship with PT Multi Harapan Utama (MHU), a company affiliated with the Group, as well as PT Binuang Mitra Bersama (BMB Cluster) and PT Kuansing Inti Makmur, which are part of the Sinar Mas Group in Sumatra.

The table below summarizes the percentage of revenue from contracts with customers contribution of our main contract mining customers over the periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
MHU (life of mine)	0.0	9.2	14.5	10.2	23.9
BMB cluster (consists of 2 life of mine contracts with BMB and PT Berkat Murah Rejeki (BMR) and one short term contract (3 years) with PT Energi Batubara Lestari (EBL))	—	1.2	23.3	9.9	25.3
KIM cluster (consists of PT Kuansing Inti Makmur, PT Karya Cemerlang Persada, PT Bungo Bara Makmur, PT Bungo Bara Utama)	—	1.9	16.6	18.6	16.6

Contract Mining Expenses

We are responsible for providing substantially all of the equipment, machinery, supplies and labor for our contract mining services. As such, we have historically incurred significant capital expenditures for those operations and expect that we will require significant working capital for

future production expansion in those mining areas for which we provide contract mining services. Historically, we have financed these capital expenditures through bank loans, lease liabilities and trade payables from our equipment suppliers. We have adopted an "asset light" strategy and we expect to acquire an increasing amount of our equipment and machinery through operating leases going forward, which is expected to maintain our low capital expenditure for contract mining services in the future.

Many of our costs associated with our contract mining business operations are passed through to our clients. In particular, any changes to the prices of fuel, wages and certain materials such as explosives are generally passed through to our clients while we bear the risk of any changes in the cost of equipment maintenance, labor (due to a change in the number of personnel required) and operations. With respect to fuel, we typically bear the cost in the event that the amount of fuel used in a given period exceeds the volume that the customer has agreed to pay for.

The expenses related to our contract mining business can also be impacted by adverse weather conditions, such as heavy rain. Such conditions may disrupt our mining activities and reduce our margins, as our equipment may sit idle for periods of time.

We use steel and rubber (for tires), for our fleet and machinery (including mining equipment, machinery and related spare parts). Whilst steel prices are currently expected to be higher than previous years, there is no shortage of steel in the global market and prices for mining equipment, machinery and related spare parts are generally stable, although prices are expected to increase over time. If worldwide growth in the future results in a shortage of steel, rubber or other commodities that are necessary for our operations, the cost of replacing or adding equipment and machinery to our operations and the cost of spare parts could increase, thereby increasing our cost of revenue. Explosives, primarily made from ammonium nitrate, are also a key material in our contract mining and open cut mining operations and also contribute to our cost of revenue. We keep an inventory of spare parts to cover our scheduled maintenance activities, though unscheduled maintenance may be delayed pending the delivery of necessary parts.

In order to increase our margins in our contract mining business we continuously seek to improve the efficiency of our operations, which have previously included employee right-sizing exercises, improvements in fuel consumption and equipment utilization and changes to our mine management systems. Currently, our four main cost reduction initiatives in our contract mining business are: 1) implementation of a lean organization; 2) improving lifetime components; 3) implementing a routable component strategy; and 4) implementing a fuel management system to minimize fuel discrepancies.

Royalties Paid to the Government

Based on the Government Regulation No. 81 of 2019 on Tariff on Non-Tax Revenues Applicable at Department of Energy and Mineral Resources, air dried coal mined under an IUP from an open pit is subject to tariffs based on average calorific value as set out below.

- Less or equal to 4,700 Kcal/ kg: a royalty of 3% of coal sales;
- More than 4,700 Kcal/kg to 5,700 Kcal/kg: a royalty of 5% of coal sales;
- More than 5,700 Kcal/kg: a royalty of 7% of coal sales.

Based on the average calorific value from its mine, TIA typically pays a royalty of 3.0% or 5.0% of revenue from coal sales. For the years ended December 31, 2018, 2019 and 2020 and the

three months ended March 31, 2021 TIA paid US$10.0 million, US$5.4 million, US$2.4 million and US$1.4 million, respectively, in royalties. Since commencing commercial production in 2009, we have calculated the MEMR's cash payment entitlement as 5.0% of the FOB invoice price for coal sales. Accordingly, the royalties TIA is required to pay to the Government vary, primarily based on its sales volumes and the price at which it is able to sell its coal.

Based on the average calorific value from its mine, MIFA typically pays a royalty of 3.0% or 5.0% of revenue from coal sales. MIFA also directs 1.0% of revenue from coal sales to corporate and social responsibility activities in the regency. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, MIFA paid US$6.5 million, US$7.0 million, US$4.1 million and US$2.3 million, respectively, in royalties.

Based on the average calorific value from its mine, BEL typically pays a royalty of 3.0% or 5.0% of revenue from coal sales. BEL also directs 1.0% of revenue from coal sales to corporate and social responsibility activities in the regency For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, BEL paid US$0.2 million, US$0.6 million, US$0.7 million and US$0.4 million, respectively, in royalties.

Under the Minister of Energy and Mineral Resources Regulation No. 7 of 2017 on Method of Determination of Minerals and Coal Benchmark Sale Price as lastly amended by Minister of Energy and Mineral Resources Regulation No. 11 of 2020 ("MEMR Reg. 7/2017"), the coal benchmark price is the lower limit price in the calculation of royalty. The coal benchmark price is determined every six months by the Director General of Mineral and Coal. In addition, MEMR Reg.7/2017 also expressly stated that a Production Operation IUP holder must sell the coal it produces by reference to the benchmark price (either for export or domestic sale), including sales to affiliates of the IUP holder.

Fleet and Utilization Rate

The fees generated from our contract mining, barging and transshipment businesses are primarily a function of the number of units in our fleet, our machinery and units that we manage and operate, the number of days or hours such units operate in a given period (the "utilization rate") and the rates paid for such services (the "day rate"). Utilization rates are a function of contract tenor as well as the general condition of the relevant industry, such as contract mining industries. In addition, when contracts expire or are not renewed, we generally experience low utilization rates while we seek alternative contractual arrangements. Low utilization rates following the lapse of a long-term contract is a feature of energy-related services industries.

Contracting Strategy

The agreements for our contract mining business have terms ranging from three years to life of the mine. The terms of our power solutions contracts, in contrast, often range from six months to a year, with options for renewal. A majority of our service contracts relating to our integrated logistics and engineering services and manufacturing business units are based on shorter-terms. With the ABM Group's strategic plan, we have become more focused on optimizing the balance of our contracts with customers and, as a result, are entering into more long-term contracts with new customers at competitive prices. The size and duration of our key contracts provides us with a higher level of confidence as to our future revenue streams. Some of the actions undertaken by us to increase our equipment utilization rates includes fostering better relationships with customers and pursuing customers with the ability to better synchronize their business plans so we can develop more accurate production plans.

Business Expansion, Acquisitions and Divestments

We have made certain significant acquisitions as part of our business strategy, including the acquisition of coal concession holders and interests in independent power generation companies. Our business strategy includes plans for additional acquisitions and divestments. For example, as part of our strategy to grow our coal reserves and replace our mining operations at TIA, we are seeking opportunities to invest in additional concession areas in Kalimantan in order to take advantage of our existing infrastructure in the region and discussions with potential targets remain ongoing.

Efficiency Initiatives

In recent years we have implemented an efficiency initiative to reduce costs and seek to improve or maintain margins across all of our businesses, particularly in our mining value chain. The specifics of each initiative vary by business line but generally include headcount reductions, more efficient maintenance scheduling, reduction in fuel consumption, reduced reliance on subcontractors and renegotiation of arrangements with vendors. This initiative has enabled us to reduce costs across businesses and has enabled us to maintain or minimize reductions in margins as we faced more pricing pressure from our customers and/or coal prices fell. Our ability to further extract efficiencies will diminish as our initiatives are more-fully implemented and, therefore, they may be less able to offset any decrease in margins.

Effects of Fluctuations in the Rupiah to U.S. Dollar Exchange Rate

We maintain our consolidated financial statements in U.S. dollars. Substantially all of our revenue from contracts with customers is denominated in U.S. dollars or is U.S. dollar linked. For the same periods, a significantly higher percentage of our cost of revenue was denominated in Rupiah than in U.S. dollars or other currencies. A weakening U.S. dollar may increase costs and operating expenses denominated in or tied to the value of the Rupiah, which include materials procurement and other equipment and machinery purchases denominated in Rupiah or translated to Rupiah based on spot prices in effect at the time of the purchase, while a strengthening U.S. dollar may decrease these costs and expenses. We currently do not hedge foreign exchange exposures but, we may enter into hedging arrangements in the future if appropriate and consistent with prudent business practices.

Critical Accounting Policies

The preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Actual results may differ significantly from those estimates and judgments. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future years.

Mining Properties

Pre-license Costs

Pre-license costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are capitalized and recognized as "exploration and evaluation assets" for each area of interest when mining rights are obtained and still valid and: (i) the costs are expected to be recouped through successful development and exploitation of the area of interest, or (ii) where activities in the area of interest have not reached the stage that allow a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. These expenditures include materials and fuel used, surveying costs, drilling and stripping costs before the commencement of production stage and payments made to contractors. Exploration and evaluation assets are subsequently measured using the cost model and classified as tangible assets, unless they are qualified to be recognized as intangible asset. The ultimate recoupment of deferred exploration expenditure is dependent upon successful development and commercial exploitation of the related area of interest. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. In such a case, an entity shall measure, present and disclose any resulting impairment loss in accordance with PSAK No. 48 (Revised 2014), "Impairment of Assets". Exploration and evaluation assets are transferred to "Mines under Construction" in the "Mining Properties" account after the mines are determined to be economically viable to be developed.

Expenditures for Mines under Construction

Expenditures for mines under construction and incorporated costs in developing an area of interest subsequent to the transfer from exploration and evaluation assets but prior to the commencement of production stage in the respective area, are capitalized to "Mines under Construction" as long as they meet the capitalization criteria. TIA, MIFA and BEL's ("Coal Mining Group") accounting policy for exploration expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the capitalized amount will be charged to the consolidated statement of profit or loss and other comprehensive income. Development activities commence after project acknowledgement by the appropriate level of management. Judgment is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgment is made that a development asset is impaired, the appropriate amount will be charged to the consolidated statement of profit or loss and other comprehensive income.

Producing Mines

Upon completion of mines under construction and the production stage is commenced, the mines under construction are transferred into "Producing Mines" in the "Mining Properties" account, which are stated at cost, less depletion and accumulated impairment losses. Depletion of producing mines are based on "unit-of-production" method from the date of commercial production of the respective area of interest over the lesser of the life of the mine and the remaining terms of IUP. The

Coal Mining Group assesses the stage of each mine under development to determine when a mine moves into the production stage, being the time when the mine is substantially developed and ready for commercial production. The criteria used to assess the start date of production are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from "Deferred Mining Exploration and Development Costs Related to Area of Interest which have not yet Reached the Commercial Production Stage" to "Deferred Mining Exploration and Development Costs related to Areas of Interest which have Reached the Commercial Production Stage". Some of the criteria used will include, but are not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimates;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain ongoing production.

When a mine development/construction project moves into the production stage, the capitalization of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of revenue, except for costs that qualify for capitalization relating to mining asset additions or improvements or mineable reserve development. It is also at this point that depreciation/amortization commences.

Stripping Activities

The Group applied ISAK No. 29, "Stripping Costs in the Production Phase of a Surface Mining", which prescribes the treatment for costs of waste removal incurred in the production phase of a surface mines. Stripping costs in the production phase are capitalized as stripping activity asset where all of the following criteria are met:

a) it is probable that the future economic benefit (improved access to the coal seam) associated with the stripping activity will flow to the Group;

b) the Group can identify the component of the coal seam for which access has been improved; and

c) the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset should be initially measured at cost, which are costs directly incurred to perform the stripping activity that improve access to the identified component of coal, plus an allocation of directly attributable overhead costs. After initial recognition, the asset is depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the coal seam that becomes more accessible as a result of the stripping activity. Changes in the estimated technical and/or other economic parameters that impact coal reserves will also have an impact upon capitalization and subsequent amortization of the deferred stripping costs. These changes in estimates are accounted for prospectively from the date of change. Stripping costs are amortized over the life of the mine on a units of production basis. Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping

costs are accounted for separately by reference to the coal seam from each separate pit. If, however, the pits are highly integrated, the initial stripping of the second and subsequent pits is considered to be production phase stripping. The Group's determination of whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

Mining Properties from Business Combination

Mining properties represent the fair value adjustment of mining properties acquired at the date of acquisition and are stated at cost. Mining properties are amortized over the life of the property using the "unit-of-production" method from the date of the acquisition based on estimated reserves. The useful life of mining properties pertaining to contractual rights is not longer than the validity period of such rights, except if the contractual rights can be renewed upon expiration without incurring significant costs for such renewal. Changes in estimated reserves are accounted for on a prospective basis, from the beginning of the period in which the change occurs. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. The Group recognizes the deferred tax arising from mining properties.

Reserve Estimates

Reserves are estimates of the quantity of coal that can be economically and legally extracted from the Coal Mining Group's mining authorization areas. The Coal Mining Group determines and reports its coal reserves under the principles incorporated in the "Standar Nasional Indonesia". In order to estimate coal reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, commodity prices and exchange rates. Due to the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Coal Mining Group's financial results and positions in a number of ways, including the following:

- Depreciation and amortization charged in the consolidated statement of profit or loss and other comprehensive income may change where such charges are determined on the units-of-production basis.

- Provision for environmental and reclamation costs may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Leases

Effective beginning January 1, 2020, the Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i. Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any

accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 12,000 hours to 34,500 hours. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease for those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset). The Group included the renewal period as part of the lease term. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operational if a replacement asset is not readily available.

Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Depreciation of right of use assets. The costs of right of use assets are depreciated on a straight-line basis over their estimated useful lives. Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 12,000 hours to 34,500 hours. Management estimates the useful lives of these leased assets to be within 2 (two) to 10 (ten) years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation (except for land that is not depreciated) and impairment losses, if any. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of profit or loss and other comprehensive income as incurred. Depreciation starts when the fixed assets are ready for their intended use which is computed using the straight-line method over the estimated useful lives of the assets.

Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 6,000 hours to 150,000 hours. Construction in-progress is stated at cost and presented as part of "Fixed Assets — Net" in the consolidated statement of financial position. The accumulated costs of construction in-progress will be reclassified to the appropriate fixed asset account when the construction is substantially completed and the constructed asset is ready for its intended use. Carrying amount of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (computed as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized. Residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively, if appropriate, at each financial year end. Land is stated at cost and not depreciated. Legal cost of land rights when the land was initially acquired are recognized as part of the cost of the land. The extension or the legal renewal costs of land rights are recognized as part of "Other Non-current Assets — Net" account in the consolidated statements of financial position and are amortized over the shorter of the rights' legal life and land's economic life. Specific costs associated with the renewal of land titles may be deferred and amortized over the legal term of the land rights or economic life of the land, whichever is shorter.

Depreciation of Fixed Assets

The costs of fixed assets are depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 3 to 15 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

Impairment of Non-financial Assets

At the end of reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its Cash Generating Unit ("CGU") fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statements of profit or loss and other comprehensive income as "Impairment Losses".

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

In measurement of fair value less costs of disposal, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the consolidated statements of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less

costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows data are derived from budget for the next five years and do not include restructuring activities that the Group are not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Results of Operations

The following table shows a breakdown of our results of operations and each item as a percentage of revenue from contracts with customers for the periods indicated:

	Years Ended December 31,						Three Months Ended March 31			
	2018		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Revenue from contracts with customers	**773.1**	**100.0**	**592.4**	**100.0**	**606.4**	**100.0**	**160.9**	**100.0**	**210.9**	**100.0**
Cost of revenue	**(598.8)**	**(77.5)**	**(484.6)**	**(81.8)**	**(504.9)**	**(83.3)**	**(134.7)**	**(83.7)**	**(152.4)**	**(72.3)**
Gross profit	**174.2**	**22.5**	**107.8**	**18.2**	**101.5**	**16.7**	**26.2**	**16.3**	**58.5**	**27.7**
Selling, general and administrative expenses	(65.3)	(8.4)	(58.3)	(9.8)	(54.1)	(8.9)	(18.3)	(11.4)	(9.9)	(4.7)
Other income	9.2	1.2	10.6	1.8	12.7	2.1	4.4	2.7	4.1	1.9
Reversal of impairment loss (impairment loss) on mining properties	45.4	5.9	—	—	(24.0)	(4.0)	—	—	—	—
Other expenses	(26.8)	(3.5)	(6.5)	(1.1)	(19.8)	(3.3)	(0.1)	(0.1)	(1.8)	(0.9)
Profit from operations	**136.8**	**17.7**	**53.5**	**9.0**	**16.3**	**2.7**	**12.1**	**7.5**	**51.0**	**24.2**
Finance income — net	3.6	0.5	3.0	0.5	3.7	0.6	0.4	0.2	0.3	0.1
Finance charges	(46.7)	(6.0)	(36.6)	(6.2)	(43.9)	(7.2)	(9.6)	(6.0)	(10.8)	(5.1)
Profit (loss) before final tax and income tax	**93.6**	**12.1**	**20.0**	**3.4**	**(23.9)**	**(3.9)**	**2.9**	**1.8**	**40.4**	**19.2**
Final tax expense	(0.5)	(0.1)	(0.9)	(0.2)	(1.1)	(0.2)	(0.4)	(0.2)	(0.3)	(0.1)
Profit (loss) before income tax	**93.1**	**12.0**	**19.0**	**3.2**	**(25.0)**	**(4.1)**	**2.5**	**1.6**	**40.1**	**19.0**
Income tax expense — net	(25.9)	(3.4)	(15.1)	(2.5)	(12.7)	(2.1)	(3.6)	(2.2)	(10.6)	(5.0)
Profit (loss) for the period	**67.2**	**8.7**	**3.9**	**0.7**	**(37.7)**	**(6.2)**	**(1.1)**	**(0.7)**	**29.5**	**14.0**

Revenue from contracts with customers

Revenue from contracts with customers includes the consolidated revenue, excluding intercompany sales, generated by our six business units: coal mining, contract mining services, integrated logistics, engineering services and manufacturing, fuel trading and power solutions.

Coal mining. Revenue from our coal mining operations is primarily generated through the sale of coal we produce and trade, through Reswara and its subsidiaries. In the period-on-period discussion below, revenue from contracts with customers from coal mining (before eliminations) refers to the consolidated revenue from contracts with customers of Reswara and its subsidiaries.

Contract mining services. Revenue from our contract mining business is generated through the provision of contract mining services to Indonesian coal producers, through CK. In the period-on-period discussion below, revenue from contracts with customers from contract mining services (before eliminations) refers to the revenue from contracts with customers of CK, including those provided to MIFA and TIA.

Integrated logistics. Revenue from our logistics and vessel rental operations, conducted by CKB and its subsidiaries, is generated through freight forwarding, project and energy-related logistics, transshipment, stevedoring and vessel and time charter services. In the period-on-period discussion below, revenue from contracts with customers from integrated logistics (before eliminations) refers to the consolidated revenue from contracts with customers of CKB and its subsidiaries.

Engineering services and manufacturing. Revenue from our engineering services and remanufacturing business unit, conducted by SSB is generated through three business lines: business services, product and project. In the period-on-period discussion below, revenue from contracts with customers from engineering services and manufacturing (before eliminations) refers to the revenue from contracts with customers of SSB.

Fuel trading. Revenue from our fuel trading is generated through the sale of fuel and lubricant, through PWP. In the period-on-period discussion below, revenue from contracts with customers from fuel trading (before elimination) refers to the revenue from contracts with customers of PWP.

The following table sets forth the breakdown of our revenue from contracts with customers attributable to each of our business units and each item as a percentage of our total revenue for the periods indicated, prior to inter-company eliminations:

	Years Ended December 31,						Three Months Ended March 31			
	2018		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Coal mining[1]	321.5	33.8	292.6	36.1	257.2	30.8	83.2	37.2	111.7	39.5
Contract mining services[2]	342.9	36.0	228.5	28.2	304.4	36.5	64.8	29.0	90.9	32.2
Integrated logistics[3]	118.6	12.5	137.8	17.0	128.9	15.5	36.9	16.5	35.0	12.4
Engineering services and manufacturing[4]	61.3	6.4	77.3	9.5	58.9	7.1	15.9	7.1	15.4	5.4
Power solutions[5]	49.6	5.2	(—)	(—)	0.2	0.0	(—)	(—)	0.2	0.1
Fuel Trading[6]	58.0	6.1	74.2	9.2	84.4	10.1	22.7	10.2	29.4	10.4
Total before eliminations	**951.8**	**100.0**	**810.4**	**100.0**	**833.9**	**100.0**	**223.5**	**100.0**	**282.6**	**100.0**
Eliminations	(178.7)	(18.8)	(218.0)	(26.9)	(227.5)	(27.3)	(62.6)	(28.0)	(71.7)	(25.4)
Total after eliminations	**773.1**	**81.2**	**592.4**	**73.1**	**606.4**	**72.7**	**160.9**	**72.0**	**210.9**	**74.6**

(1) Revenue from Reswara and its subsidiaries.

(2) Revenue from CK.

(3) Revenue from CKB at its subsidiaries.

(4) Revenue from SSB and its subsidiary.

(5) Revenue from SS (in 2018), AJN and its subsidiaries. AJN and its subsidiaries hold and operate the Group's renewable energy business and will be Unrestricted Subsidiaries as of the issuance date of the Notes.

(6) Revenue from PWP.

Cost of Revenue

Cost of revenue includes the consolidated cost of revenue, excluding intercompany costs, incurred by our six business units: coal mining, contract mining services, integrated logistics, engineering services and manufacturing, fuel trading and power solutions.

Coal mining. The cost of revenue of our coal mining business is comprised of the mining costs, such overburden removal, coal extraction, crushing, hauling, fuel and spare parts, as well as depreciation of equipment, royalties paid to the Government, amortization of mining property, road maintenance and rental costs, labor, environmental reclamation and other costs. In the period-on-period discussion below, cost of revenue of coal mining (before eliminations) refers to the consolidated cost of revenue of Reswara and its subsidiaries.

Contract mining services. The cost of revenue of our contract mining business is comprised of fuel and spare parts, sub-contracting costs, depreciation of our equipment, vehicle rental, repairs and maintenance, labor, blasting and drilling and transport. Under the terms of our contract mining agreements, we are able to pass most of our fuel costs to our customers as part of the fees and expenses payable under the agreements. In the period-on-period discussion below, cost of revenue of contract mining services (before eliminations) refers to the cost of revenue of CK.

Integrated logistics. The cost of revenue from our logistics and vessel rental business includes freight costs, handling charges, rental expense, warehousing and stevedoring. In the period-on-period discussion below, cost of revenue of integrated logistics (before eliminations) refers to the consolidated cost of revenue of CKB and its subsidiaries.

Engineering services and manufacturing. The cost of revenue from our engineering services and remanufacturing business unit includes direct material, direct labor, subcontractors, consumables and rental. In the period-on-period discussion below, cost of revenue of engineering services and manufacturing (before eliminations) refers to the cost of revenue of SSB.

Fuel trading. The cost of revenue from our fuel trading business includes fuel and lubricant costs and freight. In the period-on-period discussion below, cost of revenue of fuel trading (before eliminations) refers to the cost of revenue of PWP.

The following table sets forth the breakdown of our cost of revenue attributable to each of our business units and each item as a percentage of our total cost of revenue for the periods indicated, prior to inter-company eliminations:

	Years Ended December 31,						Three Months Ended March 31			
	2018		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Coal mining[1]	209.8	27.9	236.0	35.3	196.9	28.1	60.8	32.3	63.6	29.7
Contract mining services[2]	297.1	39.5	193.3	28.9	280.2	39.9	63.9	34.0	86.2	40.3
Integrated logistics[3]	95.7	12.7	110.0	16.4	102.0	14.5	29.9	15.9	25.1	11.7
Engineering services and manufacturing[4]	52.0	6.9	62.9	9.4	50.6	7.2	13.6	7.2	13.2	6.2
Power solutions[5]	43.5	5.8	(—)	(—)	0.1	0.0	(—)	(—)	0.2	0.1
Fuel Trading[6]	54.1	7.2	67.2	10.0	71.6	10.2	20.0	10.6	25.6	12.0
Total before eliminations	**752.2**	**100.0**	**669.4**	**100.0**	**701.5**	**100.0**	**188.0**	**100.0**	**213.9**	**100.0**
Eliminations	(153.4)	(20.4)	(184.8)	(27.6)	(196.6)	(28.0)	(53.3)	(28.4)	(61.5)	(28.8)
Total after eliminations	**598.8**	**79.6**	**484.6**	**72.4**	**504.9**	**72.0**	**134.7**	**71.6**	**152.4**	**71.2**

(1) Cost of revenue at Reswara and its subsidiaries.

(2) Cost of revenue at CK.

(3) Cost of revenue at CKB and its subsidiaries.

(4) Cost of revenue at SSB and its subsidiary.

(5) Cost of revenue at SS (in 2018), AJN and its subsidiaries. AJN and its subsidiaries hold and operate the Group's renewable energy business and will be Unrestricted Subsidiaries as of the issuance date of the Notes.

(6) Cost of revenue at PWP.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses comprise the following items: (i) salaries and employees' benefits, (ii) professional fees, (iii) selling expenses, (iv) rental, (v) depreciation and amortization, (vi) information and technology, (vii) provision for expected credit losses on trade receivables, (viii) provision for expected credit losses on non-trade receivables, (ix) traveling, (x) utilities and facilities, (xi) telecommunication and (xii) other expenses.

The following table shows the breakdown of our selling, general and administrative expenses and each item as a percentage of our total selling, general and administrative expenses for the periods stated:

	Years Ended December 31,						Three Months Ended March 31			
	2018		2019		2020		2020		2021	
							(Unaudited)			
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in millions, except percentages)									
Salaries and employees' benefits	28.1	43.0	26.7	45.8	20.7	38.3	5.5	30.1	2.0	20.2
Professional fees	9.4	14.4	10.3	17.7	6.6	12.2	2.1	11.5	2.3	23.2
Selling expense	10.3	15.8	8.6	14.8	7.2	13.3	1.8	9.8	1.1	11.1
Rental	3.8	5.8	3.3	5.7	1.8	3.3	0.3	1.6	0.4	4.0
Depreciation and amortization	1.2	1.8	1.0	1.7	3.8	7.0	0.9	4.9	1.0	10.1
Information and technology	2.2	3.4	3.3	5.7	3.4	6.3	0.4	2.2	1.3	13.1
Provision (reversal) for expected credit losses on trade receivables — net	0.2	0.3	(2.1)	(3.6)	2.7	5.0	5.2	28.4	0.5	5.1
Provision for expected credit losses on non-trade receivables — net	0.3	0.5	0.2	0.3	2.1	3.9	0.4	2.2	0.1	1.0
Traveling	1.2	1.8	1.2	2.1	0.5	0.9	0.3	1.6	0.2	2.0
Utilities and facilities	0.9	1.4	0.8	1.4	0.7	1.3	0.2	1.1	0.1	1.0
Telecommunication	0.3	0.5	0.2	0.3	0.3	0.6	0.1	0.5	0.0	0.0
Others	7.5	11.5	4.9	8.4	4.3	7.9	1.3	7.1	0.9	9.1
Total selling, general and administrative	**65.3**	**100.0**	**58.3**	**100.0**	**54.1**	**100.0**	**18.3**	**100.0**	**9.9**	**100.0**

Other Income

Other income represents income from other revenue sources, such as rental of our coal hauling roads, rental of port utilization and one-time income such as unrealized gains in foreign exchange positions, reversals of impairments and accounts receivable and gains on the sale of fixed assets.

Other Expenses

Other expenses represents one-time expenses such as unrealized losses in foreign exchange positions, impairment losses arising from impairments of fixed assets and losses on the sale of fixed assets.

Impairment loss on mining properties

Where the recoverable amount (the higher of its fair value less cost to sell and its value in use) of an asset or its cash generating unit is less than its carrying value, we recognize an impairment loss on the asset.

Finance Charges

Finance charges represents interest and expenses incurred related to our financing arrangements. We adopted PSAK 73 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. We elected to use the transition practical expedient to not reassess whether a

contract is, or contains a lease at January 1, 2020. Instead, we applied the standard only to contracts that were previously identified as leases applying PSAK 30 and ISAK 8 at the date of initial application.

Finance Income — Net

Finance income represents interest and income incurred related to our financing arrangements.

Final Tax Expense

Final tax expense represents tax which is prescribed on certain income payments and is not creditable against income tax due on other income subject to regular rates of tax for the taxable year such as interest, prizes, winnings, royalties, and dividends.

Income Tax Expense — Net

Corporate income was taxable at a flat rate of 25.0% for 2018, 25.0% for 2019 and 22.0% for 2020. The fluctuations in temporary difference have been accounted for in our computation of deferred tax assets as at March 31, 2020 and 2021 and December 31, 2018, 2019 and 2020.

Three Months Ended March 31, 2021 compared to Three Months Ended March 31, 2020

Revenue from contracts with customers

Revenue from contracts with customers (before eliminations) increased by 26.4% to US$282.6 million in the three months ended March 31, 2021 from US$223.5 million for the three months ended March 31, 2020 due to the factors set forth below with respect to each of our businesses. Revenue from contracts with customers (after eliminations) increased by 31.1% to US$210.9 million in the three months ended March 31, 2021 from US$160.9 million for the three months ended March 31, 2020.

Coal mining. Revenue from contracts with customers from our coal mining operations (before eliminations) increased by 34.3% to US$111.7 million for the three months ended March 31, 2021 from US$83.2 million for the three months ended March 31, 2020, primarily as a result of an increase in average selling prices and coal sales volumes in all concession areas.

Contract mining services. Revenue from contracts with customers from our contract mining operations (before eliminations) increased 40.3% to US$90.9 million for the three months ended March 31, 2021 from US$64.8 million for the three months ended March 31, 2020, primarily as a result of increased mining activity as our customers sought to increase their production in response to an increase in coal prices.

Integrated logistics. Revenue from contracts with customers from our integrated logistics business unit (before eliminations) decreased by 5.1% to US$35.0 million for the three months ended March 31, 2021 from US$36.9 million for the three months ended March 31, 2020, primarily as a result of a decrease in demand.

Engineering services and manufacturing. Revenue from contracts with customers from our engineering services and manufacturing business unit (before eliminations) decreased by 3.1% to US$15.4 million for the three months ended March 31, 2021 from US$15.9 million for the three

months ended March 31, 2020. This decrease was mainly due to lower demand in our business services and product business lines.

Fuel Trading. Revenue from contracts with customers from our fuel trading business (before eliminations) increased by 29.5% to US$29.4 million for the three months ended March 31, 2021 from US$22.7 million for the three months ended March 31, 2020. This increase in revenue from our fuel trading business was primarily attributable to higher activity levels in the contract mining services business.

Cost of Revenue

Cost of revenue (before eliminations) increased by 13.8% to US$213.9 million for the three months ended March 31, 2021 from US$188.0 million for the three months ended March 31, 2020 due to the factors set forth below with respect to each of our businesses. Cost of revenue (after eliminations) increased by 13.1% to US$152.4 million for the three months ended March 31, 2021 from US$134.7 million for the three months ended March 31, 2020.

Coal mining. Cost of revenue in our coal mining business (before eliminations) increased by 4.6% to US$63.6 million for the three months ended March 31, 2021 from US$60.8 million for the three months ended March 31, 2020, primarily as the result of higher mining costs as production ramped up, as well as a higher strip ratio at MIFA.

Contract mining services. Cost of revenue in our contract mining services business (before eliminations) increased by 34.9% to US$86.2 million for the three months ended March 31, 2021 from US$63.9 million for the three months ended March 31, 2020 primarily as the result of an increase in the volume of overburden removed and coal production, as well as higher equipment rental costs and higher equipment repair as production increased.

Integrated logistics. Cost of revenue for our integrated logistics business (before eliminations) decreased by 16.1% to US$25.1 million for the three months ended March 31, 2021 from US$29.9 million for the three months ended March 31, 2020, mainly due to lower freight and handling costs as impact of decrease in demand for services in logistics and distribution as well as our efficiency initiative, which included re-negotiation of prices with certain vendors.

Engineering services and manufacturing. Cost of revenue for our engineering services and manufacturing business (before eliminations) decreased by 2.9% to US$13.2 million for the three months ended March 31, 2021 from US$13.6 million for the three months ended March 31, 2020. This decrease in was due mainly to decreases in material and labor costs in our product business line as demand decreased.

Fuel trading. Cost of revenue for our fuel trading business (before eliminations) increased by 28.0% to US$25.6 million for the three months ended March 31, 2021 from US$20.0 million for the three months ended March 31, 2020, mainly due to an increase in the volume of fuel and lubricant purchased.

Gross Profit

Our gross profit (before eliminations) increased by 94.1% to US$68.7 million for the three months ended March 31, 2021 from US$35.4 million for the three months ended March 31, 2020, due

to the factors described above. Our gross profit (after eliminations) increased by 123.3% to US$58.5 million for the three months ended March 31, 2021 from US$26.2 million for the three months ended March 31, 2020. Our gross profit margin (after eliminations), which is calculated as gross profit divided by revenue from contracts with customers, increased to 27.8% for the three months ended March 31, 2021 from 16.3% for the three months ended March 31, 2020.

Coal Mining. Our gross profit attributable to our coal mining business (before eliminations) increased by 115.2% to US$48.2 million for the three months ended March 31, 2021 from US$22.4 million for the three months ended March 31, 2020.

Contract Mining Services. Our gross profit attributable to our contract mining services business (before eliminations) increased by 422.2% to US$4.7 million for the three months ended March 31, 2021 from US$0.9 million for the three months ended March 31, 2020.

Integrated Logistics. Our gross profit attributable to our integrated logistics business (before eliminations) increased by 40.0% to US$9.8 million for the three months ended March 31, 2021 from US$7.0 million for the three months ended March 31, 2020.

Engineering services and manufacturing. Our gross profit attributable to our engineering services and manufacturing business (before eliminations) decreased 8.3% at US$2.2 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Fuel trading. Our gross profit attributable to our fuel trading business (before eliminations) increased by 35.7% to US$3.8 million for the three months ended March 31, 2021 from US$2.8 million for the three months ended March 31, 2020.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses decreased by 45.9% to US$9.9 million for the three months ended March 31, 2021 from US$18.3 million for the three months ended March 31, 2020, due mainly to a decrease in our provision for expected credit losses on trade receivables to US$0.5 million for the three months ended March 31, 2021 from US$5.2 million for the three months ended March 31, 2020, due to our improved credit management procedures. Salaries and employee's benefit expenses decreased by 63.6% to US$2.0 million for the three months ended March 31, 2021 from US$5.5 million for the three months ended March 31, 2020 as a result of the continued implementation of our organizational efficiency program in 2020, which includes headcount optimization. Selling expenses also decreased by 38.9% to US$1.1 million for the three months ended March 31, 2021 from US$1.8 million for the three months ended March 31, 2020.

Other Income

Our other income decreased by 6.8% to US$4.1 million for the three months ended March 31, 2021 from US$4.4 million for the three months ended March 31, 2020, mainly due to a decrease in our disposals of property, plant and equipment.

Other Expenses

Our other expenses increased substantially to US$1.8 million for the three months ended March 31, 2021 from US$0.1 million for the three months ended March 31, 2020, mainly due to an increase in our loss on foreign exchange following the weakening of the Rupiah against the U.S. dollar in the three months ended March 31, 2021.

Profit from Operations

As a result of the above factors our profit from operations increased by 321.5% to US$51.0 million for the three months ended March 31, 2021 from US$12.1 million for the three months ended March 31, 2020

Finance Income — Net

Our finance income — net decreased by 25.0% to US$0.3 million for the three months ended March 31, 2021 from US$0.4 million for the three months ended March 31, 2020, mainly due lower interest income in three months ended March 31, 2021.

Finance Charges

Our finance charges increased by 12.5% to US$10.8 million for the three months ended March 31, 2021 from US$9.6 million for the three months ended March 31, 2020, mainly due to the impact of the adoption of PSAK 73.

Final Tax Expense

Our final tax expense decreased by to 25.0% to US$0.3 million for the three months ended March 31, 2021 from US$0.4 million for the three months ended March 31, 2020 mainly due to declining revenue from freight operations and charter of vessels.

Income Tax Expense — Net

Our income tax expense — net increased by 194.4% to US$10.6 million for the three months ended March 31, 2021 from US$3.6 million for the three months ended March 31, 2020, mainly due to the increase in our revenue from contracts with customers.

Profit (loss) for the period

As a result of the above factors, our profit for the period increased substantially to US$29.5 million for the three months ended March 31, 2021 from a loss of US$1.1 million for the three months ended March 31, 2020.

Year Ended December 31, 2020 compared to Year Ended December 31, 2019

Revenue from contracts with customers

Revenue from contracts with customers (before eliminations) increased by 2.9% to US$833.9 million in 2020 from US$810.4 million in 2019 due to the factors set forth below with respect to each of our businesses. Revenue from contracts with customers (after eliminations) increased by 2.4% to US$606.4 million in 2020 from US$592.4 million in 2019.

Coal mining. Revenue from contracts with customers from our coal mining operations (before eliminations) decreased by 12.1% to US$257.2 million in 2020 from US$292.6 million in 2019, primarily as the result of a decrease in the volume of coal sold by TIA and a decrease in the average coal price generally. During 2020 the average selling price of TIA coal decreased by 14.2%, MIFA coal decreased by 4.0%, while BEL coal decreased by 8.1%, each compared to 2019.

Contract mining services. Revenue from contracts with customers from our contract mining operations (before eliminations) increased by 33.2% to US$304.4 million in 2020 from US$228.5 million in 2019, primarily as a result of increases in overburden removal volumes as production increased and three new customers came online. Overburden removal increased by 46.9% to 139.7 million BCM from 95.5 million BCM. Coal production increased by 47.8% to 27.6 million tons from 18.6 million tons.

Integrated logistics. Revenue from contracts with customers from our integrated logistics business unit (before eliminations) decreased by 6.5% to US$128.9 million in 2020 from US$137.8 million in 2019, primarily as a result of decreased volume on the back of decreased demand.

Engineering services and manufacturing. Revenue from contracts with customers from our engineering services and manufacturing business unit (before eliminations) decreased by 23.8% to US$58.9 million in 2020 from US$77.3 million in 2019. This decrease was mainly due to the slowdown of heavy industries through the fourth quarter of 2020 due to the impact of COVID-19, decreasing revenue across all business lines.

Fuel trading. Revenue from contracts with customers from our fuel trading business (before eliminations) increased by 13.7% to US$84.4 million in 2020 from US$74.2 million in 2019. This increase in revenue from our fuel trading business was primarily attributable to higher activity levels in the contract mining services business.

Cost of Revenue

Cost of revenue (before eliminations) increased by 4.8% to US$701.5 million in 2020 from US$669.4 million in 2019, due to the factors set forth below with respect to each of our businesses. Cost of revenue (after eliminations) increased by 4.2% to US$504.9 million in 2020 from US$484.6 million in 2019.

Coal mining. Cost of revenue in our coal mining business (before eliminations) decreased by 16.6% to US$196.9 million in 2020 from US$236.0 million in 2019 primarily as the result of our continuing efforts to reduce our production cost in our mining activities in response to low coal prices, as we relocated our TIA mining operations to areas with lower strip ratios. Our cash costs per ton fell at each of our mines in 2020 compared to 2019, declining to US$24.3 from US$30.4 at TIA, US$15.8 from US$16.7 at MIFA and US$15.0 from US$19.6 at BEL.

Contract mining services. Cost of revenue in our contract mining services business (before eliminations) increased by 45.0% to US$280.2 million in 2020 from US$193.3 million in 2019 primarily as the result of higher overburden removal and coal production volumes, partially offset by the implementation of cost efficiency initiatives, including optimized working hours and improved mining productivity, which maintained our cost per BCM (without fuel) at US$1.7/BCM.

Integrated logistics. Cost of revenue for our integrated logistics business (before eliminations) decreased by 7.3% to US$102.0 million in 2020 from US$110.0 million in 2019, mainly due to lower freight and handling costs as impact of decrease in demand for services in logistics and distribution as well as our efficiency initiative, which included re-negotiation of prices with certain vendors.

Engineering services and manufacturing. Cost of revenue for our engineering services and manufacturing business (before eliminations) decreased by 19.6% to US$50.6 million in 2020 from US$62.9 million in 2019, mainly due to decreases in material and labor costs in our product business line as demand decreased.

Fuel Trading. Cost of revenue for our fuel trading business (before eliminations) increased by 6.5% to US$71.6 million in 2020 from US$67.2 million in 2019, mainly due to an increase in the volume of fuel and lubricant purchased.

Gross Profit

Our gross profit (before eliminations) decreased by 6.1% to US$132.4 million in 2020 from US$141.0 million in 2019, due to the factors described above. Our gross profit margin (before eliminations), which is calculated as our gross profit divided by revenue from contracts with customers, decreased to 15.9% in 2020 from 17.4% in 2019. Our gross profit (after eliminations) decreased by 5.8% to US$101.5 million in 2020 from US$107.8 million in 2019, due to the factors described above.

Coal mining. Our gross profit attributable to our coal mining business (before eliminations) increased by 6.4% to US$60.2 million in 2020 from US$56.6 million in 2019.

Contract mining services. Our gross profit attributable to our contract mining services business (before eliminations) decreased by 31.5% to US$24.1 million in 2020 from US$35.2 million in 2019.

Integrated Logistics. Our gross profit attributable to our integrated logistics business (before eliminations) decreased by 3.2% to US$26.9 million in 2020 from US$27.8 million in 2019.

Engineering services and manufacturing. Our gross profit attributable to our engineering services and manufacturing business (before eliminations) decreased by 42.4% to US$8.3 million in 2020 from US$14.4 million in 2019.

Fuel trading. Our gross profit attributable to our fuel trading business (before eliminations) increased by 82.9% to US$12.8 million in 2020 from US$7.0 million in 2019.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses decreased by 7.2% to US$54.1 million in 2020 from US$58.3 million in 2019, mainly due to an increase in the provision for expected credit losses on trade receivables and non-trade receivables in our coal mining and contract mining services business units, by 366.7% to US$4.8 million in 2020 due to implementation of PSAK 71. Also, salaries and employees' benefit expenses decreased by 22.5% to US$20.7 million in 2020 from US$26.7 million in 2019 as a result of reversal accrued bonus in 2020. Our selling expense decreased by 16.3% to US$7.2 million in 2020 from US$8.6 million in 2019 as a result of the overall decrease in revenue from contracts with customers. Our professional fees decreased by 35.9% to US$6.6 million in 2020 from US$10.3 million in 2019 due to the Group's strategy to reduce consultant and other professional fees in order to increase cost efficiency. Lastly, our depreciation and amortization increased by 280.0% to US$3.8 million from US$1.0 million in 2019 as the result of PSAK 73 implementation which increased the number of our right-of-use assets.

Other Income

Our other income increased by 19.8% to US$12.7 million in 2020 from US$10.6 million in 2019 mainly due to an increase in our overall operating foreign exchange gain amounting to US$3.5 million.

Other Expenses

Our other expenses increased by 204.6% to US$19.8 million in 2020 from US$6.5 million in 2019, mainly due to a recognition of impairment losses relating to heavy equipment in respect of

our contract mining service business of US$10.0 million in 2020 as compared to US$0.1 million 2019, recorded as income due to reversal of accruals short fall claim of ABN project.

Impairment loss on mining properties

We recognized an impairment loss on mining properties of US$24.0 million in 2020 as a result of low coal prices for coal produced at the MIFA concession area. We did not recognize an impairment in 2019.

Profit from Operations

As a result of the above factors, our profit from operations decreased by 69.5% to US$16.3 million in 2020 from US$53.5 million in 2019.

Finance Income — Net

Our finance income — net increased by 23.3% to US$3.7 million in 2020 from US$3.0 million in 2019, mainly due to higher outstanding cash and cash equivalents on average for 2020.

Finance Charges

Our finance charges increased by 19.9% to US$43.9 million in 2020 from US$36.6 million in 2019, mainly due to an increase of our outstanding interest bearing debt .

Final Tax Expense

Our final tax expense increased by 22.2% to US$1.1 million in 2020 from US$0.9 million in 2019, mainly due to an increase in our contract mining construction activities in 2020, on which we owe final tax.

Income Tax Expense — Net

Our income tax expense — net decreased by 15.9% to US$12.7 million in 2020 from US$15.1 million in 2019, mainly due to a decrease in tax rate from 25.0% in 2019 to 22.0% in 2020, despite the increase in revenue from US$592.4 million in 2019 to US$606.4 million in 2020.

Profit (loss) for the period

As a result of the above factors, our profit decreased to a loss of US$37.7 million in 2020 from a profit of US$3.9 million in 2019.

Year Ended December 31, 2019 compared to Year Ended December 31, 2018

Revenue from contracts with customers

Revenue from contracts with customers (before eliminations) decreased by 14.9% to US$810.4 million in 2019 from US$951.8 million in 2018 due to the factors set forth below with respect to each of our businesses. Revenue from contracts with customers (after eliminations) decreased by 23.4% to US$592.4 million in 2019 from US$773.1 million in 2018.

Coal mining. Revenue from contracts with customers from our coal mining operations (before eliminations) decreased by 9.0% to US$292.6 million in 2019 from US$321.5 million in 2018, primarily as the result of a decrease in the average selling price of coal from all concession areas as compared to 2018. The average selling price of TIA coal decreased by 17.4%, MIFA by 18.9% and BEL by 2.3%.

Contract mining services. Revenue from contracts with customers from our contract mining operations (before eliminations) decreased by 33.4% to US$228.5 million in 2019 from US$342.9 million in 2018, primarily as a result of lower overburden removal and coal production volumes as certain customer contracts were not renewed.

Integrated logistics. Revenue from contracts with customers from our integrated logistics business unit (before eliminations) increased by 16.2% to US$137.8 million in 2019 from US$118.6 million in 2018, primarily as a result of increased demand for logistics and distribution services as well as higher transshipment and stevedoring volumes.

Engineering services and manufacturing. Revenue from contracts with customers from our engineering services and manufacturing business unit (before eliminations) increased by 26.1% to US$77.3 million in 2019 from US$61.3 million in 2018. This increase was primarily a result of increased demand in our business services and product business lines.

Fuel trading. Revenue from contracts with customers from our fuel trading business unit (before eliminations) increased by 27.9% to US$74.2 million in 2019 from US$58.0 million in 2018. This increase was primarily a result of higher fuel demand from our coal mining business at MIFA & BEL.

Cost of Revenue

Cost of revenue (before eliminations) decreased by 11.0% to US$669.4 million in 2019 from US$752.2 million in 2018, due to the factors set forth below with respect to each of our businesses. Cost of revenue (after eliminations) decreased by 19.1% to US$484.6 million in 2019 from US$598.8 million in 2018.

Coal mining. Cost of revenue in our coal mining business (before eliminations) increased by 12.5% to US$236.0 million in 2019 from US$209.8 million in 2018 mainly due to an increase in mining activity and higher coal sales. Our cash costs per ton rose at two of our mines in 2019 compared to 2018, increasing to US$30.4 from US$30.1 at TIA, US$16.7 from US$16.0 at MIFA. Our cash costs per ton fell at one of our mines in 2019 compared to 2018, declining to US$19.6 from US$19.7 at BEL.

Contract mining services. Cost of revenue in our contract mining services business (before eliminations) decreased by 34.9% to US$193.3 million in 2019 from US$297.1 million in 2018 primarily as the result lower overburden removal and coal production volumes.

Integrated logistics. Cost of revenue for our integrated logistics business (before eliminations) increased by 14.9% to US$110.0 million in 2019 from US$95.7 million in 2018, mainly due to higher freight and handling costs, as well as higher transshipment and stevedoring costs generally in line with increased revenue.

Engineering services and manufacturing. Cost of revenue decreased for our engineering services and manufacturing business (before eliminations) increased by 21.0% to US$62.9 million in 2019 from US$52.0 million in 2018, as costs increased, generally in line with the growth in revenue.

Fuel Trading. Cost of revenue for our fuel trading business (before eliminations) increased by 24.2% to US$67.2 million in 2019 from US$54.1 million in 2018, mainly due to higher fuel and lubricant purchases, in line with higher sales volumes.

Gross Profit

Our gross profit (before eliminations) decreased by 29.3% to US$141.0 million in 2019 from US$199.5 million in 2018, due to the factors described above. Our gross profit margin (before eliminations), which is calculated as our gross profit divided by revenue from contracts with customers, decreased to 17.4% in 2019 from 21.0% in 2018. Our gross profit (after eliminations) decreased by 38.1% to US$107.8 million in 2019 from US$174.2 million in 2018, due to the factors described above.

Coal mining. Our gross profit attributable to our coal mining business (before eliminations) decreased by 49.3% to US$56.6 million in 2019 from US$111.7 million in 2018.

Contract mining services. Our gross profit attributable to our contract mining services business (before eliminations) decreased by 23.1% to US$35.2 million in 2019 from US$45.8 million in 2018.

Integrated logistics. Our gross profit attributable to our integrated logistics business (before eliminations) increased by 21.4% to US$27.8 million in 2019 from US$22.9 million in 2018.

Engineering services and manufacturing. Our gross profit attributable to our engineering services and manufacturing business (before eliminations) increased by 54.8% to US$14.4 million in 2019 from US$9.3 million in 2018.

Fuel trading. Our gross profit attributable to our fuel trading business (before eliminations) increased by 79.5% to US$7.0 million in 2019 from US$3.9 million in 2018.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses decreased by 10.7% to US$58.3 million in 2019 from US$65.3 million in 2018, due mainly to the decrease in the provision for expected credit losses on trade receivables from US$0.2 million in 2018 to a reversal of expected credit losses on trade receivables amounting to US$2.1 million in 2019, mainly from our integrated logistics and contract mining services. Salaries and employee's benefit expenses decreased by 5.0% to US$26.7 million in 2019 from US$28.1 million in 2018 as a result of the deconsolidation of SS. This decrease in selling, general and administrative expenses was partially due to a decrease in our selling expenses by 16.5% to US$8.6 million in 2019 from US$10.3 million in 2018 as a result of a decreased revenues in 2019.

Other Income

Our other income increased by 15.2% to US$10.6 million in 2019 from US$9.2 million in 2018, mainly due the increase in coal mining port facility and hauling .

Other Expenses

Our other expenses decreased by 75.7% to US$6.5 million in 2019 from US$26.8 million in 2018, mainly due to a reversal of accrued shortfall claims of the ABN project in 2019 which occurred in 2018. Also, there was a decrease of impairment of vessels in 2018 compared with 2019.

Impairment Loss on Mining Properties

We recognized no impairment loss on mining properties in 2019 as compared to a reversal of impairment losses of US$45.4 million in 2018. The reversal of impairment losses related to an adjustment in the carrying value of our mining properties as a result of higher coal prices.

Profit from Operations

As a result of the above factors our profit from operations decreased to profit of US$53.5 million in 2019 from a profit of US$136.8 million in 2018.

Finance Income — Net

Our finance income — net decreased by 16.7% to US$3.0 million in 2019 from US$3.6 million in 2018, mainly due to the decrease of overall cash and cash equivalents by 29.3% to US$101.9 million in 2019 from US$144.1 million in 2018.

Finance Charges

Our finance charges decreased by 21.6% to US$36.6 million in 2019 from US$46.7 million in 2018, mainly due to SS's eleven-month portion of interest from sukuk and bonds which was absorbed by the Group.

Final Tax Expense

Our final tax expense increased by 80.0% to US$0.9 million in 2019 from US$0.5 million in 2018, mainly due to the increase in final tax expenses from contract mining services and integrated logistics .

Income Tax Expense — Net

Our income tax expense — net decreased by 41.7% to US$15.1 million in 2019 from US$25.9 million in 2018, mainly due to lower amounts of both current income tax and deferred income tax as a result of decreased revenues.

Profit for the period

As a result of the above factors, our net profit decreased to US$3.9 million in 2019 from US$67.2 million in 2018.

Liquidity and Capital Resources

Our liquidity has been and will continue to be influenced by a variety of factors, including our ability to generate cash flow from our operating activities; the level of our outstanding indebtedness; prevailing domestic and international interest rates, which affect our debt service requirements; and our investments, potential acquisitions and capital expenditure commitments.

Our principal liquidity requirements have been to fund our operations and working capital, for capital expenditures and debt service. Historically, we have financed our capital expenditures principally through cash flows from operating activities, debt financing from financial institutions, lease liabilities, vendor financing and the issuance of bonds.

As of March 31, 2021, we had cash and cash equivalents of US$117.3 million, compared to US$109.2 million and US$101.9 million as of December 31, 2020 and 2019, respectively. As of March 31, 2021, our undrawn portion on loans (related party and external) amounted to approximately US$70 million, compared to US$50 million and US$55 million as of December 31, 2020 and 2019, respectively.

The following table summarizes our cash flows for the periods indicated:

Consolidated Cash Flow Data

	Years Ended December 31,			Three-Month Periods Ended March 31,	
	2018	2019	2020	2020	2021
				(Unaudited)	
	US$	US$	US$	US$	US$
			(US$ in millions)		
Net cash provided by operating activities	135.8	60.1	132.3	37.1	48.1
Net cash used in investing activities	(47.2)	(88.3)	(62.5)	(12.0)	(10.7)
Net cash used in financing activities	(83.3)	(14.6)	(62.1)	(13.2)	(27.9)
Net increase (decrease) in cash and cash equivalents	5.3	(42.8)	7.8	11.9	9.5
Net effect of changes in exchange rates on cash and cash equivalents	(1.9)	0.7	(0.5)	(5.0)	(1.4)
Cash and cash equivalents at beginning of period	140.7	144.1	101.9	101.9	109.2
Cash and cash equivalents at end of period	144.1	101.9	109.2	108.8	117.3

Net Cash Provided by Operating Activities

Net cash provided by operating activities includes funds generated from our operating activities and net cash inflows or outflows from changes in operating assets and liabilities.

Net cash provided by operating activities was US$48.1 million for the three months ended March 31, 2021, consisting of receipts from customers of US$193.6 million, payments to suppliers and others of US$108.3 million, payments to employees of US$32.6 million, receipts from tax refund of US$0.3 million, receipts from interest income of US$0.3 million and payments of income taxes of US$5.2 million.

Net cash provided by operating activities was US$37.1 million for the three months ended March 31, 2020, consisting of receipts from customers of US$155.3 million, payments to suppliers and others of US$81.8 million, payments to employees of US$30.8 million, receipts from tax refund of US$1.0 million, receipts from interest income of US$0.4 million and payments of income taxes of US$7.0 million.

Net cash provided by operating activities was US$132.3 million in 2020, consisting of receipts from customers of US$573.2 million, payments to suppliers and others of US$326.0 million, payments to employees of US$110.6 million, receipts from tax refund of US$15.8 million, receipts from interest income of US$3.7 million and payments for income taxes of US$23.7 million.

Net cash provided by operating activities was US$60.1 million in 2019, consisting of receipts from customers of US$608.9 million, payments to suppliers and others of US$419.7 million, payments to employees of US$104.4 million, receipts from tax refund of US$5.4 million, receipts from interest income of US$3.0 million and payments for income taxes of US$33.0 million.

Net cash provided by operating activities was US$135.8 million in 2018, consisting of receipts from customers of US$775.1 million, payments to suppliers and others of US$495.2 million, payments to employees of US$110.3 million, receipts from tax refund of US$2.9 million, receipts from interest income of US$3.5 million and payments for income taxes of US$40.2 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was US$10.7 million for the three months ended March 31, 2021, consisting primarily of acquisitions of fixed assets of US$7.2 million.

Net cash used in investing activities was US$12.0 million for the three months ended March 31, 2020, consisting primarily of acquisitions of fixed assets of US$4.0 million, the payment of payables related to the acquisition of fixed assets of US$7.9 million and expenditures for mining exploration and development costs of US$0.9 million.

Net cash used in investing activities was US$62.5 million in 2020, consisting of acquisition of fixed assets of US$44.3 million, payment of payables related to the acquisition of fixed assets of US$7.9 million, payment of payables related to the acquisition of intangible assets of US$7.1 million, addition to advances for purchase of fixed assets of US$0.5 million and expenditures for mining exploration and development costs in the amount of US$10.1 million, partially offset by proceeds from sale of fixed assets of US$8.1 million.

Net cash used in investing activities was US$88.3 million in 2019, consisting of acquisition of fixed assets of US$40.9 million, the payment of payables related to the acquisition of fixed assets of US$1.0 million, expenditures for mining exploration and development costs in the amount of US$2.5 million and acquisition through ANN of a minority stake of 10% of the shares in MHU of US$60.0 million, partially offset by a decrease in other current financial assets of US$13.0 million and proceeds from sale of fixed assets in the amount of US$2.0 million.

Net cash used in investing activities was US$47.2 million in 2018, consisting of acquisition of fixed assets of US$21.9 million, payment of payables related to the acquisition of fixed assets of US$9.3 million, an increase in other current financial assets in the amount of US$13.0 million, an addition to advances for purchase of fixed assets of US$0.4 million, expenditures for mining exploration and development costs in the amount of US$0.8 million and an increase in cash on hand and in banks disposed from deconsolidation of a subsidiary of US$9.1 million, partially offset by proceeds from sale of fixed assets of US$1.8 million.

Net Cash Used in Financing Activities

Net cash used in financing activities was US$27.9 million for the three months ended March 31, 2021, consisting of payments of interest in the amount of US$19.1 million, payments of lease liabilities of US$10.0 million and payments of short-term bank loans in the amount of US$5.0 million, partially offset by proceeds from short-term bank loans in the amount of US$5.0 million and proceeds from lease liabilities in the amount of US$1.2 million.

Net cash used in financing activities was US$13.2 million for the three months ended March 31, 2020, consisting of payments of interest in the amount of US$17.7 million and payments of lease liabilities in the amount of US$6.5 million, partially offset by proceeds from short-term bank loans in the amount of US11.0 million.

Net cash used in financing activities was US$62.1 million in 2020, consisting of payments of interest in the amount of US$41.3 million, payments of lease liabilities in the amount of US$23.2 million, payments of short-term bank loans in the amount of US$145.0 million and payments of dividends during 2020 of US$2.5 million, partially offset by proceeds from short-term bank loans in the amount of US$150.0 million.

Net cash used in financing activities was US$14.6 million in 2019, consisting of payments of interest in the amount of US$34.2 million, payments of lease liabilities in the amount of US$8.5 million and payments of dividends in the amount of US$6.9 million, partially offset by proceeds from a short-term bank loans in the amount of US$35.0 million.

Net cash used in financing activities was US$83.3 million in 2018, consisting of payments of interest in the amount of US$41.9 million, payments of lease liabilities in the amount of US$10.4 million, payments of loan from related party in the amount of US$15.2 million, payments of shareholder loan in the amount of US$15.0 million, payments of bank and other financial institution loans in the amount of US$0.4 million and payments of bonds payable and sukuk ijarah in the amount of US$0.4 million.

Working Capital

We primarily fund our working capital through our cash flows from operating activities. Key factors that impact our working capital requirements include the level of activity in our mining services business, the payment terms that we offer our customers and the payment terms offered by our suppliers. We do not expect there will be any significant changes on how we fund our working capital requirement as coal price already improved for certain periods. As of March 31, 2021 we have a working capital loan facility in the amount of US$5.0 million, US$25.0 million, and US$10.0 million from Bank Mandiri, OCBC-NISP and Standard Chartered Bank, respectively.

Indebtedness

As of March 31, 2021, our total indebtedness was US$492.8 million consisting of short-term bank loans in the amount of US$40.0 million for working capital and general corporate purposes, current maturities of lease liabilities to third parties in the amount of US$9.5 million, current maturities of lease liabilities to related parties in the amount of US$17.8 million, long term net of current maturities of bonds payable in the amount of US$346.3 million, long term net of current maturities of lease liabilities to third parties in the amount of US$5.8 million and long term net of current maturities of lease liabilities to related parties in the amount of US$73.4 million. See "*Material Indebtedness*" for additional information on the terms of our outstanding indebtedness, including our maturity profile. We will use the net proceeds of the offering of the Notes, to fund the Concurrent Tender Offer or to otherwise redeem or discharge the 2022 Notes.

Fixed Asset Expenditures

The following table shows our historical fixed assets expenditures for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,
	2018[1]	2019[1]	2020[1]	2021[1]
	(US$ in millions)			
Machinery and equipment	8.1	12.5	18.8	4.1
Building and improvements	0.8	2.0	1.1	0.0
Land	0.9	0.5	2.2	0.2
Road and infrastructure	1.6	1.4	0.6	—
Office furniture, fixtures and equipment	1.2	0.9	0.8	0.2
Vehicles	2.1	1.4	4.6	0.0
Vessels	0.1	0.0	2.6	—
Construction in-progress	7.1	30.8	15.7	4.3
Finance lease	0.9	0.0	—	—
Total fixed assets expenditures	**22.9**	**49.5**	**46.4**	**9.0**

Note:

(1) Our historical fixed asset expenditure amounts, as presented in this table, are based on the additional amounts included in our fixed assets as recorded in our consolidated financial statements for the relevant period.

Our budgeted fixed asset expenditure for 2021 with respect to the Restricted Subsidiaries is US$97.0 million, and we expect that our fixed asset expenditure budget for 2022 may further increase from this level. Our planned fixed asset expenditures primarily relate to purchases for new equipment as well as asset refurbishment and replacement as our existing equipment replacement cycle accelerates, given the age of the bulk of our equipment. Our fixed asset expenditure budget represents our current estimates. We will reassess our fixed asset expenditures from time to time in light of the then current circumstances, including without limitation our operational requirements and our financial capacity, and there can be no assurance that our actual fixed asset expenditures will correspond to our current forecast.

We intend to finance our fixed asset expenditures principally through cash flows from operating activities and debt financing. In times when market conditions are favorable, we may raise additional funds for fixed asset expenditures by incurring additional debt or selling shares.

Contractual Obligations and Commitments

The following table sets forth information regarding our contracts and commitments as of March 31, 2021.

	Maturity				
As of March 31, 2021	Amount Outstanding	Less than one year	1-3 years	3-5 years	More than 5 years
	(US$ in millions)				
Short-term bank loans	40.0	40.0	—	—	—
Trade payables	108.6	108.6	—	—	—
Non-trade payables	10.6	10.6	—	—	—
Accrued expenses	51.4	51.4	—	—	—
Lease liabilities	106.5	27.3	31.0	20.0	28.1
Long-term non-trade payable — third parties	6.2	2.8	3.4	—	—
Bonds payables	350.0	—	350.0	—	—
Total	**673.2**	**240.7**	**384.4**	**20.0**	**28.1**

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements or obligations.

Taxation

We determine current tax expense based on the taxable income for the relevant period or year calculated in accordance with the prevailing tax rates. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, except those differences that are subject to final tax. We recognize deferred tax liabilities for all taxable temporary differences while deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that the deductible temporary differences can be utilized against taxable income available in the future periods.

We calculate deferred tax at the tax rates that have been enacted or substantively enacted as of the consolidated statement of financial position date. Changes in the carrying amount of deferred tax assets and liabilities resulting from any change in tax rates are charged to current period/year operations, except to the extent that such changes relate to items previously charged or credited to equity. The deferred tax effect arising from acquisition is recognized as part of "deferred tax asset or liability" account. We offset deferred tax assets and liabilities in the consolidated statements of financial position unless such assets and liabilities are for different legal entities, as the current tax assets and liabilities are presented.

Our total deferred tax liabilities as of December 31, 2018, 2019 and 2020 and March 31, 2021 were US$9.7 million, US$11.7 million, US$9.6 million and US$9.5 million, respectively. We also had net deferred tax assets as of December 31, 2018, 2019 and 2020 and March 31, 2021 amounting to US$11.3 million, US$11.0 million, US$8.1 million and US$7.3 million, respectively.

Quantitative and Qualitative Disclosures About Market Risk

Fair Value and Cash Flow Interest Rate Risk

Fair value and cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The ABM Group is exposed to the risk of changes in market interest rates relating primarily to its short-term bank loans and long-term loans. Interest rate fluctuations influence the cost of new loans and the interest on the outstanding variable rate loans of the ABM Group.

The ABM Group's policies relating to interest rate risk are to manage interest cost through a mix of fixed and variable rate debts. The ABM Group evaluates the fixed to floating ratio of its short-term bank loans and other long-term loans in line with movements of relevant interest rates in the financial markets.

Currently, the ABM Group does not have a formal hedging policy for interest rate exposures. For lease liabilities and long-term loans, the ABM Group may seek to mitigate interest rate risk by passing it on to its customers.

Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The ABM Group's exposure to exchange rate fluctuations results primarily from short-term bank loans, long-term loans, trade receivables from sales in foreign currencies and trade payables from purchases in foreign currencies.

The ABM Group does not have any formal hedging policy for foreign exchange exposure. However, in relation to the matters discussed in the preceding paragraph, the fluctuations in the exchange rates between the U.S. dollar and each of the Rupiah, Australian dollar, Singapore dollar, Japanese Yen, Great Britain Pound sterling and European Euro provide some degree of natural hedge for the ABM Group's foreign exchange exposure.

Effects of Inflation

According to the Indonesian Bureau of Statistics, Indonesia's annual inflation, as measured by the consumer price index, was 1.7% in 2020, 2.7% in 2019 and 3.1% in 2018. We do not consider inflation in Indonesia, where all of our operations are located, to have had a material impact on our results of operations.

Seasonality

Our contract mining and open cut mining businesses can be adversely impacted by inclement weather, particularly during the rainy season when heavy rains can slow overburden removal and reduce coal production volumes as well as disrupt transportation of our coal from the mine to the transshipment point. Our mine planning function anticipates and adjusts production levels to take into account such weather-related delays. See "*Risk Factors — Risks Relating to Our Business and Operations — Risks Relating to Our Open Cut Coal Mining Business and Our Contract Mining Services Business — Seasonal weather changes may adversely affect our mining and transportation operations*."

New Accounting Pronouncements

The following are several accounting standards issued by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Group but are not yet effective for consolidated financial statements as of March 31, 2021 and for the three-month period ended December 31, 2020:

Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts — Contract Fulfillment Costs, effective from January 1, 2022

This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract

The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:

- incremental costs to fulfill the contract, and
- allocation of other costs that are directly related to fulfilling the contract.

An entity shall apply those amendments to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Earlier application is permitted.

2020 Annual Improvements — PSAK 71: Financial Instruments, effective from January 1, 2022

These improvements clarify the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

An entity applies the improvements to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective from January 1, 2023

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. Earlier application is permitted.

BUSINESS

Overview

We are an integrated mining solutions company that manages the entire mining value chain. This includes mining resources, mining services, fuel solutions and mining infrastructure, supported by leading logistics and engineering services companies. We pursue a vision of becoming a strategic investments company across the coal and non-coal mining value chains and in our adjacent businesses.

Our operations are carried out through various operating subsidiaries as follows: (i) Reswara, which was established in 2010, and its subsidiaries, undertakes our open cut mining business; (ii) CK, which was established in 1997, undertakes our contract mining business; (iii) CKB, which was established in 1997, and its subsidiaries, undertakes our integrated logistics business; (iv) SSB, which was established in 1977, undertakes our engineering services and manufacturing business; and (v) PWP, which was established in 2011, undertakes our fuel solutions business.

We were established on June 1, 2006 to provide mining consulting services. On August 11, 2009, we were acquired by the Trakindo Group to own and manage certain operating entities. The Trakindo Group is one of the largest Indonesian business conglomerates. Trakindo, a subsidiary of Trakindo Group, is the sole authorized dealer for Caterpillar in Indonesia.

We completed our initial public offering in 2011 and are listed on the Indonesian Stock Exchange under the trading symbol "ABMM". As of March 31, 2021, our market capitalization was Rp.2.1 trillion.

In 2020, we established our vision for 2025 which focuses on two central themes. First, we aim to maximize opportunities in mining. Second, we aim to maximize group wide synergies within the Trakindo Group. In the coal mining value chain, we intend to continue to find new sources of coal reserves to maintain a healthy level of production. We plan to leverage our historical performance in the coal mining value chain to cater to other commodities mined by our existing customers through CKB and SSB. We are also exploring opportunities for partnerships with other strategic players in the industry to expand the breadth of services provided by CKB and SSB.

As a group, we employed a total of 7,883 employees as of March 31, 2021. Our total revenue from contracts with customers for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021 was US$773.1 million, US$592.4 million, US$606.4 million and US$210.9 million, respectively. Our EBITDA for the years ended December 31, 2019 and 2020 and three months ended March 31, 2021 was US$112.7 million, US$138.3 million and US$77.2 million, respectively.

We are engaged in the following businesses:

Open Cut Mining. We hold open cut coal mining assets through our operating subsidiary, Reswara. Through Reswara, we own three operating subsidiaries, TIA, MIFA and BEL, each holding an IUP in Indonesia for producing high quality low rank coal. Our coal from TIA is generally subbituminous coal while our coal from MIFA and BEL is generally low rank coal. We hold a 100.0% ownership interest in TIA and an indirect 70.0% ownership interest in each of MIFA and BEL through Reswara's subsidiary MDB. The coal we produce is primarily sold to power generators in India, China, Vietnam, Thailand, the Philippines and Indonesia. Reswara and its subsidiaries

employed over 500 employees as of March 31, 2021. Based on their respective Reserve Statements, as of December 31, 2020, TIA, MIFA and BEL combined were estimated to have 218 million tons of coal reserves and 395 million tons of coal resources.

With respect to our concessions:

- Through TIA, we hold the exclusive mining rights over a total concession area of 3,085 hectares in South Kalimantan, Indonesia under a Production Operation IUP, the term of which is due to expire in 2031. Based on the Reserve Statement for TIA, as of December 31, 2020, TIA's concession area was estimated to have 8 million tons of coal reserves and 21 million tons of coal resources. Based on the TIA concession's planned production capacity of up to 3 mtpa and average strip ratio ranging from 2.8x to 6.7x, we expect that our current reserves estimates at the TIA concessions could be depleted as soon as 2023. TIA was established in November 2003 and acquired by us in December 2007. Since the commencement of production in August 2009 to March 31, 2021, we have mined approximately 46.75 million tons of coal at TIA. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 4.6 million tons, 4.03 million tons, 3.4 million tons, 1.0 million tons, and 1.1 million tons of coal, respectively, at TIA.

- Through MIFA, we hold the exclusive mining rights over a concession area of 3,134 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2025. MIFA was established in January 2002 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2012 to March 31, 2021, we have mined approximately 26.97 million tons of coal at MIFA. In the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021, we produced approximately 4.9 million tons, 7.1 million tons, 7.9 million tons, 2.1 million tons and 2.1 million tons of coal, respectively, at MIFA. Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, MIFA's concession area was estimated to have 174 million tons of coal reserves and 314 million tons of coal resources.

- Through BEL, we hold the exclusive mining rights over a concession area of 1,495 hectares in Aceh, Indonesia under a Production Operation IUP, the term of which is due to expire in 2027. BEL was established in June 2005 and acquired by us in June 2011 (through our acquisition of MDB). Since the commencement of production in November 2011 to March 31, 2021, we have mined approximately 3.17 million tons of coal at BEL. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, we produced approximately 0.3 million tons, 0.6 million tons, 1.3 million tons, 0.4 million tons and 0.4 million tons of coal, respectively, at BEL. Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, BEL's concession area was estimated to have 36 million tons of coal reserves and 60 million tons of coal resources.

Contract Mining Services. Through CK, we provide mining services to Indonesian coal producers, which include mine planning, overburden removal, coal loading, transportation and rehabilitation and reclamation. As of March 31, 2021, we provided contract mining services to six Indonesian coal producers, including TIA and MIFA, for eight different projects. Our contract mining operating agreements have terms ranging from three years to life of the mine. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, CK extracted 20.0 million tons, 18.6 million tons, 27.6 million tons, 5.9 million tons and 7.4 million

tons of coal, and removed 140.4 million BCM, 95.5 million BCM, 139.7 million BCM, 27.9 million BCM and 42.5 million BCM of overburden, respectively. As of March 31, 2021, CK had a fleet of over 60 heavy vehicles and mining equipment, including bulldozers, excavators, cranes and drilling machines, several hundred light vehicles and employed over 4,500 employees for our contract mining services business.

Integrated Logistics. Through CKB and its subsidiaries, we provide supply chain solutions to meet traditional and complex customer needs with added expertise in logistics solutions for the oil and gas, mining, heavy equipment, manufacturing and construction industries. We also offer a variety of services in the form of freight management and customs brokerage, as well as specialized services in project logistics, warehouse management, bonded logistics center management, site management and shipping and port management. Our operations are Quality Management System and Occupational Health and Safety Management System certified in accordance with the ISO 9001:2015 and ISO 45001:2018 standards. Our integrated logistics business' strengths are our vast national logistics and transportation network and ability to reach remote areas in Indonesia; our alignment with government policies to improve transportation networks within Indonesia; our ability to customize solutions for our customers; our entrepreneurial culture that has led us to invest and grow our fleet and hub operation in areas where others see risk; and our deep commitment to personal service for our customers and development of our human resources. Our logistics network connects our consolidated hubs to more than 41 locations throughout Indonesia. Our fleet of owned or time-chartered vessels includes a semi-container ship with the capacity of 1,800 DWT and 3 landing craft tanks with capacities ranging from 1,000 to 4,500 DWT. As of March 31, 2021, CKB had more than 150 trucks in Indonesia (including trailers, prime movers and multi-axle low loaders) to support the distribution and logistics operation and approximately 1,173 employees throughout Indonesia.

Engineering Services and Manufacturing. Through SSB, we provide engineering and manufacturing services to our customers throughout Indonesia, with such customers being primarily engaged in the mining, oil and gas, petrochemical and power generation industries. We offer a comprehensive selection of industrial services, including on-site repairs, process plant maintenance and construction services, salvaging, remanufacturing and manufacturing of heavy equipment primarily used in coal mining. We also offer industrial transport equipment services, including the design and manufacture of process equipment, general fabrication and solutions for controls and installation. As of March 31, 2021, SSB had approximately 1,500 employees in 13 sites located throughout Indonesia.

Fuel & Lubricant Supply. Through PWP, we supply fuel and lubricants to other subsidiaries of the Company for cost optimization purposes, the wider Trakindo Group and some unrelated third parties. As of March 31, 2021, we have supplied more than 429.5 million liters of fuel and 4.7 million liters of lubricant since 2018. Our commercial permit (INU) issued by the Ministry of Energy and Mineral Resources has been extended until 2029. One of PWP's primary focus areas within this sector is the supply of fuels to mining customers, where demand for fuels is growing rapidly, and where PWP's strengths in transportation and logistics in Java, Sumatra and Kalimantan, and storage in the Aceh and South Kalimantan areas, ability to obtain reliable fuel quality and pricing provide a strong competitive advantage.

COVID-19 impact and responses

We experienced general delays in our operations due to safety measures implemented by us in response to COVID-19. However, there were no major disruptions to operations at our coal mines or

facilities. We have implemented a number of measures in response to the impact of COVID-19, including the following:

Health and safety. We have adopted new policies, procedures and protocols in response to the current COVID-19 pandemic. For example, at our CK-TIA mines in November 2020, we required all our employees, which include subcontractors, to undergo polymerase chain reaction testing for COVID-19 and self-isolate for a period of 10 to 29 days before resuming operations. We have also transported employees on privately chartered flights for our Meulaboh operation (as opposed to commercial flights which are open to the public), booked rooms in hotels in Jakarta, Sumatra and South Kalimantan for the purpose of quarantining and observation of our employees prior to entering into mine sites, and arranged for more frequent cleaning of common and work spaces and requiring our employees to be equipped with personal protective equipment, masks and other protective clothing. In addition, we have implemented a full work-from-home policy for employees at our headquarters in Jakarta and have also put in place restrictions on social gatherings among employees to prevent the spread of COVID-19. Further, we have quarantine and isolation procedures in place across all work groups, such as having established temperature screening checkpoints and temporary medical facilities and isolation areas at all our mine sites as well as established COVID-19 testing facilities for our employees and their families.

Financial relaxation. We have sought to extend payment terms in our contracts with vendors to ease our financial burden.

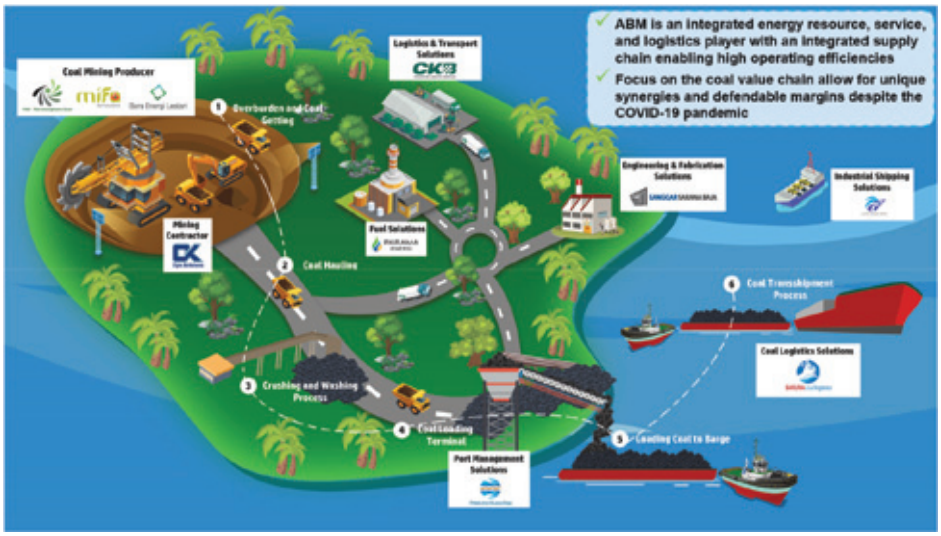
Cost efficiency and operational improvement. We have postponed non-critical capital expenditure and adjusted our internal budget.

Our Competitive Strengths

We believe that we have a number of competitive strengths, including the following:

Leading integrated energy resource, service and logistics player in Indonesia with an integrated supply chain enabling high operating efficiencies.

We are a leading integrated energy resource, service and logistics company in Indonesia, with coal production provided through Reswara and its subsidiaries, mining contracting services provided through CK, engineering services and manufacturing provided through SSB, integrated logistics services provided through CKB and fuel trading provided through PWP. We strive to integrate among, and create synergies between our business units in order to fulfil the demands of the mining businesses and supply chains of our customers. Our businesses encourages progress in society and the advancement of civilization, with the natural resources that we manage using our strategic mining value chain approach ensuring that millions of people in Indonesia and around the world have access to the energy that they need for their daily lives. Our presence spans the mining value chain, as demonstrated in the diagram below.



As a thermal coal producer, we directly benefit from growing demand for electricity in both the international and domestic markets. In addition, as a mining contractor for coal, we also generate additional revenue from services when our coal producer customers increase their production levels in response to a higher demand, or a higher price, for coal. We believe that our resource-related service businesses are well-positioned to complement our own coal production as well as to capture the growth of our customers within the energy resource industry. We also believe our integrated supply chain enables us to be cost effective and therefore increase profits through intra-group synergies, such as shared and strategic management functions and economies of scale in our supply procurement process. These efficiencies across each part of the value chain allow us to bid competitively on contracts.

Our synergistic integration of operations extends to the other sister companies of the wider PT TMT Group as well. In particular, Trakindo, the sole authorized dealer for Caterpillar in Indonesia, works closely with all the subsidiaries within ABM Group: CKB provides logistics services to Trakindo, SSB provides engineering support to Trakindo, Reswara's mining operations are conducted using Caterpillar equipment and Trakindo supplies equipment to CK with favorable credit terms and maintenance schedules. This strong support from its principal equipment provider provides CK with an advantage in the market. Support services are also provided by companies within the wider Trakindo Group, such as PT Chakra Jawara provides IVECO trucks and parts to CK and Reswara, PT Chitra Paratama provides Michelin tires to CK, PT Chanda Sakti Utama Leasing provides leasing finance, PT Triyasa Propertindo provides property rental and PT Mitra Solusi Telematika provides IT services. See the diagram below which highlights the linkages and synergies of ABM Group with other entities of the Trakindo Group.

Company	TMT Group Entity	Service Description	Relationship to ABM
Chakra Jawara	**MahaDasha**	Holds exclusive license dealership of IVECO heavy truck in Indonesia	Provides IVECO trucks and parts to ABM
Chitra Paratama	**MahaDasha**	Sole importer for Michelin tires in Indonesia; also offers other products such as wheels & rims, tire handler, tools & accessories with several leading brands in its product line.	Provides tires to ABM
CSUL finance	**MahaDasha**	Financial services company whose offerings include investment finance and working capital financing	Provides leasing services to some of ABM's subsidiaries
Trakindo CAT	**Trakindo**	Authorized dealer in Indonesia for Cat equipment, engines, forklift and spare parts form Caterpillar Inc.	Provides CAT units and parts

Our geographic footprint, strong reputation and market access across Indonesia in engineering services and integrated logistics services are a competitive advantage.

We believe that our footprint and comprehensive client coverage throughout Indonesia strengthens our businesses within the energy industry. We have a presence in 21 provinces of Indonesia and our various businesses within have market leading positions in many of these provinces. CKB in particular has an extensive presence in Indonesia with 41 locations, spread across 34 cities in 21 provinces.

Our business services, product, project and integrated logistics services have a market leading presence in Kalimantan with an extensive network and facilities tailored to support our customers' requirements. In addition, we have expanded our geographical footprint outside of Kalimantan into Papua, Sumatra and Sulawesi and have access to remote areas, which allows us to capture demand for reliable and cost efficient logistics services in such remote parts of Indonesia.

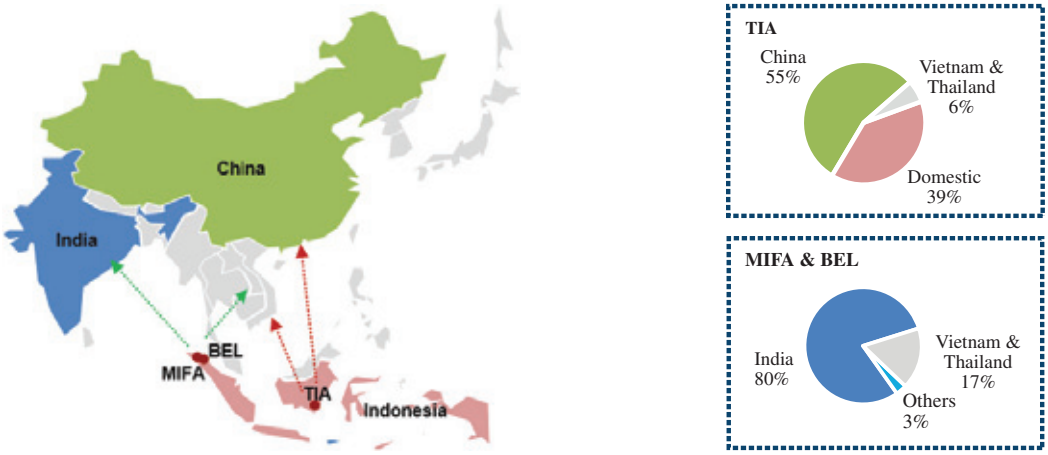
The nation-wide comprehensive coverage offered by CKB and SSB in our industrial transport equipment manufacturing, on-site engineering services and integrated logistics services businesses provides a platform for our other subsidiaries to expand into these areas. For example, CK benefits from cost efficiencies in offering services in areas where CKB and SSB already have an established presence, as it can more readily obtain engineering and logistics services. Our subsidiaries can offer a seamless service to clients with the reliable and broad network of offices that CKB offers and can leverage this network to expand their respective businesses. These cost efficiencies help us further expand our services to offer integrated services to our clients. Our ability to access and operate in remote and difficult areas in Indonesia is a key factor that distinguishes us from our competitors and we believe this provides us with a competitive advantage in our engineering services and logistics businesses.

Strategically located to serve the growth of the Asian and Indonesian energy resource markets.

The strategic location of our operations allows us to take advantage of the substantial development of energy resource markets in Asia and Indonesia. According to Wood Mackenzie, demand growth in global seaborne thermal coal will be primarily driven by India and Southeast Asia. Indonesia is well placed to service these key export markets due to its proximity and resulting freight advantage. Southeast Asia and Southern China offer the shortest freight routes for Indonesian

coal. While Northeast Asia and India are further, Indonesian coal shipped to these markets still has a meaningful freight advantage over Australian coal, being around half the distance away. Indonesia's low ash, low sulfur coal will also become increasingly important as environmental restrictions in these countries tighten, as our coal allows our end-customers to blend our coal with other, relatively lower quality coal in order to comply with environmental regulatory requirements. Further, we can take advantage of low cost barging from mine to port, as Indonesia has abundant waterways and low labor costs compared to other Pacific basin producers. In particular, the locations of Reswara's mines are highly strategic due to the robust regional logistics network for coal sales and exports. We operate the only producing coal mines in Aceh, which provides unrivaled access to South Asian markets due to shorter shipping times, as well as access to the growing domestic demand for thermal coal.

ABM Thermal Coal Export Flows



According to Wood Mackenzie, there will be robust domestic coal demand growth of 6% CAGR between 2020 and 2027. Indonesian domestic demand for thermal coal is driven primarily by the power generation sector, which comprises 90% of the domestic market. As new power plants are constructed, Wood Mackenzie expects coal demand from this sector to grow from 125 Mt in 2020 to 175 Mt by 2027, backed by a government policy supporting coal as part of a drive to increase economic development. The policy support for this increase in power generation capacity is the ongoing 2015 35 GW Power Programme and its predecessor Crash Build programmes which call for the boosting of the country's installed capacity whilst reducing fuel oil consumption in the power sector in order to meet Indonesia's burgeoning electricity demand.

Well-established customer base across all key business divisions.

We have strong, long-standing relationships with customers that have well-established businesses within Indonesia and Asia and do repeat business with us. Our customers include large conglomerates and state owned enterprises, such for our coal supply business, PT Semen Tonasa and PT. PLN (Persero), for our integrated logistics business, Trakindo and Vale and for our contract mining business, Sinar Mas Group. Furthermore, our customer base comprises companies from multiple segments within the energy industry, including the mining, power, oil and gas and petrochemical industries.

We develop close relationships with our customers to address their specific needs and tailor our services accordingly. We have been able to increase the efficiency of our services and operations by maintaining close relationships and communicating with our customers to better understand the demands of their markets.

Overall, we aim to grow alongside our principal customers, as demonstrated by examples where one of our business units has worked on projects and its successful execution has led to business being generated by those same clients for other business units. Historically, we have been able to increase our revenue by using our access to key customers in the Indonesian energy industry to cross-sell our products and services across business segments and thereby generate higher revenue from our existing customer base. Key customers who have contracted across our business segments include PLN, KPC, ConocoPhillips, and PT Amman Mineral Nusa Tenggara.

Additionally, for our contract mining business, since 2019, we have implemented policies to improve our customer base by prioritizing customers that procure our services on a "life-of-mine" basis, with a good history of fulfilling payment obligations and in respect of projects which mine specific types of coal which have historically enjoyed a high demand in the market, are located in geographical locations which are efficient for us to service, and which have a sizeable volume of coal production.

Ability to maintain profitability through strong cost discipline in a volatile commodity industry.

Despite challenging commodity prices, we have successfully improved our EBITDA margin from 19.0% in 2019 to 22.8% in 2020, which we attribute to our prudent cost control and integrated mining value chain strategy. Our presence across multiple stages of the coal supply chain also allows us to capture cost efficiencies between processes and leverage the resources, relationships and experience. This has allowed us to achieve an efficient cost structure across the coal supply chain and maintain an advantage over our competitors.

Healthy financial profile with access to multiple sources of funding.

We have a healthy financial profile backed by consistent operating cash flows. We expect a growing and stable cash flow profile at CK as we shift our focus more to customers with life of mine contracts. We have a cash management policy whereby we maintain a cash balance of at least three months of cash costs. Our centralized treasury management helps us maintain financing flexibility and reduce liquidity risks while our dedicated investment committee ensures that investments are made into projects that are value accretive. Our current leverage policy provides a target of consolidated net debt / EBITDA below 2.5x, with the goal of providing adequate debt headroom on our balance sheet to pursue attractive organic growth opportunities.

Our financial profile is supported by our long standing relationships with a number of domestic and international banks including Bank Mandiri, Bank Negara Indonesia, Bank Permata, OCBC and Standard Chartered Bank, several of whom recently provided a working capital facility to us in the amount of US$50.0 million. Our status as a listed company also provides us with access to the equity capital markets as a potential complementary source of funding.

Reputation and support from the Trakindo Group.

Our key shareholder entities TMT and Valle Verde are ultimately owned by the Hamami family, who have been strong supporters of our business. The Hamami family has provided operational and financial support through TMT as well as Valle Verde.

We believe that our relationship with TMT offers a number of benefits to our business. TMT, through Trakindo, has been operating the Caterpillar equipment distribution franchise in Indonesia since 1971 and serves an extensive network of clients through over 70 offices operating throughout Indonesia, and spanning many industries such as mining, forestry, agriculture, construction, oil and

gas, marine, power, industrial and automotive. Our access to world class equipment from Caterpillar supports our ability to conduct large-scale and efficient mining, and benefit from distributor service and support across Indonesia, in the form of customer training and fast equipment servicing. We also enjoy financing services provided by TMT for purchase of equipment. We believe the "Trakindo" brand is recognized within the energy sector in Indonesia for its strong culture of shared values, operational excellence, long-term commitment to its customers and reliability as a supplier. Moreover, our relationship with Trakindo provides us with certain advantages, such as timely market intelligence and access, reduced risk in supply timing and certainty and enhanced prioritization in equipment delivery and quality after sales service.

We believe that TMT will continue to be a consistent supplier of equipment for us, which is essential for our operations, business opportunities and managerial, technical and financial resources. Moreover, historically, we have been able to leverage TMT's extensive network with its customers to identify new business and customer opportunities. We believe this positions us well to further grow and establish our position as a leading integrated energy resource, service and logistics player in Indonesia.

Experienced and highly qualified management team.

Our senior management team has a well balanced mix of background in operations, finance and engineering, extensive experience in industries in which they operate in and a track record of successfully completing complex and material projects in Indonesia. Our senior management team is comprised of experienced business leaders from each of our operating businesses and has, on average, more than 20 years of work experience in the relevant industry.

We believe that our senior management team has the proven ability to identify, acquire and integrate highly lucrative business opportunities and investments across the entire value chain. Our existing management team has also demonstrated their ability to successfully develop greenfield projects. For example, we have developed TIA, a greenfield mine at the time of acquisition in 2008, to reach the current production of 3.4 million tons in 2020. TIA managed to reach its highest level of production within three years of opening due to the support of CK and the other ABM Group companies. This ramp-up approach is being replicated in MIFA as well and MIFA has significantly increased its production from 4.9 million tons in 2018 to 7.1 million and 7.9 million in tons for 2019 and 2020, respectively. The management has also successfully completed major acquisitions, such as MDB.

Apart from focusing on growth and improving profitability, our management team implements our corporate strategy with safety and risk management procedures and business ethics practices.

We believe we have established our reputation for quality services in the mining, oil and gas and petrochemical industries in Indonesia with over 20 years of operating track record in all subsidiaries (except Reswara which was established in 2010). We operate in accordance with, and are committed to, international quality and safety standards, such as ISO 14001:2015 for safety management, ISO 45001: 2018 for occupational health management and ISO 9001:2015 for quality management as evidenced by the certifications we have received from various international organizations, such as American Society of Mechanical Engineers and National Board Inspection Code, and we satisfy international quality and safety standards.

Our Strategy

Our vision is to be Indonesia's leading energy company with strategic investments in energy resources, services, and infrastructure in Indonesia, while maintaining our strong cost leadership

position and improving our balance sheet position. To achieve our goal, we intend to leverage our existing strengths and investments to focus on and execute the following strategies:

Maintain our leading position across the full mining value chain and strive to produce larger quantities of high quality coal, supported by our well established coal logistics infrastructure.

We are one of only three end-to-end service providers in the Indonesian open cut coal mining industry. We also distinguish ourselves from other players in the industry by having a direct relationship with a heavy equipment manufacturer like Komatsu & Caterpillar. We produced 3.4 million tons in 2020 at our TIA concession, capitalizing on our coal logistics capability due to our integrated coal logistics chain. We expect our coal production at our TIA concession to remain constant at 2.9 million tons for both 2021 and 2022. MIFA is also expected to increase its coal production from 7.9 million tons in 2020, enabled by our dedicated infrastructure for coal logistics at these concessions.

We plan to continuously optimize our coal mining asset portfolio by reducing our exposure to select assets and also acquiring new assets that are of higher quality coal. For example, in 2019 we acquired a minority stake of 10% of the shares in one of our affiliates, MHU through ANN for US$60.0 million. MHU has since become one of our major contract mining customers. In assessing such opportunities, we expect to adhere to strict internal guidelines covering operational, strategic and financial aspects, including ensuring that each acquisition meets our internal hurdle rates. We intend to acquire a new coal mining concession to replace declining resources and production at our TIA mine. One key shortlisting criterion for the potential site is for it to be in close proximity to TIA, so as to support the expansion of TIA operations and benefit from associated cost efficiencies and discussions and analysis with relevant targets remain ongoing. Following the above strategic initiatives, we expect to maintain our position as one of the key 4,200 grade coal producers in South Kalimantan.

Reswara produces two grades of coal: coal from our TIA mine, which has a calorific value of 4,030 Kcal/kg, and coal from our MIFA and BEL mine, which has a calorific value of 3,331 Kcal/kg and 3,436 Kcal/kg, respectively. We have historically experienced significantly higher demand for coal from our TIA mine. Simultaneously, Reswara is currently in exploratory drilling on more than 50 potential sites for the acquisition of a new concession in South Kalimantan.

Focus on operational excellence through greater operational and financial synergies to achieve higher productivity.

We intend to maintain market leading positions in all segments of our vertically integrated, end-to-end mining value chain extending from pithead to end customer power plant. We are focused on improving our operational performance by adopting new technology and continuing to identify and leverage operational synergies across our businesses and utilizing the experience of our management team to further develop our integrated energy business and increase profitability across the entire value chain. For example, we have successfully utilized our mining contractors and logistics and vessel rental services to develop our TIA mining concession in a relatively short period of time and have adopted the same approach for the MIFA mining concession. We believe the use of services from our other business lines for open cut mining has reduced the start-up costs involved in open cut mining.

We plan to continue our prudent financial approach with proactive measures to control our operating costs and improve our profit margins by maximizing the use of our own diversified services and achieving synergies across our business units. As we expand, we expect competition in

our industry to intensify and therefore are focused on improving our relationships with our existing customers, establishing relationships with new customers and offering diversified services to these customers.

Expand our product offerings to high growth areas.

Our integrated logistics services and industrial transport equipment manufacturing and on-site engineering services businesses conducted via CKB and SSB, respectively, have market leading positions in their respective businesses within Indonesia. CKB has developed strong capabilities in niche areas such as oil and gas, and has extensive experience in navigating the terrain of the Indonesian archipelago and accessing remote areas, with a strong track record of providing logistics solutions to blue-chip companies such as BP, ConocoPhillips, Vale and Trakindo over the past 20 years. CKB plans to leverage this experience to serve the growing needs of e-commerce providers in Indonesia as they expand beyond urban centers. SSB is known for its premium product quality with high safety and engineering standards and 40 years of experience in providing maintenance services and overhaul services, which has translated into high customer retention with large sophisticated clients in the mining, oil & gas and industry sectors. SSB is providing mining and industrial services, equipment transportation, reconditioning of heavy equipment components, as well as on-site welding and machining services to customers in the oil and gas industry.

Through PBR, CKB is in the process of obtaining amended port concession permits, which will permit the public use of TIA's previously private port, and we envision PBR will create a logistics hub for mining infrastructure in South Kalimantan, facilitating not only coal loading, but also inbound and outbound logistics for heavy equipment, oil, palm oil, containers, supplies and other materials requiring shipping and logistics from South Kalimantan Once these port concession permits are obtained, PBR will operate ports that were previously owned by TIA which have been transferred to PBR in December 2020. Obtaining these port concession permits is critical to our strategy since it will allow PBR to operate the port for other mining operators in the immediate area even though the reserves in the TIA concession areas are being depleted.

Transition plan to diversify cashflows derived from non-thermal coal businesses.

The increased focus on climate change and greenhouse gas emissions has led us to continue to evaluate our business strategy and opportunities to diversify our operations. Accordingly, we have been working to develop a transition plan, which we refer to as Vision 2025+, which includes expansion of, and re-focusing on non-thermal coal opportunities across the entire mining value chain in our existing business units. We intend to grow our non-coal related businesses to diversify our cashflows, which will help us manage and mitigate industry pressures and risks which are common in the coal-related business segment. For the year ended December 31, 2020, we estimate that 20% of our EBITDA was derived from businesses which were not directly related to thermal coal businesses, in particular the logistics business of CKB and its subsidiaries as well as SSB.

Under our transition plan, we have targeted to substantially increase non-thermal coal EBITDA, primarily driven by the increased activities of CKB and its subsidiaries, with the goal of doubling the EBITDA contribution from these operations by 2025. See "*Risk Factors — Risks Relating to All of Our Businesses — We may not be able to successfully implement our business strategies or achieve our objectives*." Our plans for diversification focus on several diversification initiatives highlighted below:

- Expansion of our CKB logistics business to customers in the oil and gas, mineral mining, heavy equipment, manufacturing, agriculture, e-commerce, and construction industries.

We currently provide a selection of our logistic services to non-thermal coal customers such as Vale, Amman Minerals, Exxon, and Robert Bosch as well as the non-thermal coal operations of the Trakindo Group. Our transition plan contemplates expanding CKB's EBITDA from non-thermal coal customers at a CAGR of more than 15%.

- Expansion of our SSB engineering services business to our mineral mining customers that require rebuilding and reconditioning services. We currently provide our integrated engineering services to non-thermal coal customers such as Freeport, Amman Minerals, UBE Industries, and Pec-Tech Services. Our transition plan contemplates expanding SSB's EBITDA from non-thermal coal customers at a CAGR of more than 25%.

- Utilize our mining expertise commodities such as copper, nickel, and gold by acquiring such mines. We intend to acquire minority ownership in, or partner to operate mines that would allow us to utilize our mining experience and capabilities beyond thermal coal.

- Continue to digitize our product offering including the creation of a mining value chain integrated dashboard which gives daily visibility of our end-to-end mining operation's productivity, which we believe will provide our customers with a competitive edge from insights gleaned from their operational data, our advanced analytics and data science team.

Continue to focus on quality, good corporate governance, health, safety, environmental and corporate social responsibility.

We are committed to maintaining high international standards in corporate governance, health, safety, environmental protection and corporate social responsibility to the local communities. We believe these initiatives are important and demonstrate to our employees, suppliers, customers, business partners and regulators the importance we place on these matters, which in turn could contribute to better working relationships with these parties.

We aim to continue our commitment to good corporate governance with our professional management team (which is made up of seasoned experts from varied backgrounds, regions and relevant sectors) and we are guided by the following good corporate governance principles: transparency, accountability, responsibility and independence. We also implement a diversity policy which promotes hiring based on a diversity in skills, regional and industry experience, race, gender and other qualities. Our board of directors is further supported by strong and independent committees, such as the audit committee, the nomination and remuneration committee, and the investment committee.

Our corporate governance framework has already demonstrated results, where we were selected as one of 10 public companies (in the medium market capitalization category) with the best good corporate governance (GCG) practices from 2016 to 2020, based on the ASEAN Corporate Governance Scorecard, by the Indonesian Institute for Corporate Directorship. We also adopt global reporting standards such as the global standards for sustainability reporting (GRI Standards), ISO 26000 for social responsibility guidance standard and the UN Sustainable Development Goals (SDGs) for sustainability matters and ISO 37001 for anti-bribery and government relations matters. In addition, we publish a sustainability report every year which discloses information on our sustainability performance for the Sustainability Reporting Period, starting with the first Sustainability Reporting Period in 2017. For our commitment in working on this Sustainability Report, the National Center for Sustainability Reporting has awarded us Gold Rating in Asia Sustainability Reporting Rating (ASRRAT) since 2018. Further, our ESG (Environmental, Social &

Governance) Rating, which relevant to the Sustainability Report, is BB (double B) as issued by MSCI, our third party reviewer. We support the Government in Indonesia's involvement in the Paris Agreement and the UNFCCC and have committed to reduce the impact of climate change. We feel that such a focus gives us a competitive advantage in becoming the preferred partner for our clients.

We aim to conduct all of our operations and business in compliance with international quality and health and safety standards and in line with our corporate social responsibilities. We continually strive to improve our business by applying higher standards of operation and implementing efficient systems and technologies. Our commitment to quality, health, safety, environmental and social responsibility is driven by our belief that customers consider these key factors when contracting for products and services. In addition, other relevant parties including employees, suppliers, business partners and regulators also consider these matters important.

We also intend to maintain various industry certifications to strengthen our position when bidding for projects and actively promote programs for the health, education and social and economic well-being of communities located near our projects and operations. We also view personnel training, activity planning and subcontractor selection as essential for accident prevention and successful execution of our projects and intends to continue developing these aspects. As part of our CSR programs, we have entered into partnerships with higher education institutions to support employee and community education and learning programs and have provided over US$20 million in funding to our CSR initiatives.

Our focus on health and safety through our education programs ensure we are in compliance with Indonesian safety and health standards. We provide specialized health and safety training at all of our sites. As a result of our implementation of safety standards and practices, during the 2020 Sustainability Reporting Period, we recorded 4,188,521 working hours without any Lost Time Injury in respect of TIA and MIFA mining operations. We aim to maintain our commitment to quality and safety, and our success in minimizing accidents and engaging the local community, which we believe are important factors for our operations as well as to our new and existing clients. During the 2020 Sustainability Reporting Period, we have disbursed approximately Rp.28.8 billion to our CSR initiatives.

We are committed to achieving high standards of environmental management of our concessions and project sites. We have implemented formal environmental management procedures, systems and programs. We aim to control acid mine drainage, sediment control in runoff water from mining areas, management of hydrocarbons and waste products. We have in place environmental procedures relating to mine discharge treatment and monitoring, sediment control (settling ponds, construction of stockpiles), dust emission control, hydrocarbon management, hazardous waste management, lifting of materials, oil products spill prevention and control (including fueling and maintenance operations for heavy equipment), tree nursery and organic composting and domestic waste segregation, air quality and water quality, among others. We have also formulated post-mining recovery and rehabilitation plans to satisfy land designation, function and layout stipulated by the Government, including upstream watershed land rehabilitation. For our efforts in the field of environmental management, TIA and MIFA received PROPER (Company Performance Rating Program in Environmental Management) Blue ratings from the Ministry of Environment and Forestry in 2018, 2019 and 2020. TIA also received a "Platinum" award at the Indonesian CSR Award (ICA) 2020, in the category of Environmental Sector – Environmental Protection Program.

We also have expanded our efforts to include biodiversity conservation of endangered animals and habitats, education and empowerment of local communities and partnership with local communities to achieve environmental revitalization. Further, for our operation sites located by the

ocean, we initiate programs for coral reef replantation with active participation of the local community and industry practitioners, and our efforts in this space have been recognized by the Government through several awards (Indonesia CSR Award, Indonesia SDGs Award). In addition, we are committed to controlling greenhouse gas emissions particularly in respect of TIA and MIFA's mining operations. Emission control is carried out by monitoring and measuring ambient air quality based on the quality standards stipulated in Government Regulation No. 22 of 2021 concerning Implementation of Environmental Protection and Management and Minister of Manpower Regulation No. 5 of 2018 on the Occupational Safety and Health Work Environment. These initiatives above are part of our Sustainable House concept in order for us to achieve our sustainability objectives, which we develop and assisted by GRI.

Open Cut Mining

Overview

Through Reswara and its subsidiaries, we own concession rights for open cut coal mining operations and production. Reswara was established in October 2010 as the holding company of our open cut coal mining operations. Coal production and mining operations are conducted through TIA, MIFA and BEL, respectively, our indirect subsidiaries. In connection with coal mining, TIA and MIFA each own and manage a private barge-loading port. Both in South Kalimantan and Aceh, we engage in the business of surface open cut mining of high quality low rank coal with low ash and low sulfur content. Our coal has blending properties that are often sought by power generation companies for use as blending coal, which is valued for its ability to be combined with other varieties of coal to achieve specific characteristics. We currently market our coal primarily to power generation industry customers in China, India, Vietnam, Thailand, the Philippines and Indonesia. We also trade coal through Reswara by purchasing certain amounts of coal from third party producers.

The table below summarizes our production volume and sales volume for the periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Production volume (million tons)[(1)]:					
TIA	4.6	4.0	3.4	1.0	1.1
MIFA	4.9	7.1	7.9	2.1	2.1
BEL	0.3	0.6	1.3	0.4	0.4
Total	**9.8**	**11.8**	**12.6**	**3.5**	**3.6**
Sales volume (million tons)					
TIA	4.7	4.0	3.4	0.9	1.2
MIFA	5.1	7.2	7.4	2.2	2.5
BEL	0.2	0.6	0.9	0.2	0.3
Total[(2)]	**9.9**	**11.8**	**11.6**	**3.4**	**4.0**

Notes:

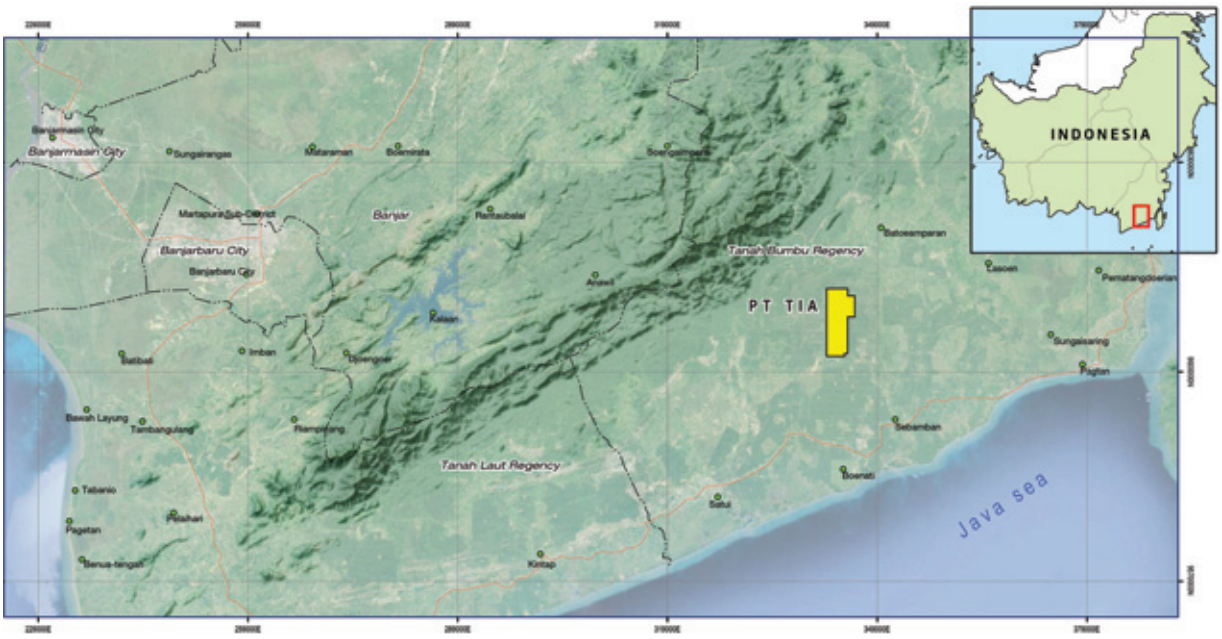
(1) Coal production volume reflects the volume of coal mined during the relevant periods.

(2) The difference between our coal production and coal sales levels primarily relates to timing differences between sales and production and the impact that this has on inventories.

Our Concessions

Our concession areas are located in (i) the district of Sungai Loban and Kusan Hulu, Tanah Bumbu regency, South Kalimantan province for TIA; (ii) the district of Meureboe, Aceh Barat regency, province of Nanggroe Aceh Darussalam for MIFA, and (iii) the district of Seunagan and Suka Makmue, Nagan Raya regency, province of Nanggroe Aceh Darussalam for BEL, Indonesia, measuring a total area of 7,714 hectares. We are currently reviewing a number of potential thermal coal sites in Kalimantan as part of our strategy to increase our reserves and resources.

The following map illustrates TIA's concession area.



The following map illustrates our MIFA and BEL concession areas.

Where suitable opportunities arise, we intend to acquire or invest in new greenfield or brownfield mining concessions or companies in coal or in commodities we wish to enter, such as

copper, nickel, and gold. In particular, we continue to evaluate potential acquisitions of, and strategic investments in, concessions or companies that are able to produce coal of a similar quality to that found at our TIA concession. We have developed an internal set of investment criteria which include selecting investments of a strategic nature which are complementary and/proximate to our existing operations.

The following table summarizes information about our concessions.

Project	IUP Held by	Type of Concession	Date of concession grant	Current Concession Area (Hectares)	Location	Expiry Date of Current Phase	Royalty/Regional Development Fee
TIA	TIA	IUP	April 9, 2013	3,085	South Kalimantan	March 5, 2031	3.0% to 5.0%
MIFA	MIFA	IUP	March 30, 2011	3,134	Aceh	April 13, 2025	3.0% to 5.0% / 1.0%
BEL	BEL	IUP	March 18, 2010	1,495	Aceh	September 26, 2027	3.0% to 5.0% / 1.0%

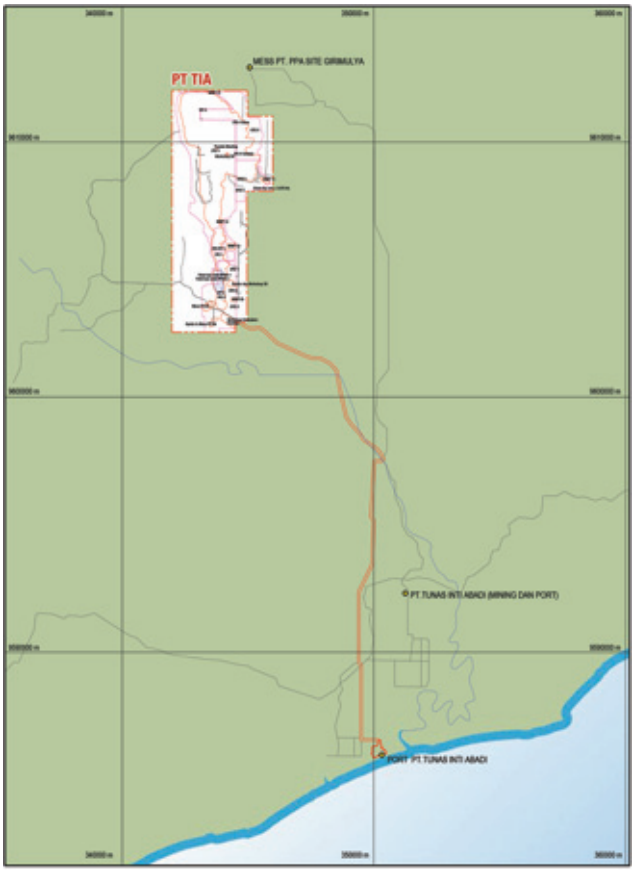
The table below provides a brief summary of the material milestones of the concession areas granted to TIA, MIFA and BEL.

Concession	Exploration Phase	Feasibility Study Phase	Construction Phase	Production Phase
TIA	Commenced in 2007 and completed 2009	Commenced in 2006 and completed in 2007	Commenced in 2008 and completed in 2010	Commenced in 2009 and on-going
MIFA	Commenced in 2003 and completed in 2005	Commenced in 2007 and completed in 2010	Commenced in 2005 and completed in 2015	Commenced in 2013 and on-going
BEL	Commenced in 2005 and completed 2007	Commenced in 2007 and completed in 2010	Not applicable	Commenced in 2011 and on-going

TIA Concession Area

Our TIA concession covers a total area of 3,085 hectares in the district of Sungai Loban and Kusan Hulu, Tanah Bumbu regency, South Kalimantan province. This concession is located approximately 204 km north-east of the city of Banjarmasin. TIA was established in November 2003 and acquired by us in December 2007. Based on the Reserve Statement for TIA, as of December 31, 2020, TIA's concession area was estimated to have 8 million tons of coal reserves (of which 7 million tons are proved and 1 million tons are probable) and 21 million tons of coal resources (of which 9 million tons are measured, 6 million tons are indicated and 6 million tons are inferred). Since the commencement of production in 2009 to March 31, 2021, we have mined approximately 46.75 million tons of coal at our TIA concession. We estimate the remaining mine life at this concession area to be approximately 3 years, based on proved and probable reserves as of December 31, 2020 and our production rate as of March 31, 2021.

The following map illustrates the site layout of the TIA concession area.



The facilities and infrastructure at the TIA concession area include workshops, warehouses, office building and hauling areas. The TIA concession area has a design capacity of 6.0 mtpa. The TIA concession area is located approximately 31.0 km away from the barge-loading port site at Sebamban and is reachable by a haul road. From the port, our coal is barged year-round to Bunati Anchorage Point, where coal is transshipped and delivered to sea vessels. The port stockpile capacity at the barge-loading port site is 100,000 tons. The barging distance is 11 nautical miles. We also have a dedicated all-weather haul road, with a dedicated underpass, to support and expedite the coal delivery process from the mining site to the port.

MIFA and BEL Concession Areas

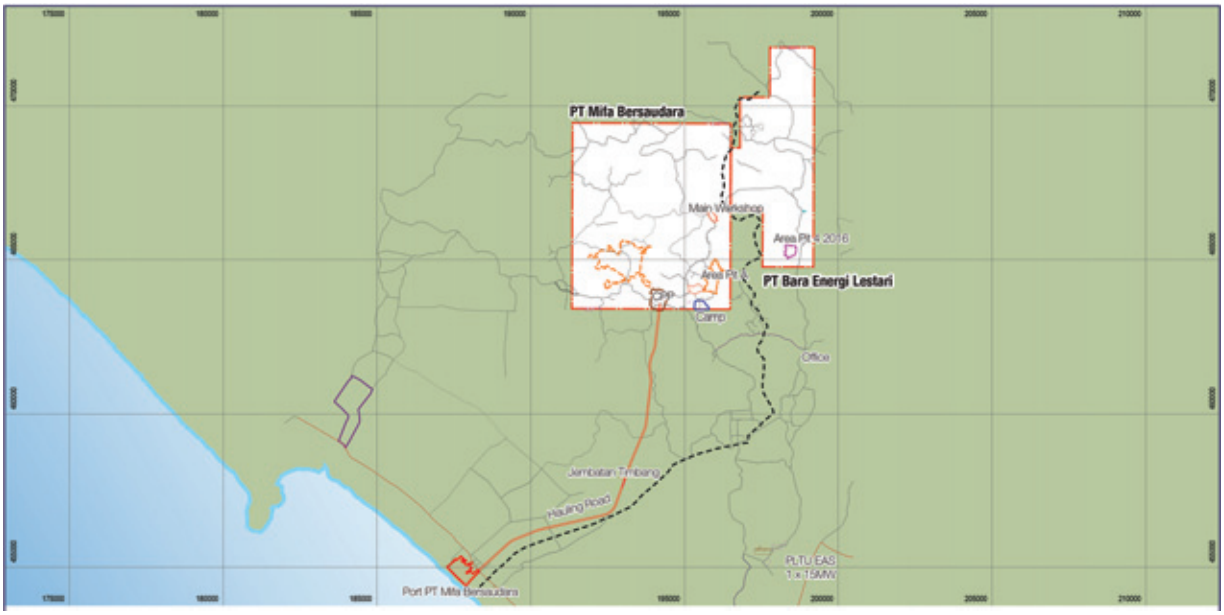
Our MIFA and BEL concession areas, located adjacent to each other on the northwestern end of Sumatra, together cover a total area of 4,629 hectares in the districts of Seunagan, Suka Makmue, Nagan Raya regency, province of Nanggroe Aceh Darussalam through BEL and the district of Meureboe, Aceh Barat regency, province of Nanggroe Aceh Darussalam through MIFA. These concessions are located approximately 14 km east of the town of Meulaboh West Aceh. MIFA and BEL were established in January 2002 and June 2005, respectively, and were acquired by us in June 2011 through our acquisition of MDB.

Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, MIFA's concession area was estimated to have 174 million tons of coal reserves (of which 64 million tons are proved and 110 million tons are probable) and 314 million tons of coal resources (of which 84 million tons are measured, 156 million tons are indicated and 74 million tons are inferred). Since the commencement of production to March 31, 2021, we have mined approximately 26.97 million tons of coal at our MIFA concession. We estimate the remaining mine

life at the MIFA concession area to be more than 16 years, based on proved and probable reserves as of December 31, 2020 and our production rate as of March 31, 2021.

Based on the Reserve Statement for MIFA and BEL, as of December 31, 2020, BEL's concession area was estimated to have 36 million tons of coal reserves (of which 28 million tons are proved and 8 million tons are probable) and 60 million tons of coal resources (of which 34 million tons are measured, 17 million tons are indicated and 9 million tons are inferred). Since the commencement of production to March 31, 2021, we have mined approximately 3.17 million tons of coal at our BEL concession. We estimate the remaining mine life at the BEL concession areas to be more than 16 years, based on proved and probable reserves as of December 31, 2020 and our production rate as of March 31, 2021.

The following map illustrates the site layout of the MIFA and BEL concession areas.



The facilities and infrastructure at the MIFA concession area include workshops, warehouses, messing facility, an office building and hauling areas. All such facilities and infrastructure have been completed and are currently operational. The MIFA concession area has a design capacity of 15 mtpa. The MIFA concession areas are located approximately 12 km away from the barge-loading port site at Peunaga and are reachable by a haul road. From the port, our coal is barged to Peunaga Anchorage Point, where coal is transshipped and delivered to sea vessels. The port stockpile capacity at the barge-loading port site is 500,000 tons. The barging distance is six nautical miles. We also have a dedicated all-weather haul road, to support and expedite the coal delivery process from the mining site to the port.

The facilities and infrastructure at the BEL concession area includes workshops, warehouses, messing facility, an office building and hauling areas. The BEL concession area has a design capacity of up to 1 mtpa. We also have an all-weather haul road, to support and expedite the coal delivery process from the mining site to BEL's domestic customers. BEL's coal can also make use of the transshipment infrastructure for MIFA in order to reach export customers.

IUPs and Related Licenses

In Indonesia, general mining activities may be carried out by Indonesian nationals or corporate entities owned by Indonesian nationals under IUPs. There are two kinds of IUPs: (i) Exploration

IUP, which permits general survey, exploration and feasibility study activities and (ii) Production Operation IUP, which permits construction, mining, processing and refinery, and transportation and selling activities. Holders of Exploration IUPs are guaranteed to obtain an Production Operation IUP by submitting an application to the necessary authority and meeting the requirements for obtaining the Production Operation IUP. IUPs may be granted only over a mining business area (Wilayah Izin Usaha Pertambangan). IUPs for coal and minerals are granted through a competitive tender process. See "*Regulation — Coal Mining Regulations*" for a discussion of the regulatory framework relating to our IUPs.

TIA holds a Production Operation IUP covering a total concession area of 3,085 hectares, which is due to expire in March 2031. Based on the Government Regulation No. 81 of 2019 on Tariff on Non-Tax Revenues Applicable at the Ministry of Energy and Mineral Resources, TIA is required to pay a royalty of 3%, 5% or 7% of revenues from coal sales, depending on the calorific value of coal produced. TIA also holds four borrow-use permits given under the decree of Minister of Forestry No. SK.370/MENHUT-II/2009 (as amended by Decision of Minister of Environment and Forestry No. SK.284/Menlhk/Setjen/PLA.0/4/2019), SK.742/MENHUT-II/2012 (as amended by Decision of Minister of Environment and Forestry No. SK.475/Menlhk/Setjen/PLA.0/11/2018), SK.719/MENHUT-II/2014 (as amended by Decision of Head of BKPM No. SK.206/1/KLHK/2021) and 10/1/IPPKH/PMDN/2015 (as amended by Decision of Head of BKPM No. SK.212/1/KLHK/2021). Together, the borrow-use permits cover approximately 1,745 hectares of concession area located within a production forest at Regent Tanah Bumbu regency, South Kalimantan, where TIA's concessions are located. The period for each borrow-use permit is until March 5, 2031, December 18, 2022, March 5, 2031 and March 5, 2031, respectively. Pursuant to Forestry Law, the use of forests for mining purposes must be conducted with a borrow-use permit issued by the Minister of Forestry. See "*Regulations — Coal Mining Regulations — Forestry Regulation*."

MIFA holds a Production Operation IUP covering a total concession area of 3,134 hectares, which is due to expire in 2025, for its concession area. Based on the applicable Indonesian regulations, MIFA is required to pay a royalty of 3%, 5% or 7% of revenues from coal sales, depending on the calorific value of coal produced. MIFA also participates in the payment of regional development fees by using 1.0% of coal sales revenue for community support activities, based on the customary requirement by the regional agency. MIFA also holds a borrow-use permit issued by the Minister of Manpower and Transmigration that covers approximately 769.8 hectares of land and expires in February 2024.

BEL holds a Production Operation IUP covering a total concession area of 1,495 hectares, which is due to expire in 2027, for its concession area. Based on the applicable Indonesian regulations, BEL is required to pay a royalty of of 3%, 5% or 7% of revenues from coal sales, depending on the calorific value of coal produced. BEL also participates in the payment of regional development fees by using 1.0% of coal sales revenue for community support activities, based on the customary requirement by the regional agency.

For more detailed information regarding our IUPs and borrow-use permits, see "*Regulations — Coal Mining Regulations*."

Coal Reserves

RPM has reviewed our latest reserves estimates and reported that, as of December 31, 2020, our aggregate coal reserves for TIA, MIFA and BEL were approximately 218 million tons, comprising 99 million tons of proved reserves 119 million tons of probable reserves. The following tables set forth the statements of our aggregate proved and probable open cut coal reserves by project as of December 31, 2020:

	As of March 31, 2021		
Project	**Proved Reserves**	**Probable Reserves**	**Total Reserves[1]**
	(in million tons)		
TIA	7	1	8
MIFA	64	110	174
BEL	28	8	36
Total	**99**	**119**	**218**

(1) Totals of coal reserves have been rounded herein to reflect the order of accuracy of estimates.

Coal Resources

As of December 31, 2020, estimated total coal resources at TIA, MIFA and BEL concessions were 395 million tons, comprising 127 million tons at measured status, 179 million tons at indicated status and 89 million tons at inferred status. We expect that, with ongoing exploration at our mining sites, existing inferred resources estimates may be improved to indicated and measured status. The following table sets forth total coal resources inclusive of coal reserves at each of our projects as of December 31, 2020:

	As of March 31, 2021			
Projects	**Measured**	**Indicated**	**Inferred**	**Total[1]**
	(in million tons)			
TIA	9	6	6	21
MIFA	84	156	74	314
BEL	34	17	9	60
Total	**127**	**179**	**89**	**395**

(1) Coal resources are reported inclusive of coal reserves (that is, coal reserves are not additional to coal resources). Totals of coal resources have been rounded herein to reflect the order of accuracy of estimates.

Coal Quality

All three of our concession areas contain various grades of low rank coal deposits, which feature lower energy levels on combustion and higher levels of moisture as compared to bituminous coal. Our low rank coal contains low levels of ash and sulfur and produces relatively low levels of

nitrogen during combustion. Low rank coal is suitable for electricity generation and use in industrial applications such as the cement industry. The high surface area and volatility of our coal facilitates ignition and stable combustion.

We market the coal produced in our TIA concession area under the marketing name "TIA Compliant", which is known in the market for its higher grade properties. The coal produced in our MIFA and BEL concession areas are of a lower rank and therefore sell at a lower average selling price than the TIA Compliant coal, typically to customers in India and Indonesia.

The following tables set forth the in situ quality specifications of coal deposits at our TIA, MIFA and BEL concessions included in the Reserve Statements as of December 31, 2020 for TIA, MIFA and BEL:

Parameter	TIA Concession	MIFA Concession	BEL Concession
		(weighted average)	
Calorific Value[1]	4,030 Kcal/Kg	3,331 Kcal/Kg	3,436 Kcal/Kg
Calorific Value[2]	5,316 Kcal/Kg	5,105 Kcal/Kg	5,178 Kcal/Kg
Total Moisture[3]	36.1%	44.8%	44.0%
Inherent Moisture[2]	15.7%	15.3%	15.5%
Ash Content[2]	4.6%	4.2%	3.8%
Sulfur[2]	0.12%	0.12%	0.12%
Relative Density	1.26	1.23	1.23

Notes:

(1) "Gross as received" basis.

(2) "Air dried" basis.

(3) "As received" basis.

Coal Production, Marketing, Customers and Sales

Overview

We believe our coal provides our customers with a low-cost fuel alternative as compared to coal from our competitors and other solid fuels. Many coal consumers have been required to install fuel gas desulfurization equipment, use selective catalytic reduction systems designed to remove nitrous oxides or reduce the sulfur content in the blend of coals used in their coal burning facilities. The coal from our mining concessions, with its low sulfur and nitrogen content, enables our customers to meet regulated standards by burning our coal directly or blending it with other coals, thereby avoiding significant capital expenditures otherwise required to upgrade their existing facilities. In addition, by blending our coal with higher ash-producing coals, our customers are able to reduce ash disposal costs. The relatively low ash-levels of our coal also reduce ash build-up in coal-burning boilers, thereby improving thermal efficiency and reducing maintenance costs.

The table below summarizes our average strip ratio, production volume, sales volume, coal sales revenue, average selling price per ton and average cash cost per ton for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Average strip ratio[1]					
TIA	7.0	7.1	6.3	6.5	5.3
MIFA	2.2	2.2	2.6	2.5	3.1
BEL	3.3	3.8	3.4	3.3	3.2
Production volume (million tons)[2][3]					
TIA	4.6	4.0	3.4	1.0	1.1
MIFA	4.9	7.1	7.9	2.1	2.1
BEL	0.3	0.6	1.3	0.4	0.4
Total	9.8	11.8	12.6	3.5	3.6
Sales volume (million tons)					
TIA	4.7	4.0	3.4	0.9	1.2
MIFA	5.1	7.2	7.4	2.2	2.5
BEL	0.2	0.6	0.9	0.2	0.3
Total[4]	9.9	11.8	11.6	3.4	4.0
Coal sales revenues (US$ in millions)					
TIA	189.8	135.0	97.1	31.5	41.8
MIFA	125.9	144.7	142.7	46.9	61.7
BEL	5.0	12.6	17.4	5.1	8.2
Total	320.7	292.3	257.1	83.4	111.7
Production cost (US$ in millions)[5]					
TIA	140.1	121.9	81.6	27.4	23.5
MIFA	80.9	119.6	116.4	35.9	41.7
BEL	4.6	11.8	13.5	3.5	5.0
Total	225.6	253.3	211.5	66.8	70.2
Average selling price per ton (US$)[6]					
TIA	40.8	33.7	28.9	34.0	36.0
MIFA	24.9	20.2	19.4	21.4	25.0
BEL	21.5	21.0	19.3	21.4	25.5
Average Cash cost per ton (US$)[7]					
TIA	30.1	30.4	24.3	29.5	20.2
MIFA	16.0	16.7	15.8	16.4	16.9
BEL	19.7	19.6	15.0	14.6	15.7

(1) Strip ratio is the number of bank cubic meters of overburden needing removal to access one ton of coal.

(2) We commenced commercial production at the TIA concession in 2009, at the MIFA concession in 2012 and at the BEL concession in 2011.

(3) Coal production volume reflects the volume of coal mined during the relevant periods.

(4) The difference between our coal production and coal sales levels primarily relates to timing differences between sales and production and the impact that this has on inventories.

(5) Production costs is calculated from cost of revenue and selling expense excluding depreciation and amortization.

(6) Average selling price per ton is calculated by dividing the coal sales revenues by sales volumes for the periods presented.

(7) Average cash cost per ton is calculated as total production costs divided by sales volumes for the periods presented.

Coal Sales and Customer Base

We currently market our coal primarily to power generation industry customers in China, India, Vietnam, Thailand, the Philippines and Indonesia. We sell the significant majority of the coal we produce to coal trading companies that generally supply coal to such power generation industry customers. We enter into contracts with trading companies and with end-users directly. As of March 31, 2021, we have 7 fixed-term coal supply agreements.

Our coal trader customers that supply coal to China, India and Thailand generally purchase our coal on an FOB basis at the point when the coal is loaded onto the vessels. Our coal trader customers that supply coal to the Philippines and Indonesian domestic markets generally purchase our coal on an FOB basis at the point when the coal is loaded onto the barge. For export sales, the price at which we sell the coal, less certain agreed transportation costs, is the price based on which the royalty amount relating to our IUPs is calculated and paid. As of March 31, 2021, all of our coal sales are made with our customers taking the responsibility to charter the FOB vessels. The three major export destination for TIA are China, Vietnam and Thailand, which collectively contributed 61% of sales volume in 2020. Three major export destination for MIFA are India, Vietnam and Thailand, which collectively contributed 97% of sales volume in 2020. MIFA currently sells its coal primarily to customers in India, in addition to local customers. MIFA is focused on exporting coal to India and west Asian countries given its proximity to those countries. BEL currently sells its coal domestically to support PLN Nagan, and also sells its coal to export markets. However, TIA, MIFA and BEL are required to comply with the requirements of the domestic sales obligations pursuant to the terms of their respective IUPs and related regulations. See "*Regulation—Domestic Market Obligation*." For the current financial year, TIA, MIFA and BEL must set aside 33%, 25% and 25%, respectively, of their production for the domestic market. Though TIA has always complied with this requirement, because the coal produced by MIFA and BEL is not in demand in the domestic market, by customers such as PLN, MIFA and BEL each set aside less than the required 25% domestic market obligation. To date, MIFA and BEL have never received any sanctions or warnings from the relevant government institution due to the incompliance of this requirement.

Approximate shipping times of our coal to our key markets in China, India and domestically are as follows: six to eight days for shipments from our TIA concession to China; four to five days for shipments from our MIFA and BEL concessions and six to eight days for shipments from our TIA concession to India; and three to four days for domestic shipments from our TIA, MIFA and BEL concessions.

Coal Supply Agreements; Pricing and Payment Terms

We intend to continue to sell the majority of our produced coal through fixed-term coal supply agreements with major power generation companies or coal traders that service such companies both inside and outside of Indonesia, with any remainder to be sold under other contracts and spot market sales.

Prior to starting any new relationship, we typically examine our prospective customers and assess their credit worthiness. If a potential customer satisfactorily meets our criteria, we negotiate the specific terms of a coal sale contract with the potential customer, including the term or duration of the agreement, the quantity of coal to be sold, the quality and specifications of the coal (including calorific value and moisture, ash and sulfur content), the sales price, the date and place of delivery and other matters. In certain cases, a trial shipment is sent to a potential customer to satisfy the customer that our coal complies with such customer's requirements and to confirm that such customer pays for the coal in accordance with the agreed terms.

In general, our coal supply agreements specify the quantity of coal that must be delivered by us, and accepted by the customer, for the relevant year or month, as the case may be. These contracts also provide for adjustments to be made to the agreed base price in the event that the quality of the coal supplied varies from the contract specifications. The contracts also allow the customers to reject a shipment of coal if the quality of the coal in such shipment fails to meet the rejection limits specified in the relevant contract. As of March 31, 2021, none of our coal shipments had been rejected by our customers as we typically endeavor to mutually resolve any quality issues with our customers to reach an amicable solution.

The base price charged under the majority of our coal supply contracts are index linked prices. These prices either factor-in or are adjusted for the quantity purchased, the quality of the coal to be delivered (including the calorific value and moisture, ash and sulfur content), the relationship we have with the customer, arrangements for freight and insurance and the customer's location.

Payment and delivery terms under our contracts may vary among customers. Payments under FOB vessel and FOB barge contracts are made by letters of credit, while payments under domestic and FAS contracts are generally made by telegraphic transfer, SKBDN or by letters of credit issued in Indonesia. The manner of collection of payment may also differ for each customer. Sales contracts with our export customers are made on letter of credit terms in order to reduce our credit and default risk exposure to such customers. The majority of our export coal sales are priced, invoiced and paid in U.S. dollars.

As of March 31, 2021, we have outstanding accounts receivable net of allowance for impairment loss from third parties for our coal sales of US$30.0 million. We have not experienced any payment default by our coal sales customers.

Coal Trading

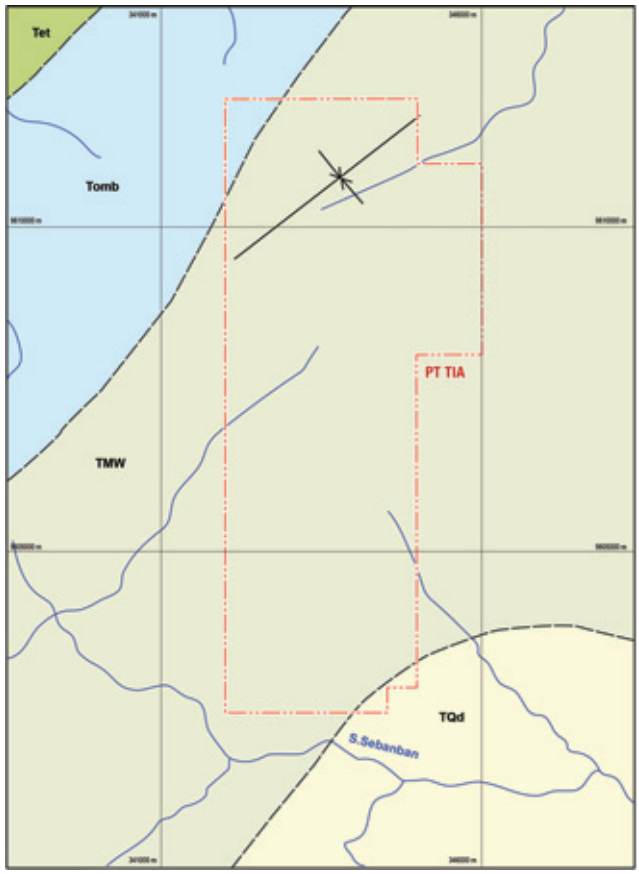
Through Reswara's IUP license, we trade coal on an opportunistic basis by purchasing certain amounts of coal from third party producers. As of March 31, 2021, we had two suppliers that supply coal to us for trading. In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, we traded 0.4 million tons, 0.5 million tons, 0.2 million tons and 32.8 thousand tons of coal, respectively. Our trading for the three months ended March 31, 2021 was 0.8% of our total sales for the period. Coal trading is one of the ways to increase our profits when the demand from our buyers or the price of coal increases or we determine that the coal produced by third parties is better suited to meet the requirements of certain customers. We apply strict internal controls to monitor the quality of coal we purchase from third party producers for trading and have a separate quality assurance team dedicated to controlling the quality of our traded coal.

Mining Operations and Logistics

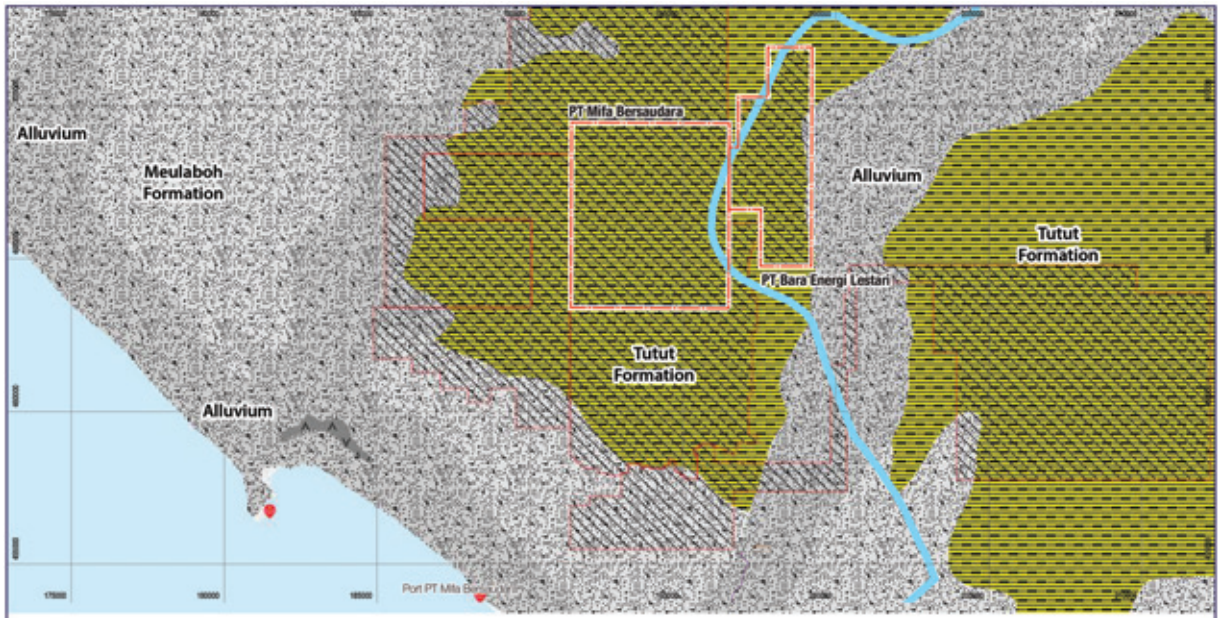
Mining at our concessions use truck-and-excavator open-pit mining method commonly used in Indonesia. Our mining operations and logistics consist of four major steps: (i) mine planning; (ii) topsoil removal, overburden removal and open cut mining; (iii) hauling and road maintenance; and (iv) stockpile and handling.

Below is a graphical representation of our mining operations at our TIA and MIFA concessions:

TIA:



MIFA:



Each of TIA and MIFA has entered into contract mining operating agreements with CK to conduct certain contract mining services. At our TIA concession area, CK performs the following services: overburden removal and heavy equipment rental. At our MIFA concession area, CK performs overburden removal, heavy equipment rental and coal hauling.

We have entered into term contracts with our contractors under which the payment terms are governed by schedules of fixed charges per BCM of overburden removed and per hours of equipment leased for coal production for the relevant period. Prices per hours of equipment leased for coal production, the estimated strip ratio, the distance coal and overburden is to be transported and other factors affecting the mining contractor's operating costs. We aim to match the technical and financial requirements of each of our mining project to each contractor while balancing overall costs.

We work closely with CK, our sole mining contractor, to carry out mining operations based on our mining plans as well as the relevant government requirements. We also conduct regular meetings with our contractors, including safety and health checks.

Port management and services are undertaken by each of TIA and MIFA for its respective mine, which includes stockpile management, crushing, barge conveyor loading and jetty management for our concession areas. All barging and transshipment services are undertaken by BDD, a subsidiary in our integrated logistics business unit.

Exploration and Mine Planning

Initial exploration and mine planning activities include data collection, preliminary project survey, due diligence exploration and evaluation, mine modeling, topographical and geological modeling and interpretation. As the exploration phase develops, an ongoing mine model is developed to maximize the production of the mine.

For data collection, we identify the location, topographical and geological mapping and quality of a coal deposit through methods such as field mapping (surveying the surface features) and exploration drilling, which are typically supplemented by a geophysical survey. We then use the data collected from each observation point to conduct due diligence for the project and create a three dimensional representation of the coal seam through mine using topographical and geological modeling. The model provides estimates of the quantity and quality of coal in the seam and is also used to determine a suitable method for extraction of the coal.

Using the information collected during the exploration process, we typically prepare mining plans with respect to further exploration and operation of each pit within a project, beginning with a conceptual life-of-mine plan and determining the potential production profiles for a particular concession throughout its life. Surface features such as topography, positions of rivers and creeks, local villages and associated infrastructure are surveyed and recorded, and the rehabilitation and recovery planning process commences at this stage. As more exploration data is collected and input into the geological modeling system, the model may change, which necessitates amendments being made to the mining plan.

For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, we incurred US$1.2 million, US$1.1 million, US$0.9 million and US$0.3 million, respectively, in exploration expenses (also referred to as amortization of producing mines as a part of our cost of revenues).

Open Cut Mining, Hauling and Processing

Overburden removal commences by removing vegetation and the layer of topsoil and stockpiling the topsoil for future rehabilitation of the disturbed areas. From the initial box cut, waste is hauled out of the pit to an external waste dump. Once there is sufficient space at the bottom of the mined-out pit, the backfilling process is commenced. Once the coal seam is exposed, it is mined. In

our TIA concessions, once the coal is mined, it is then hauled, delivered to the port, and crushed at the port. In our MIFA concessions, once the coal is mined, it is delivered to the crushing plant, hauled, and delivered to the port. In our BEL concessions, once the coal is mined, it is crushed for delivery to certain customers, hauled, and delivered to the customer.

We operate our mines 24 hours a day, 360 days a year, subject to COVID-19 related suspensions of work and weather interruptions such as excessive rainfall. Employees dedicated to coal extraction typically work in two 12-hour shifts per day. Each site has facilities including offices, maintenance workshops, a fuel farm and a camp with roads, electricity and water supply.

We conduct our coal hauling at our MIFA concessions through CK. Upon extraction, coal is loaded onto trucks and other vehicular transportation and transferred to locations closer to a river or the sea. The coal is then crushed at the port, where barge loading facilities can load the coal onto barges for transfer to coal terminals, or other loading terminals or vessels. For our TIA concessions, we have a dedicated all-weather haul road, with a dedicated underpass and capacity for 50 ton haul trucks, to support and expedite the coal delivery process from the mining site to our private port. For our MIFA and BEL concessions, we have a dedicated all-weather haul road, with a dedicated overland conveyor.

At the crushing plant, which we own and operate for at our TIA and MIFA concessions, coal is crushed for size reduction and processing and blended with other coal types, if necessary, and stockpiled. It is then transported to the jetty and loaded onto barges via conveyors. The distance between a mine and a loading terminal directly impacts transportation costs, as shorter hauling distances result in lower transportation costs. Barge loading and crushing facilities are typically owned by concession holders, and located within a short distance from the relevant concession.

With respect to TIA, the two crushing plant units have a capacity of 700 and 400 tons per hour, respectively. With respect to MIFA, the three crushing plant units have a capacity of 1,000, 700 and 500 tons per hour, respectively. Coal from our BEL concession is sold uncrushed.

Ports

We operate ports with close proximity and easy access to both our mines through their barge loading facilities, and to our customers in Asia and India, which reduces the cost of transporting our coal by sea. The TIA concession area is located approximately 31.0 km away from the barge-loading port site at Sebamban, which has been transferred to PBR (see section "Business—Our Strategy—Expand our product offerings to high growth areas"), and can be reached by a haul road. From the port, our coal is barged year-round to Bunati Anchorage Point, where coal is transshipped and delivered to sea vessels. The port stockpile capacity at the barge-loading port site is 100,000 tons. The barging distance is 14 nautical miles. We also have a dedicated all-weather haul road, with a dedicated underpass, to support and expedite the coal delivery process from the mining site to the port. Coal is transported from the TIA concession area to a port located at Sebamban Baru, South Kalimantan. Sebamban Baru port is located approximately 31 km from our TIA concession area and has a design capacity of 8.0 mtpa. Sebamban Baru port and related facilities cover an area of 27 hectares. The port has a 950 meter long barge conveyor, which facilitates the loading of coal. It operates two loading facilities, which can accommodate 300-foot barges. The port has a stockpile capacity of 100,000 tons. Coal is transported from the MIFA concession area to a port located at Peunaga Cut Ujong, West Aceh. MIFA owns and operates the Peunaga port and provides all necessary port business services. Peunaga port is located approximately 12.5 km from our MIFA concession and approximately 17.5 k, from our BEL concession areas and has a design capacity of 15 mtpa. Peunaga port and related facilities cover an area of 42 hectares. The port has a barge

loading conveyor, which facilitates the loading of coal. It operates with two loading sides, one on each of the left and right side, and can accommodate 300-foot barges. The port has a stockpile capacity of 200,000 tons.

Coal Barging and Transshipment

Our coal barging and transshipment activities for coal produced at the TIA and MIFA concession areas are contracted to BDD. At each of the Sebamban Baru port and Peunaga port, coal is loaded onto barges via a conveyor. Coal is then barged from the port to the respective anchorage point, where coal will be transshipped to oceangoing vessels. The total barging distance from the Sebamban Baru port to the relevant anchorage point is 11 nautical miles. The total barging distance from the Peunaga port to the relevant anchorage point is six nautical miles.

At the anchorage point, cranes unload the coal from the barges onto oceangoing vessels with capacities of up to 150,000 tons. Once loaded, these vessels are chartered by our customers to carry the coal to ports around the world.

We engage in careful stockpiling procedures and efficient transshipment process in order to reduce the size of our coal stockpiles.

Rehabilitation and Reclamation

Under Indonesian laws and regulations, coal concession holders are legally responsible for mine closure and rehabilitation of all mined concession areas. Rehabilitation activities are undertaken on a continuous basis, as and when certain parts of our concession areas reach the end of their useful like. In accordance with the requirements of our IUPs, we have to prepare a reclamation and rehabilitation plan as well as mine closure plan, which is expected to commence one year prior to the expiration of the relevant IUP, subject to any further extension of our IUPs that may be granted by the relevant authority. We have submitted our reclamation and rehabilitation plans to the local regency authority (Energy and Mining Resources Services Office) and other relevant regional authorities for all three of our mines. Concession holders may enter into agreements with contractors to be responsible for rehabilitation of the mined areas under the relevant contract mining operating agreements. Further, as required by the IUPs, mine closure-related activities, such as redevelopment of mined out areas and re-vegetation, are regularly conducted as part of the mine planning process.

Typically, topsoil removed during the mining process is stored for future reclamation of mined areas. Overburden is typically placed in the mined out areas of the pit as mining progresses. As reclaimed areas reach their design profile, they are graded and contoured to reflect the original landscape. Topsoil is spread on the area to be rehabilitated, mulched, seeded, fertilized, and re-vegetated with various local trees.

Quality Control

The quality control process occurs during all stages of mining operations to ensure that the product delivered satisfies the minimum quality requirements specified in our sales contracts. Quality control begins during exploration drilling, where coal samples taken from the cores of boreholes are analyzed by an independent laboratory to assess the quality of such coal. The next phase of quality control is during production coal quality drilling. During this stage, the "in situ" coal quality of a particular coal seam is confirmed for consistency. Coal from different seams and separate pits is then scheduled and mined in accordance with the detailed mine plan in order to meet marketing requirements. The coal is separately stockpiled according to its quality classification and additional testing is conducted on samples from each stockpile to ensure consistency.

During the barge loading stage, coal loaded on each barge is sampled and analyzed by an independent surveyor for its quality before the barges are sent to geared vessels for transshipment. In the process of loading coal on vessels, coal samples may be taken again before the vessels leave the port and sampled and analyzed for quality by an independent surveyor. We have historically used independent surveyors such as Geoservices, Carsurin or Sucofindo for these tasks.

Competition

The international coal markets are highly competitive. Our principal competitors in Indonesia include large coal producing companies that produce low rank and sub-bituminous coal. For TIA our main competitors are PT Bhumi Rantau Energi, PT Borneo Indo Bara, PT Arutmin Indonesia, PT Adaro Indonesia, PT Indo Asia Cemerlang and PT Kideco Jaya Agung. For MIFA our main competitors are PT Pesona Khatulistiwa Nusantara, PT Thriveni and PT Berau Usaha Mandiri. Australia was historically the largest exporter of coal to the Asian markets but has been overtaken by Indonesia. We believe that we have competitive advantages over our Australian competitors when selling our coal products to our primary customers in Asia, given our proximity to these customers, the relatively lower transportation costs to ship our products to the Asian markets, the consistent quality of our product and our timely deliveries. Further, we believe that MIFA's proximity to its customers, particularly in India, provides it with a point of competitive advantage compared to other coal suppliers in Indonesia.

Properties and Equipment

Generally, we have constructed or purchased most of the infrastructure located throughout our concession areas. In our TIA concession, such infrastructure include hauling roads, a weight bridge, an underpass, a crushing plant a barge loading conveyor, stockpiles, offices, camps, workshops, laboratory facilities, a nursery facility, fuel facilities and IT infrastructures. In our MIFA concession, such infrastructure include a crushing plant, hauling roads, weight bridge, overland conveyors, a barge loading conveyor, stockpiles, fuel facilities, offices, camps, workshops, a nursery facility and IT infrastructures. In our BEL concession, such infrastructure include hauling roads and stockpiles. This includes crushing plants and conveyors, haul roads, barge loaders, and camp facilities. We also remain responsible, under the terms of the IUPs, for the maintenance of all property, plant and equipment operated in our concession areas.

Contract Mining Services

Overview

We provide contract mining services to coal producers, including our mining concessions owned by TIA and MIFA and intend to expand our contract mining services to non-coal miners. Our subsidiary, CK, was established in April 1997, established an integrated mining services operation in 2002 and currently provides a range of contract mining services to concession owners throughout Indonesia. We currently have contract mining operating agreements with eight coal producers in Indonesia, including TIA and MIFA, our mining concessions. Accordingly to Wood Mackenzie, for 2020 we were the sixth largest local Indonesian mining contractor.

We offer "pit to port" services to Indonesian coal producers, which includes mine planning, blasting and clearing top soil, removing overburden, open cut mining and loading, transportation and processing. As of March 31, 2021, we provided all or some of the services described above to ten Indonesian coal producers and serviced six different projects operated by such coal producers. Our contract mining operating agreements have terms ranging from three years to life of the mine.

As of March 31, 2021, CK employed over 4,500 employees and owned and/or operated a fleet of over 60 heavy vehicles and mining equipment and several hundred light vehicles used for contract mining services. We own and operate various types of heavy equipment used in open cut mining and production, including bulldozers, excavators, haulage trucks, cranes, drilling machines, prime movers and dump and various other types of trucks, which is made up of predominately Caterpillar brand equipment, which is a leading international brand of mining equipment. See "— *Fleet and Mining Equipment*." In the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, CK extracted 20.0 million tons, 18.6 million tons, 27.6 million tons, 5.9 million tons, and 7.4 million tons of coal, and removed 140.4 million BCM, 95.5 million BCM, 139.7 million BCM, 27.9 million BCM, and 42.5 million BCM of overburden, respectively.

Description of Contract Mining Services

General

Due, in part, to the historical development of mining regulations in Indonesia, Indonesian coal producers typically contract out the operation of their coal concessions to third party mining operators, such as CK, under medium and long-term operating agreements. Under Indonesian law, the Government holds the rights to the survey, exploration and exploitation of mineral resources within Indonesia, and has granted the concession holders the right to appoint contractors, such as CK, to carry out mining activities. The practice of appointing third party mining operators dates back to the first generation of coal concessions granted, and appointment of third party mining operators in the Indonesian mining industry remains current practice, which we believe is due, in part, to the strategic, operational and financial benefits of using experienced and well-established mining operators with proven production track records.

We offer "pit to port" contract mining services generally described as follows to Indonesian coal producers in substantially all production stages:

- mine planning and production scheduling services, which consist of topographical and geological modeling and interpretation, mine modeling, development and construction of mining infrastructure, pit design and production scheduling and obtaining licenses for certain limited operating activities such as blasting;

- overburden removal, which consist of topsoil removal, drilling and blasting and overburden removal;

- mining services, which consist of assisting in long, medium and short-term mine planning, mining and excavation; and

- loading, hauling and transportation and processing services, which consist of loading and transporting through stockpiles.

We provide most of the overburden removal and mining services described above directly with our own personnel and owned or leased equipment and may use third party or affiliated contractors to provide certain other services, such as coal washing and crushing.

Mine Planning

At the mine planning stage, coal producers typically begin discussions with contractors, such as CK, to agree on optimal fleet sizes, labor utilization and annual production or overhaul targets necessary to reach a certain production profile, as well as the mining infrastructure that is required to be built to facilitate such production. In some instances, CK also assists the concession holders in obtaining certain limited licenses for operational activities such as blasting.

Overburden Removal

We provide our customers coal extraction services through the conventional open pit mining method, with dedicated fleets of excavators, bulldozers and graders and various other types of haulage trucks as supported by ancillary equipment, such as water pumps and water, fuel and service trucks.

We typically provide equipment, personnel and technical expertise for the construction of facilities and infrastructure for contract mining project, as well as for the drilling and blasting of overburden and extraction of coal, as part of our contract mining services. Equipment typically used in these processes consists of hydraulic excavators, haulage trucks, bulldozers and motor graders. Different equipment and procedures are adopted depending on the properties and configuration of the coal seam, which also affects the strip ratios and mining costs.

Coal Extraction

Our customers, in connection with equipment lease arrangements with us, typically conduct coal extraction using the conventional truck-and-shovel open-pit mining method. Once the coal seam is exposed, the concession holder mines the coal using equipment and personnel rented from us. The mining is normally performed without drilling and blasting. We then load the coal into haul trucks and deliver it to stockpiles for further treatment if required. We tailor the equipment and procedures used to the properties and configuration of the coal seam, which also affects the strip ratios and mining costs.

Coal Loading and Transportation

We also provide coal loading and transportation services, including equipment, personnel and technical experience for the transportation of extracted coal as directed by our customers. We also build the coal hauling roads and provide maintenance services for such roads.

CK currently does not provide coal barging or transshipment services. However, BDD, a subsidiary of CKB undertakes coal barging and transshipment services. See "— *Open Cut Mining — Mining Operations and Logistics — Coal Barging and Transshipment*."

Project Selection and Tender Process

In the event that we are asked to tender or provide our services for a contract mining project, we typically carry out mine evaluation studies, including legal, technical, financial and engineering reviews, to estimate our production costs. Coal producers may wish to use different contractors for each mining process, or to appoint one contractor to provide integrated mine operation services or to oversee mine operations of third party contractors. Some of our current operating agreements are awarded through a tender process. We submit tender proposals to coal producers based on their requirements for each project. Due to our experience and track record, we have also been approached directly by some coal producers to provide contract mining services.

Before accepting a new project, our various departments conduct legal, financial and technical due diligence on the potential customer's operations, to ensure that the project is viable and the potential customer is able to finance the project and pay our costs. If appointed as mine operator, we typically work with the customer to prepare short to mid-term mining plans for each project, including monthly or quarterly mining plans (which are intended to be adjusted to capture changes in prevailing coal prices, differences in anticipated strip ratios, the configuration of coal seams, equipment capacity, changes in operating costs and weather conditions), as well as longer term mine plans for periods of a year or more.

Operating Agreements and Customers

We have operating agreements with terms ranging from three years to life of the mine with each of our current customers. These operating agreements either provide for the expiry of such contract on a specified date, or upon the satisfaction of the production targets (such as coal extraction and overburden removal) as specified in the relevant agreement. Most of our agreements are based on a defined time period, and typically stipulate an estimated aggregate production volume of overburden or coal for the duration of the contract for planning purposes. Some of our agreements may set out short-term monthly or annual production targets, which may be subject to change depending on the prevailing coal prices, differences in the anticipated strip ratio and the configuration of the coal seam. In a high coal price environment, concession holders typically request for increases in our annual production volumes to take advantage of the higher prices. Similarly, where coal prices are low, concession holders may request for us to decrease our annual production. As a result, contract durations may vary from the estimates set out in our operating agreements due to contracted production targets being met earlier or later than expected.

Our mine operating agreements set forth the terms under which we provide all or some of the "pit to port" services to the concession holders. These operating agreements contain provisions for us to provide, upon our mutual agreement with the relevant concession holder, "variation services" beyond the initial scope of work described in the operating agreements. In order to address any unforeseen needs that may arise during the progress of contract mining projects, these "variation

services" provisions allow both the concession holders and us to maintain some flexibility to increase the services provided under the operating agreements where commercially agreed by both parties.

The payment terms in our operating agreements typically provide that we will be paid certain fixed unit rate charges per BCM of overburden removed, per hours of equipment leased for coal production and per ton per kilometer of coal hauled for the duration of the contract. The unit rates are generally based on factors such as the location and terrain of the project, the ground condition, the estimated strip ratio, the distances over which coal and overburden are to be transported and other factors affecting operating costs. These operating agreements also generally provide for certain price adjustments for wages, fuel, oil, labor, tires, spare parts and explosives to be made on an ongoing basis to reflect the movements in prices. This allows us to pass through certain cost variances to the concession holder. Except where the operating agreement provides otherwise, we generally assume operational responsibility for the contracted activities and provide our own equipment and materials, including heavy equipment such as diggers, wheel loaders, mining trucks, coal haul trucks, drills and other equipment and materials such as fuel and other spare parts required for maintenance of our equipment. Although we do not currently have any arrangement to provide solely equipment rental (without any related services), we sometimes rent equipment to our customers as a "variation service" under their operating agreements.

We are also responsible for the development of infrastructure required to conduct mining operations, such as the construction of connecting haul roads and ramps, settling pond, messing and workshop facilities, as well as maintenance of such infrastructure.

Under the terms of our operating agreements, we bill our customers on a monthly basis with an average credit term ranging between 30 to 60 days, depending on the customer. For some of our operating agreements, we have also entered into certain financing arrangements under which certain portions of the proceeds received by our customers from the sales of coal are directly provided to us by third party banks to satisfy the amounts owed by our customers for our services.

Subject to the satisfactory performance of contract mining services under the terms of the relevant operating agreements, concession holders tend to extend or renew the existing agreements with the mining contractor, on expiry, given the level of operational expertise developed by the contractor through its familiarity with the mine and its geological and other characteristics. In addition, significant downtime and costs may be incurred while switching mining contractor, due to the time required by a new mining contractor to develop an understanding of the mine geology and mining plans to be able to operate in an efficient manner and the time necessary for the deployment of the new mining contractor's mining equipment to the mine. In certain cases, concession holders may elect to put the contract out to tender on expiry. Accordingly, the incumbent mining contractor has significant competitive advantages over other mining contractors, due to its knowledge of the

mine characteristics and conditions. The table below summarizes the percentage of revenue from contracts with customers contribution of our main contract mining customers over the periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
MHU (life of mine)	0.0	9.2	14.5	10.2	23.9
BMB cluster (consists of 2 life of mine contracts with BMB and PT Berkat Murah Rejeki (BMR) and one short term contract (3 years) with PT Energi Batubara Lestari (EBL))	—	1.2	23.3	9.9	25.3
KIM cluster (consists of PT Kuansing Inti Makmur, PT Karya Cemerlang Persada, PT Bungo Bara Makmur, PT Bungo Bara Utama)	—	1.9	16.6	18.6	16.6

Some of our operating agreements have expired, or will be expiring within the next few years, including the mining service agreement between CK as mining service provider and EBL as coal producer which is expiring in March 2023. Based on our assessment of the relevant commercial, financial, legal and technical factors, we may choose not to renew or extend some of our operating agreements. Similarly, our customers may decide not to renew or extend the operating agreements with us. See "*Risk Factors — Risks Relating to Our Business and Operations — Risks Relating to All of Our Business — A few customers account for a major portion of our total revenues*." We are currently negotiating with certain customers for the extension of certain operating agreements. Further, we are currently pursuing and tendering with certain new customers for new operating agreements.

Coal Production and Overburden Removal Volumes

The following table shows the certain operating statistics as of the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Coal production (in million tons)	20.0	18.6	27.6	5.9	7.4
Overburden Removal (in million BCM)	140.4	95.5	139.7	27.9	42.5
Total Cost (per BCM)	1.61	1.69	1.70	1.91	1.66

Competition

We face competition from four major categories of potential competitors: foreign conglomerates such as the CIMIC Group (through its operating subsidiaries in Indonesia, PT Thiess Indonesia and PT Leighton Contractors Indonesia) ("CIMIC"), large local conglomerates with mining operations such as PT Pamapersada Nusantara ("PAMA"), PT Bukit Makmur Mandiri Utama ("BUMA"), and PT Saptaindra Sejati ("SIS"); local small to mid-sized mine operators, such as PT Petrosea Tbk, and from concession holders who conduct their own mining operations, or a part of such operations.

We believe that our closest competitors are PAMA, BUMA, CIMIC and SIS. PAMA is an indirect subsidiary of PT Astra International Tbk, one of Indonesia's largest diversified business conglomerates. BUMA is one of the largest coal mining contractors in Indonesia, based on coal production volumes. CIMIC is part of the CIMIC Group, an internationally recognized engineering consultancy specializing in engineering, procurement and construction projects in various commodity sectors such as oil and gas, infrastructure and power. SIS is part of the Adaro Group, one of the largest coal producers in the Asia-Pacific region.

In addition, our customers face competition from domestic and international coal mining companies, as well as providers of other sources of energy, such as renewable energy. As we depend on our customer's demand for our services, we are indirectly exposed to the competition that they face.

Fleet and Mining Equipment

CK operates a fleet of over 60 owned and leased heavy vehicles and mining equipment, including bulldozers, excavators, cranes and compactors and several hundred light vehicles for our contract mining services business. As a part of our contract mining services, we also supply mining and transportation equipment to our customers as well as the personnel required to operate and maintain such equipment. We sometimes provide equipment rental to our customers as a "variation service." Under our operating agreements with Indonesian coal producers, CK has the right and obligation to procure the equipment necessary for the services provided under such agreements. We select the type and brand of equipment to be used based on various factors, including price, quality, life span and productivity level of such equipment as well as reliability and availability of product support.

The following table shows the major equipment categories comprising the equipment for our contract mining services business as of March 31, 2021, comprising both owned and leased fleet and equipment:

Equipment Type	Number of Units as of March 31, 2021	Average Age as of March 31, 2021 (in years)	Brands
High Capacity Excavator	26	2.7	Caterpillar and Hitachi
Excavator	160	2.9	Caterpillar, Hitachi, Liebherr and Komatsu
Trucks	410	6.1	Caterpillar, Komatsu and Terex
Dozer	107	3.3	Caterpillar and Komatsu
Grader	44	4.2	Caterpillar
Wheel Loader	3	4.0	Caterpillar
Compactor	14	1.1	Caterpillar
Total Equipment / Weighted Average Age	**764**	**4.7**	

Procurement and Suppliers

Historically, a significant portion of our capital expenditures related to investments in mining equipment and in our fleet. In deciding whether to procure new equipment or vehicles through direct purchase or through financing leases, we generally took into consideration factors such as our

working capital position, the price competitiveness of rental equipment versus new equipment, lease terms and the amount of equipment required and market conditions. Financing for our asset purchases has historically been provided through finance companies such as PT Caterpillar Finance Indonesia, PT. Chandra Sakti Utama Leasing and other syndicated lenders. Such leasing arrangements are usually for a period of three to seven years. Upon the expiration of the leasing arrangement, we typically have the option to purchase the equipment for a nominal sum.

Since 2016, we have pursued an "asset light" strategy, whereby new equipment is obtained through operating leases, as opposed to direct purchase or through financing leases. The renting of equipment through operating leases allows us to free up capital for deployment in other parts of our business.

Procurement and rental requests are made by our plant and asset division, which is responsible for equipment planning for our existing and new projects. Procurement and rental decisions are made after various departments, including financial, technical and engineering. The plant and asset division is also responsible for purchasing spare parts and for overhaul and maintenance of fleet and mining equipment exceptionally high demand for our services.

In general, we prefer to purchase or lease new mining equipment versus used equipment, due to the high utilization rates which can be achieved by new and more technologically advanced equipment. We will rent used mining equipment if we are facing a specific shortage of equipment. CK often obtains such rentals and other equipment related services from companies affiliated with the Group, such as Trakindo, and our other subsidiaries.

We enjoy substantial bargaining power with equipment suppliers within Indonesia, given our size, and therefore are sometimes able to benefit from better equipment discounts, order priority, flexible payment terms and better support and after sales services from our suppliers. We determine which brand of equipment to utilize based on a number of factors, including price, quality, life span, productivity, production cost, reliability, product support and after-sales service.

In addition to Trakindo, our key supplier for Caterpillar brand equipment, from time to time we also rely on other suppliers for the supply of heavy equipment as well as for explosives for drilling and blasting equipment and services.

Fleet Management and Maintenance

Our maintenance and repair works are also contracted out to the suppliers of the relevant equipment. As Trakindo supplies a substantial portion of our equipment, it has assigned a support team to each of our contract mining service sites to assist in inspecting and identifying potential issues, such as equipment wear and tear. This reduces our inventory costs and dead stock. We employ both affiliate and third-party contractors for certain services such as coal washing and crushing. Our key subcontractors include PT Sanggar Sarana Baja, who provides manufacturing services, PT Chitra Paratama, who provides tire supply and maintenance services, and CKB, who provides logistics support for goods and heavy equipment movement. Our use of subcontractors enables us to enhance efficiency and reduce costs. We typically use a tender offer process for our selection process, with stringent criteria with an aim to match the technical and financial requirements of each project to each subcontractor while balancing overall costs.

As a part of our fleet management policy, we closely monitor our equipment utilization and status through operational and financial reports, which are generated for each project and sent to our head office on a daily basis. We also conduct weekly and monthly operational reviews to track the

status of and production made through our equipment. We generate quarterly reports to monitor the availability, utilization rate and production levels of each unit of our equipment. We also utilize state of the art technology to remotely monitor the progress and status of our projects. These systems allow our management to make operational decisions, such as equipment transfers, efficiently and effectively.

Our contract mining services business depends on key pieces of plant, machinery and equipment, including bulldozers, excavators, graders, shovels, light vehicles, haulage trucks, cranes, drilling machines, prime movers and dump trucks. These typically have a useful operational life of three to ten years, depending on size. We have workshop facilities for the maintenance and overhaul of our key pieces of mining machinery and equipment, and employ teams of trained mechanics to maintain and repair our equipment located on each of our contract mining service sites.

Fuel, Spare Parts and Material Supplies

A significant part of our operating costs relates to diesel fuel used in our mining contractors operations. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, 23.9%, 16.6%, 15.1%, and 18.8%, respectively, of CK's aggregate operating costs were attributable to fuel expenses incurred in our operations.

Our key suppliers provide the following spare parts and material supplies for our business as follows:

Suppliers	Provision of Spare Parts and Material Supplies
PT Prima Wiguna Parama	Fuel and lubricant
PT Chitra Paratama	Tires
PT Dahana (Persero)	Explosives and blasting equipment
PT Trakindo Utama	Caterpillar Parts & Lubricant
PT Hexindo Adi Perkasa	Hitachi Parts

We procure substantially all of our fuel requirements from PT Prima Wiguna Parama under a supply agreement entered into with Pertamina based on our fuel volume requirements. To transport fuel purchased to various mining site locations, we hire fuel transporters to transport such fuel from PT Pertamina (Persero)'s and its subsidiaries loading points to these locations, and pay fuel transportation fees on a per liter basis.

Under the terms of each of our operating agreements, other than those with TIA and MIFA, we are responsible for procuring fuel used in our contract mining services business, and are entitled to pass on any fuel cost variances from the specified contractual rate to the concession holder. However, we continue to monitor our fuel efficiencies, in order to improve our cost competitiveness as compared to other mining contractors.

Costs of spare parts, including tires and lubricants, comprise another significant portion of our production costs. Under our mine operating agreements with the concession holders, we are entitled to pass on any spare parts cost variances to the concession holders. We use both radial and bias tires for our equipment. Although radial tires are more expensive than bias tires, our preference is to use radial tires for our equipment where available, as we believe that the higher cost of such tires is offset by the reduction in production downtime and opportunity losses from tire replacement, and increases in production efficiency. We make efforts to maximize the life span of the radial tires by repairing and retreading the tires as necessary.

Integrated Logistics

Overview

Through our direct subsidiary CKB and its subsidiaries, PBR, ATR, BDD and DDE, we engage in an integrated logistics business, providing a full range of integrated logistics services solutions comprising of end-to-end logistics distribution. We focus our integrated logistics business primarily to clients operating in the mining, oil and gas, engineering and construction, power systems and heavy equipment sectors; however, we are also looking to expand our logistics business to adjacent industries such as construction, manufacturing and retail. We believe that our integrated logistics distribution network is differentiated by its broad reach into rural and isolated areas of Indonesia, whereas other logistics providers focus on urban areas.

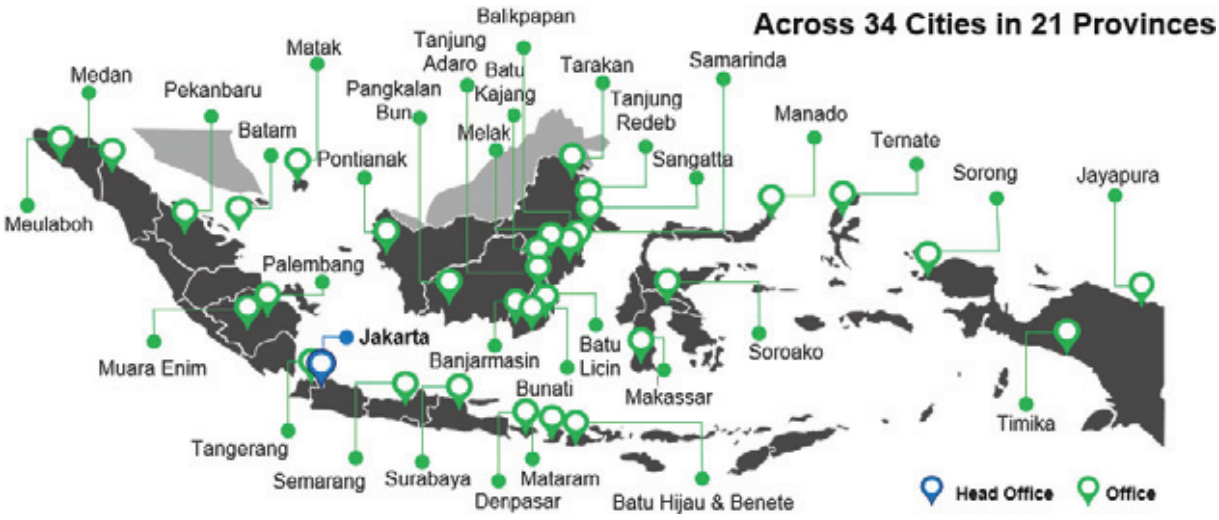
Our services can be broadly classified into (i) freight management services, (ii) project logistics services, (iii) warehouse management services, (iv) bonded logistics center management, (v) site management services, (vi) port management services, (vii) shipping services, (viii) coal barging services, and (ix) stevedoring services.

Our integrated logistics services began in 1997, initially providing import and export related services, including air freight, land freight and sea freight services, to Trakindo. As of March 31, 2021, services to the Trakindo Group (including the ABM Group) account for a majority of our logistics revenue, but we expect this proportion to continue to decrease as services to third parties, such as e-commerce providers, expand. As of March 31, 2021, we had over 1,000 employees and more than 150 trucks and trailers to operate integrated sea, air and road networks from 41 strategic locations in 34 cities throughout Indonesia, covering 21 provinces.

We believe in gaining customer satisfaction through process enhancements and innovations in our services. We comply with international standards organization requirements and have received ISO 9001 and ISO 45001 certifications for our integrated management system in quality and occupational health and safety.

Location of Our Logistics Operations

The following map illustrates the location of our offices and facilities.



Our Services

Freight Management Services

We provide a comprehensive array of logistics through the following modes:

- airfreight consolidation and third party carrier chartered flight services, including door-to-door delivery of cargo; warehouse services, consolidation, sorting and splitting of cargo, airline space hard blocking to certain major routes such as Singapore, Jakarta, Balikpapan, Banjarmasin and Timika Papua and urgent delivery services as required;

- sea freight forwarding and owner-operated sea freight services through ATR, specializing in over-weight and over-sized ("OWOS") shipments. We also provide delivery of break bulk cargo, vessels for wheeled cargo such as automobiles, trucks and cars, landing craft tanks, direct door-to-door and port-to-port services and online tracking system to check on the cargo movement and position; and

- land freight forwarding services and owner-operated freight services through our fleet of trucks and trailers, specializing in OWOS cargo with trailers used to transport heavy equipment.

Project Logistics

We provide project logistics services which entail the transportation of OWOS cargo, such as heavy equipment, machines, engines and plants from one location to another. These services utilize multiple modes of transportation and involve transportation to remote regions and sites with limited or difficult access. These services require specialized operations, detailed planning and preparation (such as site visits, surveys and operating and stowage plans), usage of specific vessels and equipment (such as tug barges, multi-axle fleet and lifting equipment), close coordination and supervision during the execution phase and, at times, prior regulatory and legal approvals.

Generally, we follow the following process to provide our project logistics services:

- pre-survey of the customers shipments specification, the origin and the destination, as well as the access routes (such as ports or roads);

- determine the requirements for transportation, and whether heavy or special transportation is required;

- coordinate and make the necessary arrangements for the provision and operation of the necessary equipment (such as multi-axle transporter and low bed trailers, landing-craft-tanks, tugs, barges and freighter planes);

- determine if any special lifting equipment (such as cranes, jacking and forklifts) is needed and make arrangements for the provision and operation of such equipment;

- obtain clearance for access and requisite permits as required; and

- build or re-build any necessary infrastructure for the delivery, such as public bridges and local markets.

Warehouse Management Services

We operate 5 hubs or distribution centers and 8 main gateways across Indonesia (including Batam, Medan, Palembang, Jakarta, Surabaya, Balikpapan, Denpasar and Timika), which support our freight services in moving cargo and distribution to specified locations at specified timings. We also manage warehouse space of approximately 220,000 square meters for various types of cargoes (including units, parts & components, liquid & non-liquid materials). In addition, we also provide inventory management services related to warehouse management, such as consolidation of cargo, and certain security measures to protect cargo.

Bonded Logistics Center

CKB was granted a license to operate a Bonded Logistics Center (PLB) in September 2015. The PLB is a multi-function logistics warehouse that is used by importers and exporters to store goods originating from outside the Indonesian customs area or goods arriving from places in the Indonesian customs area that are subject to import taxes or duty. Since 2015, we have supported over 20 customers in Indonesia to establish a more efficient supply chain and to improve their business and product competitiveness through our PLB business, throughout more than 75,000 sqm in five locations. In the long term, PLB is expected to attract anchor customers for warehouse management services and integrated logistics services as well to assist clients to succeed in new industrial markets.

Site Management Services

We provide comprehensive suite of remote site services for the resources and energy sectors for both short and long-term projects, and we operate three supply base locations at Tangguh-Papua, Bojonegoro and Palembang, South Sumatra. Our supply base management teams typically interface with onsite coordinators to supply resources and energy organizations with the required equipment, materials and contractor supplies needed for their operations.

We manage and maintain inventory and procure supplies and contractor resources as needed. Our teams schedule resources, coordinate inbound and outbound movements of materials, and supervise transportation and dockside operations to meet field requirements.

Port Management and Ownership

Through PBR, we provide port management services at the ports owned by TIA and MIFA that include technical and operational management of handling, storage, loading and unloading operations both on board and dockside. Our services include assisting in port operations for bulk and unitized miscellaneous cargo, containers, specialized items, trailers and vehicles, and many other items.

To conduct these activities, we have up-to-date mechanical equipment (cranes, lift trucks, loaders, conveyor belt systems and forklifts) and qualified personnel, who are specialized and solely employed to perform port management operations. In the near future, our port will have dedicated terminal areas for the storage and handling of goods and we operate warehouses in close proximity to these ports to help minimize transport costs.

PBR is in the process of obtaining amended port concession permits which will permit the public use of TIA's previously private port. Once these port concession permits are obtained, PBR will operate ports that were previously owned by TIA which have been transferred to PBR in

December 2020. Obtaining these port concession permits is critical to our strategy since it will allow PBR to operate the port for other mining operators in the immediate area as a public mining infrastructure hub.

Shipping Services

Through ATR, we provide specialized vessels and a wide range of services to support oil and gas extraction (onshore and offshore operations), transportation of heavy equipment, construction and infrastructure development and power generation, including shipping of general cargo, project cargo, heavy equipment, vessel chartering on long term as well as voyage charters, shipping agency and ship management services. We own and operate landing craft tank (LCT) vessels and lease several vessels from third parties which we operate to meet our customers' needs. ATR currently owns four vessels.

Coal Barging Services

Through BDD, we provide coal logistics shipping which supports the mining industry. We own eight sets of tugs and barges. We currently have an intercompany agreements with TIA, MIFA and MHU for the transportation of coal from each mine's port to the relevant anchorage point. See "— *Open Cut Mining — Mining Operations and Logistics — Coal Barging and Transshipment*".

Stevedoring Services

Through DDE, we provide stevedoring service solutions for mining products in order to fulfill the needs of the supply-chain activities of energy and mining businesses. Our scope of services include loading & unloading and coal transshipment.

Our Fleet

Set out below is a summary of our fleet of vessels, tug and barge vessels and trucks which are used for the above-described services as of March 31, 2021:

Type	Number	Use
Vessels:		
Cargo	1	Container (78-102 TEUs)
LCT	3	Container & Non Container (1,000 — 4,500 DWT)
Tug and Barge:		
Tug Boat	8	Dry Bulk/Coal Transport
Barge (300 ft)	8	Dry Bulk/Coal Transport
Trucks, Trailers, Low Loaders	153	Transport
Heavy Equipment: Forklifts, Loaders and Rolling and Jacking Tools	30	Loading and Logistics

Principal Customers

We provide our services to customers operating in various industries, including mining and oil and gas industries. Third party customers include BP, Vale, ConocoPhillips, Exxon and Amman Minerals. For the year ended December 31, 2020, CKB's external revenue (approximately 2/3rds of total revenue) was 32% attributable to Trakindo. Many of our current customers have engaged our services for more than three years. Our principal related customers include Trakindo, TIA, MIFA and MHU. The table below sets out our key customers and the length of our relationship with each of them:

Customer	Industry	Start of Relationship	End of Contract
Trakindo	Mining Equipment	1997	2026
Vale Indonesia	Mineral Mining	2015	2026
ExxonMobil	Oil & Gas	2018	2023
Amman Minerals	Mineral Mining	2019	2021
Medco E&P Natuna	Oil & Gas	2012	2022
BP Berau Ltd	Oil & Gas	2012	2022
ConocoPhillips	Oil & Gas	2015	2024

We generally provide our services to these principal customers based on the following contractual arrangements:

- service level contracts, which provide defined scope of work with agreed key performance indicators, lead time performance and agreed table rates for various destinations and on an order basis, using logistics association standard trading terms and conditions, such as limits on liability, and primarily used for the provision of airfreight, customs clearance, trucking, sea freight consolidation and other value-added services;

- long term contracts, which contain customized terms and conditions and defined scope of work for the provision of integrated solutions and ship charter services and dedicated personnel and assets are deployed to support the operations, with key performance indicators and fixed and variable rates and primarily used for the provision of ship chartering, warehouse management, site management services and logistic and vessel rental services; and

- project based contracts, involving quotation-based services based on specific project scope of work relating to movement of OWOS cargo (such as plants, equipment, engines, machines) to major and remote mining and oil and gas locations throughout Indonesia (often including road assessments and surveys and deployment of lifting equipment and vessels).

We customarily invoice our integrated logistics customers for our services on a monthly basis. For certain key customers, we may invoice for our services more frequently, such as on a weekly basis, as those invoices involve significant amounts due for various different services that we provide.

Key Suppliers

Equipment, materials, transportation maintenance and other third party services are essential to our businesses. Our key suppliers are as follows: Aero Speed Aviation, PT Garuda Indonesia

(Persero) Tbk, Eastern Logistics, Bintang Mitra Dayasembada, Harapan Mandiri Sejahtera, Tungya Perkasa Freight, Suryagita Nusaraya, Tanto Intim Line, Jaya Mandiri Transport, Tiara Marga Trakindo, Global Security Consultant, Waringin Group and PT Multi Sejahtera Abadi.

We proactively seek ways to ensure the availability of equipment, materials and transportation as well as manage rising costs. Our procurement department actively leverages our size and buying power through several programs such as vendor performance review and yearly rate reviews, designed to facilitate access to key equipment, materials and transportation services at competitive and economical prices and delivery schedules. In addition, we believe that we have long-term relationships and standing with our vendors built over many years in the industry.

Competition

The provision of integrated logistics services is highly competitive in Indonesia and our competitors have substantial market share. We believe that we maintain our main competitive advantage by increasing efficiency and scale of our product and service offerings through utilizing our experience within the Indonesian market and our extensive domestic network.

Our key competitors for each of the services we provide are as follows:

Portfolio	Competitors
Freight management	DHL Express & Global Forwarding, DB Schenker, Pan Asia Logistics and Puninar Logistics
Project logistics	Rolitrans International, Pantos Logistics, Sankyu International, Dewata Freight international, LV Logistics and DB Schenker
Warehouse management	DHL Supply Chain, GAC Samudera Logistics, Puninar Logistics and DB Schenker,
Site management services	Petrosea, Altus Logistics, Eastern Logistics and Global Trans Servindo
Port management	Indika Logistic & Support Service, Krakatau Bandar Samudera and subsidiaries of Pelindo
Shipping	Samudera Indonesia, Meratus Line, Wintermar Offshore Marine and Jardine Shipping
Coal barging	Transpower Marine, Kartika Samudera Adijaya, Indo Bulk Transport, Mitra Bahagia Segara Sejati and Patria Maritime Line
Stevedoring	Handil Bakti Persada, Penascop Maritim Indonesia and Adaro Logistics

Properties

As of March 31, 2021, we leased 8 warehouses and distribution centers located throughout Indonesia, including a "superhub" office and warehouse in Cakung, and owned one warehouse. See "— *Properties*" for further details.

Engineering Services and Manufacturing

Overview

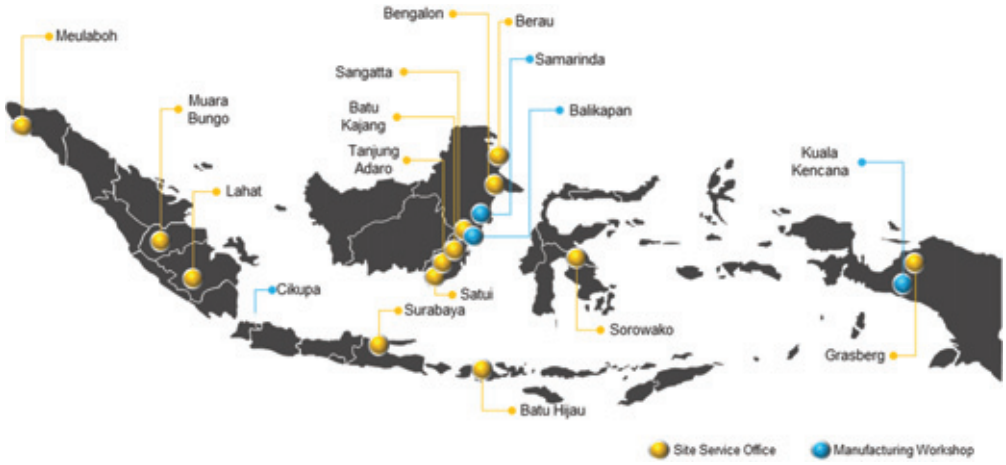
We provide a range of engineering and manufacturing services to our customers and cater to customers predominantly engaged in the mining, oil and gas, petrochemical and power industries. Established in 1977, our subsidiary, SSB, originally engaged in manufacturing of heavy equipment attachments for Trakindo related to their Caterpillar products. Since 1983 we have expanded our business, becoming a respected fabricator, particularly in the oil and gas industry in Indonesia. We offer comprehensive business services, including on-site repairs, process plant maintenance and construction services, salvaging, remanufacturing and manufacturing of heavy equipment. We also offer industrial transport equipment services, including the design and manufacture of process equipment, general fabrication and solutions for controls and installation. We plan to invest in advanced manufacturing technology and high tech engineering capabilities, such as robotic welding, 3D printing and digital manufacturing.

As of March 31, 2021, we had approximately 1,500 employees in four manufacturing workshops and 13 sites located throughout Indonesia.

Business Services

On-Site Services

We provide on-site services and repairs to primarily customers in the mining industry. Our services include both on-site manufacturing and repair services and assist our customers in their equipment maintenance by providing necessary equipment and technical staff at our customers' project sites with constant operational support. Our on-site services allow our customers to minimize downtime and to maximize equipment availability. As of March 31, 2021, we provide our services to six mining project sites within Indonesia. We also provide services to subcontractors at various mine sites, notably for CK, BUMA and Trakindo for equipment maintenance.



We provide repair services ranging from basic maintenance work to highly technical structural repairs for surface and underground equipment, including loaders, graders and dump trucks. We also manufacture attachments, such as buckets and shovels, in connection with the site services and provide chassis repairs, line boring services and certifiable re-build modifications and upgrades for underground equipment. For earth moving equipment, we provide on-site repair, refurbishment, upgrading and installation services, including failure analysis reports, re-alignments, general

fabrication and welding, certified roll-over protective structure repairs and structure installations. For process plant maintenance and construction, we provide repair, refurbishment, upgrading and installation services for the equipment and systems utilized in mining operations, such as conveyor, ship loader, crusher and grinding systems, chutes and hoppers, sea water intake and tailing system pipelines, fuel and water storage systems and general steel structure. We have developed our own facilities to support our on-site repairs, although we may use customer-owned facilities in certain situations.

We also provide general services as follows:

- general welding and machining works involving assembly of off-highway truck dump bodies, crack repair solutions, structural welding, fabrication and technical and practical services in relation to crack failure analysis, as well as line bore and alignment solutions;
- chassis refurbishment and truck body repair and refurbishment;
- component and parts reconditioning and modification of tool attachments;
- liner wear packages to protect the interior of truck bodies; and
- custom design and fabrication to meet specific customer requirements.

Recondition and Salvage

Our recondition services focuses on salvaging, reconditioning and manufacturing heavy equipment core components. Most of our reconditioning customers are in the mining and oil and gas industries and include both domestic companies and international companies with operations in Indonesia. Our reconditioning services enable our customers to lengthen the life spans of their existing machinery and equipment by replacing or repairing certain core components as necessary.

For our mining industry customers, we mainly re-condition and salvage the core components of drive trains, hydraulic cylinders, engine parts and rotating equipment manufactured by Caterpillar and other manufacturers, used in mining operations. We provide certain core components for heavy equipment to our customers by rebuilding or reconditioning the existing core components of our customers' equipment once the life spans of such core components have expired.

We perform most of our reconditioning services in our facilities located in Kuala Kencana, Tangerang, Balikpapan and Samarinda. These facilities are located in close proximity to our existing and potential customers engaged in mining operations and, therefore, allow us to provide efficient service to our customers and minimize transportation and travel time.

We provide our reconditioning services either under long term service agreements with fixed service fees or on a case-by-case basis as the customer requires.

We have developed the ability to recondition high-quality core components by investing in and acquiring the latest engineering equipment and state-of-the-art salvaging techniques as well as developing advanced manufacturing systems and adhering to strict re-use guidelines.

Manufacturing

We offer comprehensive services related to manufacturing, including the design and manufacture of process equipment, general fabrication, site construction and process instrumentation

as well as provision of solutions for controls and installation. The final installation and commissioning work can be carried out on-site at the client's facility if so required. If our clients make special requirements that are beyond our ordinary scope of services, we outsource these special services to third-party providers that specialize in such services.

Our manufactured process equipment includes gas compression, separator and scrubber, fuel gas condition, gas dehydration and glycol regeneration, direct and indirect fired heater, heater treater, carbon dioxide removal, sour water stripper, portable stream generation, shell and tube exchanger equipment. We fabricate steel for incinerators, silos, bins and chutes, metering skids, clamp shells, transformers and mud tank equipment. We work closely with our customers to produce designs and engineering details according to the specific requirements of our customers. We also provide inspection, welding, machining and maintenance services for our customers' equipment on-site, to ensure that the equipment is kept in good working condition, spare parts or specialized items are readily available and necessary repairs are effected speedily.

Product

SSB's product business line assembles equipment used in the oil and gas and mining sectors, as well as electricity and geothermal energy sectors. In order to meet customers' needs, we offer a variety of appropriate product variants that can help customers save time, money and energy in the Tangerang area.

In addition to providing transport equipment services, we also distribute an extensive array of products for transportation equipment, including custom-designed equipment, such as:

- Transportation: Manhaul, Flat Top Tray Body Trailer, Lowboy/Low Loader, Skeletal Frame Container, Flat Tray Container

- Mining: Backhoe Bucket, Operator Cabins

- Supporting Equipment: Fuel Lube Service, Fuel Service, Lube Service, Aviation Refueller, Man Basket, Fields Service Vehicle, Tire Handler, Wash Down Truck, Water Truck

- Logistics: Crane Truck, Side Dump Trailer, Tilt Trailer, OHT Body, Coal Body, Scow End, Low Loader/Lowboy, Fuel Tanker, Chemical Tanker, End Dump Trailer, Bottom Dump Trailer, Flat Top Trailer

- Material Handling: Loader Bucket, Forklift Carriage, Log Grapple, Grapple (Scrap)

Project

Historically, SSB focused on its product business line since 2018, SSB has focused on the project business line in the mining business sector which construct fixed mining infrastructure for its clients, including custom-designed equipment, as well as training and consultation on installed project equipment, such as:

- General Steel Fabrication: Liner, Chutes, Thermal Incinerator, Stack Heater, Mooring Buoy

- Heat Exchanger: Finfan Cooler, Harp Bundle for HRSG, Direct Fired Heater Packages, Indirect Fired Heater Packages, Shell and Tube Heat Exchanger (STHE)

- Packages: Skid Mounted Scrubber Package, DHU/Glycol Dehidration Package, Chemical Injection Packages, Power Gas Packages

- Pressure Vessel: Scrubber, Matering Skid, Dearator, Column, Separator

- Storage Tank: LPG Spherical Tank, Condensate Tank

- Site Project: EPC & Maintenance

    - Jetty (Jetty infrastructure repair, starting from assessment to procurement material, installation, to finishing at PT Mifa Bersaudara, Meaulaboh — West Aceh (2020).

    - Conveyor (Development of conveyor facilities in the stockpile starting from design planning, execution, to guarantee guarantees at PT Mifa Bersaudara, Meulaboh — Aceh Barat (2019-2020).

    - Fixed Crusher (Fixed crusher construction at PT Mifa Bersaudara, Meulaboh — West Aceh, a company that produces coal (2018-2020)).

    - Storage Tank (Development of a storage tank facility for biodiesel B20 at the mining site of PT Prima Wiguna Parama (2018-2019)).

    - Coating (Coating work at PT Amman Mineral Nusa Tenggara and PT Mifa Bersaudara, Meulaboh — Aceh (2020)).

SSB uses a wide variety of raw materials, from general raw materials to raw materials that cannot be found in the ordinary market, such as: carbon steel, titanium, austenitic steel, super duplex materials, corten steel, among others.

Principal Customers

We provide engineering and manufacturing services to a diverse customer base, with a focus on mining and oil and gas industries. The principal customers for SSB's product and projects businesses are as PT Freeport, PT Chakra Jawara, PT Cipta Kridatama, PT Mifa, PT Bukit Makmur, and PT Amman Mineral Nusa Tenggara.

The majority of our business services customers are long term contracts, with a period of 6 to 18 months. Major business services customers include PT Kaltim Prima Coal, PT Amman Mineral Nusa Tenggara, PT Freeport Indonesia, PT Hexindo Adiperkasa Tbk, PT Mifa Bersaudara, PT Petrosea Tbk, and Trakindo.

Key Suppliers

We rely on certain key suppliers to provide the engineering and manufacturing services that are essential to our engineering services and manufacturing business. Our key suppliers include: (i) for our transport equipment services, Palfinger and Bluescope Distribution Pty. Ltd.; and (ii) for our business services business Nordic Minesteel Technologies, PT Bima Bisalloy and PT Suly Bersama Jaya Steel.

We proactively seek ways to ensure the availability of engineering and manufacturing services as well as manage related rising costs. We use our supply chain procurement to actively leverage our

size and buying power through several programs designed to ensure that we have access to key equipment, materials and third party services at the best possible prices and delivery schedule.

Competition

Our engineering and manufacturing services are subject to intense competition and many of our competitors have substantial businesses and market shares within Indonesia. Competition is particularly intense in our reconditioning business, as both original manufacturers of equipment and parts and smaller reconditioning operations in particular regions compete for our customers' business. We believe that we maintain our competitive advantage by providing comprehensive transport equipment, site and reconditioning services to our customers and lengthening the lifespan of their equipment. We utilize reputable and skillful staff and quality machinery to provide efficient and specialized services, and we maintain high standards of quality assurance and safety management by having dedicated teams for the maintenance of such standards and an assigned safety officer at each project site. We believe our business enjoys favorable and wide-spread brand recognition after more than 40 years in the heavy machinery industry.

Our key competitors for business services, product and project business lines are as follows:

Portfolio	Competitors
Business Services	Tjokro Group, Hardchrome Eng, GEARINDO, United Tractors
Product and Project	United Tractors Pandu Engineering, Porter Rekayasa Utama, TIMAS Suplindo, Grand Kartech, Daekyung, Gemala, Surya Besindo

Properties

As of March 31, 2021, we own several parcels of land for our engineering services and manufacturing business as described below, with respect to which we have contract agreements for the Rights to Build and Use the Building. See "— *Properties*".

Fuel and Lubricant Supply

Overview

Our subsidiary, PWP, was approved to commence development of downstream oil and gas trading activities in March 2016, leased its first fuel tank on February 17, 2017 and obtained its general commercial permit from the Ministry of Energy and Mineral Resources 2017 which is in force until 2029. In addition to supplying fuel and lubricants, PWP provides support services for fuel and lubricant trading activities, such as inland logistics, storage, break bulking, distribution, and maintaining vendor-held-stock (VHS), optimizing whole chain supply costs and efficiencies for its customers and helping to secure a constant and reliable supply in an environment where logistics and infrastructure are highly constrained. By aggregating the fuel and lubricant demand of its customers, PWP is able to establish sufficient volume of demand allowing PWP to bypass trading intermediaries and the costs associated with the use of such intermediaries, as well as obtain fuel and lubricant supplies at competitive prices and with greater supply reliability. Further, aggregating the demand of fuel and lubricants also allows PWP to reduce costs and achieve economics of scale in the use of consumables like filters, tools and electronics which are required to store and transport fuel and lubricants and in the use of technologies for supply chain control and monitoring and to reduce labor costs. In the next three years, PWP's strategy is to explore opportunities to start and operate an

on-shore terminal for the storage, trading and transportation of fuel and lubricants, further expand and develop its transportation and logistics capabilities supporting the in-land transportation of fuel and lubricants and expand its third party customer base, as well as, in the longer term, to expand trading activities to new commodities like crude palm oil, marine fuel oil and liquid nitrogen gas. PWP's business has been growing rapidly since its establishment, as set out in the following table:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Fuel Supplied (in million liters)	84.9	116.1	175.9	37.1	53.5
Lubricant Supplied (in million liters)	—	1.6	2.1	0.4	0.6

Principal Customers

Since obtaining its general commercial permit, PWP has supplied fuel and lubricants to other subsidiaries of the Company and also to the wider Trakindo Group as well as third parties such as Petroleum 5, Sinar Mas Group, Malindo and others at mine sites in Meulaboh, Aceh, Rantau, South Kalimantan, Tappin, South Sumatra, Samarinda, East Kalimantan and Sebamban, South Kalimantan. Commencing December 1, 2018, PWP has been supplying fuel and lubricants to external third parties like Toba Bara and its subsidiaries, including PT Adimitra Baratama Nusantara and PT Putra Perkasa Abadi in Sanga Sanga, East Kalimantan and Tappin, South Sumatra. Through PWP, we intend to develop further into high growth emerging markets with a focus on domestic wholesale distribution to industrial consumers (mining companies, mining contractors, other mining industry players, shipping companies, bunkering operations). One of PWP's primary focus areas within this sector is the supply of fuels to mining customers, where demand for fuels is growing rapidly, and where the PWP's strengths in storage and logistics in the Aceh and South Kalimantan areas, reliable fuel quality and pricing provide a strong competitive advantage.

Our contracts and services to our principal customers are generally for a term of more than 3 years and denominated in Rupiah currency, with pricing based on The Mean of Platts Singapore ("MOPS") price for fuel and privately negotiated prices for lubricant.

Key Suppliers

Our fuel and lubricant products are sourced at the most competitive price levels available in the market including access to arbitrage cargoes coming from outside the region.

Our key suppliers are as follows:

Suppliers	Type of fuel / lubricant supplied	Term of Supply Contract (Years)	Currency of Supply Contract	Country of Supplier
Pertamina (Persero)	Fuel	2	Rupiah	Indonesia
Pertamina Lubricant	Lubricants	3	Rupiah	Indonesia
AKR	Fuel	1 (with automatic renewal)	Rupiah	Indonesia
Other customers are supplied on a spot basis	Fuel and lubricants	N/A	Rupiah	Indonesia

Competition

One of PWP's primary focus areas within this sector is the supply of fuels to mining customers, where demand for fuels is growing rapidly, and where the PWP's existing strengths in storage and logistics in the Aceh and South Kalimantan areas, reliable fuel quality and pricing provide a strong competitive advantage.

Environment

Our operations, in particular our open cut mining and contract mining services businesses, are subject to Indonesian laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Under the President Regulation No. 92 of 2020 on the Ministry of Environment and Forestry (Kementerian Lingkungan Hidup dan Kehutanan "KLHK"), KHLK is the Government agency implementing the Government's environmental and forestry matters, assisting the President in administering the state government. KLHK is responsible to, and reports directly to the President of Indonesia. KLHK itself is led by the Minister.

We are committed to achieving high standards of environmental management of our concessions and project sites. We have implemented formal environmental management procedures, systems and programs. We aim to control acid mine drainage, sediment control in runoff water from mining areas, management of hydrocarbons and waste products. We have in place environmental procedures relating to mine discharge treatment and monitoring, sediment control (settling ponds, construction of stockpiles), dust emission control, hydrocarbon management, hazardous waste management, lifting of materials, oil products spill prevention and control (including fueling and maintenance operations for heavy equipment), tree nursery and organic composting and domestic waste segregation, air quality and water quality, among others. We have also formulated post-mining recovery and rehabilitation plans to satisfy land designation, function and layout stipulated by the Government, including upstream watershed land rehabilitation. For our efforts in the field of environmental management, TIA and MIFA received PROPER (Company Performance Rating Program in Environmental Management) Blue ratings from the Ministry of Environment and Forestry in 2018, 2019 and 2020. TIA also received a "Platinum" award at the Indonesian CSR Award (ICA) 2020, in the category of Environmental Sector — Environmental Protection Program.

We also have expanded our efforts to include biodiversity conservation of endangered animals and habitats, education and empowerment of local communities and partnership with local communities to achieve environmental revitalization. Further, for our operation sites located by the ocean, we initiate programs for coral reef replantation with active participation of the local community and industry practitioners, and our efforts in this space have been recognized by the Government through several awards (Indonesia CSR Award, Indonesia SDGs Award). In addition, we are committed to controlling greenhouse gas emissions particularly in respect of TIA and MIFA's mining operations. Emission control is carried out by monitoring and measuring ambient air quality based on the quality standards stipulated in Government Regulation No. 22 of 2021 concerning Implementation of Environmental Protection and Management and Minister of Manpower Regulation No. 5 of 2018 on the Occupational Safety and Health Work Environment.

Internal departments are responsible for monitoring hazardous waste on a daily basis. We have appointed licensed third parties to manage collection and storage of toxic and hazardous waste. Currently, we are implementing and have obtained the ISO 14001 certification for our environment management system.

We monitor the environmental effects of our contract mining services on a daily basis through our internal staff, for acid mine drainage, and on a bi-annual basis through a third party contractor.

Our contract mining services are monitored also on a bi-annual basis by governmental authorities. All of our customers' have obtained Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or "AMDAL") approval or an Environment Permit (*Izin Lingkungan*) or Environmental Management Effort (*Upaya Pengelolaan Lingkungan* or "UKL") and Environmental Monitoring Effort (*Upaya Pemantauan Lingkungan* or "UPL") approved by the authorized institutions for their concession areas.

Our environmental and rehabilitation departments monitor our operations, conduct internal audits and report findings to our customers, who in turn report the findings to the regulators on a regular basis. The MEMR and local governmental agencies also monitor our operations for compliance with environmental regulations. A quarterly report on environmental performance must be prepared and submitted to the Government. The MEMR, in conjunction with KLHK, oversees our compliance with environmental laws and regulations in Indonesia and also carries out on-site testing at our project sites on a quarterly basis. We have, in general, complied with applicable Indonesian laws and regulations on the environment and no significant environmental impact has been noted. In addition, since 2018 we have implemented a number of programs to increase community capacity building and participatory ownership for ecotourism initiatives.

Information and Management Systems

We have established certain uniform standards of operations for each of our operating subsidiaries and also provide strategic and support functions to each of them, including tax, finance, information technology, risk management, human resources and other services. Operational activities related to each of our businesses are conducted at the subsidiary company level.

In 2016, we commenced the process of developing an integrated Information, Communication and Technology ("ICT") system across our group. Called "ICT Shared Services", the aim of the integration is to provide common platforms, tools, and services to all operations, while also having the benefits of economies of scale. In 2019, the ICT department transformed into the Digital & Analytics (DnA) department to put a stronger focus on Digital Transformation and Data Analytics. As of March 31, 2021, all business functional support systems have been integrated across our group, while certain operational systems whose functions are specific to each of the subsidiaries' operations continue to be maintained at the subsidiary level.

An Enterprise Resource Planning System ("ERP") has also been set up to enhance the integration of business and information management across our operating businesses. The ERP system supports the management of day-to-day business activities including planning & budgeting, cash management, accounting, sales & distribution, supply chain management, project management, asset maintenance, production planning and human capital, and also supports the preparation of a consolidation report. It enables coordination between and streamlines multiple business processes and enables the flow of data between various data sources from the different business processes while eliminating data duplication and ensuring data integrity, enabling us to improve and secure data quality for our business. As of December 31, 2020, we have completed upgrades to the latest version of our ERP, called SAP S/4HANA, in order to be able to respond faster to volatile energy markets and drive efficiency through data analytics.

Social and Community Welfare Programs

We actively promote programs intended to enhance the health, education and social economic wellbeing of the communities located near our project sites. We, to the extent reasonably and economically practicable, help to support and lend assistance to Indonesian nationals seeking to

establish businesses and, wherever possible, utilize domestic goods and services if they are available on competitive terms, such as catering services or carpentry services. In particular, since 2016, we have provided training and job opportunities to local communities close to our business operations namely in Cikupa (Java), Meulaboh (Aceh) and Balikpapan, Sanga Sanga (Kalimantan) for welder development programs, as well as Meulaboh and West/East Kalimantan for fresh green mechanic and operator training programs. Our policies aim to develop competencies at a local level and prioritize local hires at all of our operation sites. We work with local governmental organizations to help develop local supply industries, which provide economic multiplier effects to the local communities near our project sites. We also support infrastructure programs, including rehabilitation of roads, bridges, schools, health clinics and water facilities near our project sites.

We believe that, by providing support to the local communities at our project sites, we are able to establish better relations with the local communities. This could reduce the likelihood of having disputes with the local communities and experiencing disruptions in our contract mining services, thereby increasing the likelihood of our customers' continued relationship with us. A proactive community development program is in place to provide equipment and activities for and assist in education, employment, health services, religious festivities, community sporting events and other needs of the local communities which surround our concession areas. We respect the local religious festivals and offer suitable benefits to our employees. Our employees also enroll in the Manpower Social Security Program, which covers working accident, retirement and health security issues.

Awards

As a reflection of our drive of operational excellence and commitment to its employees and community, we have received a number of awards, including the following:

- 2020 : Corporate 4 star rating Award, TOP CSR
- 2020 : Gold Rating Asia Sustainability Reporting Rating 2020 (ASSRAT 2020)
- 2020 :
    - Investment Sector Issuer's ESG Transparency Category ESG Award 2020
    - Investment Sector Issuer's Environmental ESG Award 2020
    - Investment Sector Issuer's Social Transparency Category ESG Award 2020
    - Investment Sector Issuer's Governance Transparency Category ESG Award 2020
- 2019: Top 50 mid-capitalization public listed company and best overall, the 11th IICD Corporate Governance Conference and Award
- 2019: 2nd winner in the category of private non-financial listed winner at the 2019 annual report award 2018
- 2019: Gold Rating Asia Sustainability Reporting Rating 2019 (ASSRAT 2019)

Employees

Our key management personnel have considerable experience in various industries, including mining, energy, oil and gas and heavy equipment. They have been employed by international companies and also have local experience in Indonesia working for domestic companies.

We had 5,869 permanent employees and 2,014 non-permanent employees (with employment contracts for less than two years) employed by us as of March 31, 2021.

The following table sets forth the number of our employees employed for each job function, as of March 31, 2021.

	As of March 31, 2021
Management	37
Support	985
Sales Marketing	128
Operational:	
TIA	122
MIFA & BEL	248
CK	4,422
CKB (and its subsidiaries)	879
SSB	1,057
PWP	5
Sub-total	6,733
Total	**7,883**

Our employee compensation packages include sponsored health coverage, accident insurance and enrolment in the government and financial institution-sponsored pension scheme. Our employees are covered by the Government-sponsored social security insurance fund, Jamsostek that covers pension, working accident plans and life insurance benefits (which requires an employee contribution of 9.0% of the employee's base salary and our contribution of a total amount equal to 20.2% of the employee's base salary).

We conduct comprehensive training programs for our personnel. Depending on their position, all of our in-house employees regularly attend in-house training sessions on some or all of the following topics: ethics, health and safety, attitude, leadership and management and technical skills. Under Indonesian mining laws and regulations, we are required to help create employment opportunities for local communities and to encourage and develop local business to ensure that skills and knowledge are transferred to Indonesian nationals.

It is our policy, wherever possible, to hire both skilled and unskilled workers from local communities surrounding our project sites. In addition, many of our mining contractors, including CK, are contractually bound to hire locally, which we believe promotes good relations with the communities surrounding our concessions. We also, to the extent reasonably and economically practicable, support and lend assistance to Indonesian nationals desirous of establishing businesses and, wherever possible, utilize domestic goods and services if they are available on competitive terms.

We are not involved in any material labor disputes and are not aware of any circumstances that would give rise to any material labor disputes affecting our operations.

Worker Health and Safety Standards

We place great importance on workplace safety in all of their operations and implement Indonesian standards for industrial health and safety. Workplace safety is an important factor that is taken into account when carrying out operations. Our suppliers follow our guidance and are also required to comply with such safety standards.

Our safety performance has improved over the years and is now at industry-leading levels, as evidenced by our low Lost Time Injury ("LTI") Rate Lost Time Injury Frequency Rate ("LTIFR"), which measures the number of lost time injuries in an accounting period (times one million) over total hours worked in an accounting period (whereby the worker is injured and is unable to return to work the next day). The following table shows our safety performance for 2020.

Aspect	CK	CKB	SSB	Reswara	Total
LTI Rate	—	1.00	2.00	—	3.00
LTIFR	0.05	—	0.47	—	0.52
Fatalities	1	—	—	—	1
Environmental Incidents	1	2	2	—	5

We seek to minimize the risk of accidents, injuries and illness to our employees by monitoring and improving their health and safety standards. We have formulated and follow policies designed to create a safe work environment in accordance with the policies and standards of ISO 45001, which are standardized and implemented across all our subsidiaries. We audit our operations every six months to monitor implementation of these guidelines. We continually seek to improve safety standards throughout their project operations.

Contract Mining Services

We emphasize and place great importance on workplace safety in all of our contract mining services, and have implemented Indonesian and internationally recognized standards for industrial health and safety. We believe that our safety and health performance is at industry leading levels. Workplace safety is an important factor which is taken into account when determining mine plans and increasing production capacity at the mines. We have in place a safety and health management system and program, which focuses on hazard identification and risk assessment, as well as control and mitigation of potential hazards for our employees and subcontractors.

Our occupational safety and health management system is based on the guidelines of the National Occupational Safety Association, ISO 45001:2018. Currently, we have obtained ISO 9001:2015 certification for quality management system, ISO 14001:2015 certification for safety management system and ISO 45001:2018 certification for occupational health management system. All plant and equipment are inspected before use on-site, and are subject to daily inspections and maintenance and servicing in accordance with manufacturer specifications. Personal protection equipment is provided for all employees, and all required safeguards under Indonesian health and safety regulations have been implemented.

All of our employees receive basic safety training and specialized training for their various occupations, and with respect to high-risk work activities. We also provide comprehensive training

and assessment for all plant operators, drivers, riggers, crane operators, and safety management training for all supervisory personnel. We have also established an onsite rescue team that participates in the yearly National Rescue Competitions.

Worker health and safety is integral to our operations. Due to the implementation of worker safety standards and frequent monitoring of our practices, our safety performance has improved over the years. We believe our worker safety standards are of the highest standard and place significant emphasis on continually improving our safety standards. For 2018, 2019 and 2020 and the three months ended March 31, 2021, we had one fatality. During the same period, we had a low injury accident frequency rate (which measures the number of accidents per one million man working hours), with less than one accident occurring for every one million man working hours in 2020. In addition, there are five environmental incidents during the same period.

Labor Unions

As of March 31, 2021, approximately 566 of our employees from SSB were members of the Indonesian Federation of Metal, Electrical, and Machinery of Indonesian Labor Union (*Federasi Serikat Pekerja Logam, Elektronik & Mesin Serikat Pekerja Seluruh Indonesia*), which had signed the collective labor agreement with SSB.

Insurance

We have insurance coverage through policies issued through well known brokers, including PT Willis Towers Watson Insurance Broker Indonesia, PT AIG Insurance Indonesia, PT Mandiri AXA General Insurance, PT Asuransi FPG Indonesia, PT Asuransi Tokio Marine Indonesia, PT Great Eastern General Insurance Indonesia, PT MNC Insurance Indonesia, PT Asuransi Wahata Tata, PT Lippo General Insurance Tbk, PT Asuransi Harta Aman Pratama Tbk, PT Asuransi Adira Dinamika, PT Asuransi Total Bersama, PT Asuransi Kredit Indonesia (Persero) that includes the following coverage:

- property all risk insurance including earthquake covering all real or personal property of ABM and/or ABM Group and/or their subsidiary companies;
- combined general liability insurance including public liability, product liability, employers liability, and automobile liability cover claims arising out of the conduct of business resulting in injury and losses for ABM and/or ABM Group;
- group hospital and surgical insurance for executives and expatriates of ABM and/or ABM Group;
- contractor's plant and machinery insurance including heavy equipment units, Genset Units, pumps, pipe and pontoon for ABM, and/or ABM Group and associated companies;
- hull and machinery; increased value/disbursements; war risks insurance for ATR, BDD and/or CSUL and/or associated and/or subsidiary companies;
- group personal accident insurance for employees of ABM, CK, CKB, MIFA, Reswara, SSB and/or TIA;
- protection and indemnity insurance except for cargo liabilities for the vessels owned by ATR and BDD;

- freight forwarder liability insurance covering cargo and related, and non-cargo liability for CKB; and

- professional indemnity insurance covering breach of duty for wrongful professional acts by SSB and/or their associated and/or their subsidiary companies.

Properties

Set out below is a summary of our properties as of March 31, 2021:

Location	Owned/Rent	Use	Size (sqm)
CKB:			
Cakung	Rent	Superhub / Office, warehouse	117,541
Cikupa, Tangerang	Own	Transport Equipment	66,820
Kariangau, Balikpapan	Own	Remanufacturing and Site Services	55,989
Warehouse Somber	Rent	Warehouse	40,073
Osowilangun	Rent	Warehouse	24,556
Kuala Kencana	Own	Remanufacturing and Site Services	20,000
Warehouse Banjarmasin Hub	Rent	Warehouse	11,781
Samarinda	Own	Site Services	10,408
Warehouse Marunda	Rent	Warehouse	10,368
Warehouse Batakan	Rent	Warehouse	7,906
Warehouse Samarinda Hub	Own	Warehouse	7,629
Sangatta	Own	Site Services	6,188
Batu Kajang Office	Rent	Office	1,524
Cilandak	Rent	Office	1,389
Warehouse Sepinggan (MJA)	Rent	Warehouse	948
Medan	Rent	Office	500
Halim Drop Center	Rent	Office, Drop Center	463
Makassar	Rent	Office	287
Tanjung Adaro	Rent	Office	285
Denpasar	Rent	Office	200
Batu Licin	Rent	Office	180
Rungkut	Rent	Office	114
Palembang	Rent	Office	92
Pekanbaru	Rent	Office	51
Tanjung Redep (Berau)	Rent	Office	38
Pontianak	Rent	Office	37
Batam	Rent	Office	30
Mataram	Rent	Office	26
Manado	Rent	Office	18
Aceh	Rent	Office	12
Tarakan	Rent	Office	12
Ternate	Rent	Office	12
Balikpapan KM 13	Rent	Office	6
Pangkalan Bun	Rent	Office	2
SSB:			
Cikupa, Tangerang	Own	Transport Equipment	66,820
Kariangau, Balikpapan	Own	Remanufacturing and Site Services	55,989
Kuala Kencana	Own	Remanufacturing and Site Services	20,000
Samarinda	Own	Site Services	10,408
Sangatta	Own	Site Services	6,188

Litigation

From time to time, we may be involved in legal proceedings arising from our business operations, including industrial relation disputes and tax disputes. In particular, we have been involved in several legal proceedings relating to outstanding and overdue trade receivables from certain of our contract mining customers. As of March 31, 2021 we have fully provided for expected credit losses on trade receivables with respect to all of these proceedings. For further details, see Note 32 to our consolidated financial statements included elsewhere in this Offering Memorandum. We are not currently, nor have we been during the past twelve months, involved in any governmental, legal, or arbitration proceedings that, either individually or in the aggregate, have had, or are expected to have, a material adverse effect on our financial position or results of operations.

INDUSTRY OVERVIEW

This section has been commissioned by us and prepared by Wood Mackenzie in its capacity as an industry expert. None of us or the Initial Purchasers or any of our or their respective advisors have independently verified the information set forth in this section. Wood Mackenzie prepared this report based on its industry knowledge, in-house database, independent third-party reports and publicly available data from reputable industry organizations.

The statistical and graphical information contained in this report — including historical data and forecast future supply, demand and market trends — was produced by compiling, interpreting and analyzing production, economic, statistical and technical information from many third-party sources. This information was obtained from sources believed by Wood Mackenzie to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Data included in this section with respect to any period in the future is forecasted by Wood Mackenzie based on its available sources and internal analyzes.

Forecasts and assumptions included in this report are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including, without limitation, the actions of governments, individuals, third parties and competitors. Prospective investors should not place undue reliance on such statements, or on the ability of Wood Mackenzie or any third party, to accurately predict future industry trends and performance.

INDONESIAN COAL INDUSTRY REPORT

Summary

PT ABM Investama Tbk (ABM Investama) is a mining and energy conglomerate. ABM Investama is the controlling shareholder and operator of two lignite thermal coal mines in Indonesia, Media Djaya Bersama (MDB) in Aceh and Tunas Inti Abadi (TIA) in South Kalimantan.

Indonesia is the world's largest supplier of thermal coal to the seaborne market and is well placed to increase production in line with overall demand. This report outlines the demand drivers for coal from the Indonesian domestic and seaborne coal markets and key trends in supply for major exporting countries. ABM Investama's thermal coal mines produce mostly lignite, with some sub-bituminous coal at TIA. The mines have very low cost positions, making them competitive in the seaborne market.

Despite various wide-spread government efforts to reduce carbon emissions and limit fossil fuel generation, Wood Mackenzie does not think global thermal coal demand has peaked. Wood Mackenzie projects demand will continue to increase past the high of 7,094 Mt in 2018, peaking at 7,387 Mt by 2027 as countries pursue further domestic generation.

Driven by both increased importance of the Indonesian domestic coal fired power market and the seaborne export market, total Indonesian thermal coal production is expected to increase from 549 Mt in 2020 to 615 Mt in 2027 (CAGR 1.6%). Indonesian seaborne thermal coal exports are forecast to increase from 422 Mt in 2020 to 442 Mt in 2023, before declining to 382 Mt in 2027 at the end of the forecast period.

Pacific Basin suppliers, primarily Indonesia and Australia, will continue to supply the majority of the seaborne market. Indonesia is well placed to service the export markets due to its proximity and resulting freight advantage to key markets in Asia. Further, coal mining in Indonesia is highly cost competitive due to inexpensive surface mining operations, the ability to utilize low cost-barging to transshipment facilities and having low labor costs compared to other Pacific Basin producers.

A surge in global coal prices at the end of 2020, following both progress on COVID-19 vaccine candidates and colder than expected weather across Europe, China, Japan and elsewhere drove power generation to record highs and spurred demand for coal.

With most governments targeting a rebound in GDP growth and record stimulus packages being introduced across the global economy, 2021 and 2022 should see much stronger pricing than 2020. FOB Indonesia EcoCoal @ 4,200 Kcal/kg GAR, (equivalent to the ICI-4 index), is forecast to achieve average annual prices of ~US$45/t in 2021 and ~US$41/t in 2022, with Newcastle benchmark FOB at US$85-87/t (in real 2020 dollars) for the same period.

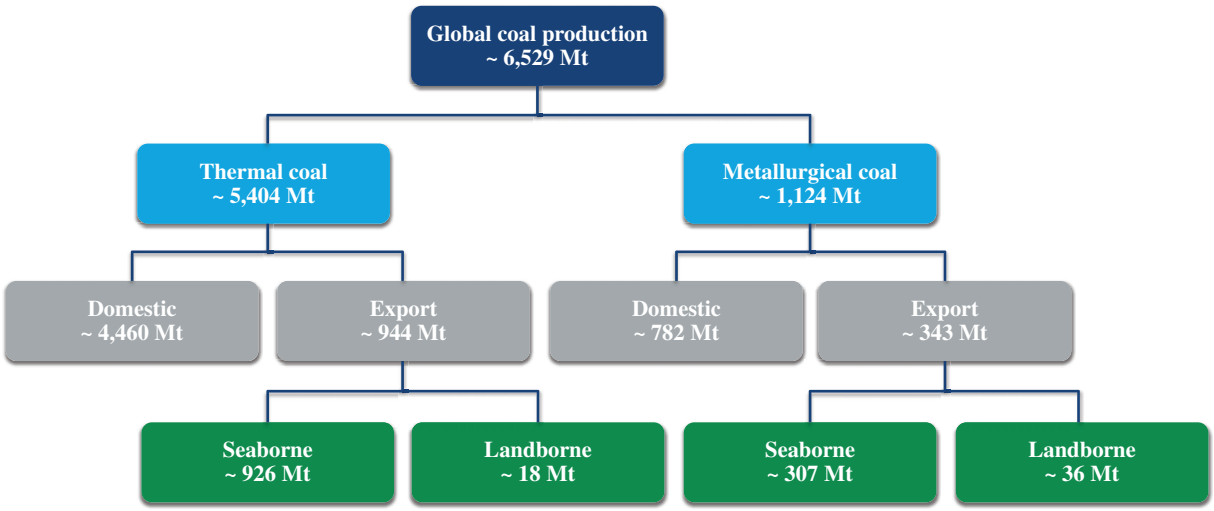
For Indonesia specifically, in November 2020 the Indonesia Coal Mining Association (APBI-ICMA) signed a US$1.467 billion thermal coal trade deal with China's China Coal Transportation and Distribution Association (CCTD), which is expected to support Indonesian coal exports from 2021, while signaling China's intention to maintain the ban on Australian coal and looking to provide Indonesian producers with the certainty that will allow them to plan to fill the gap.

Coal Market Fundamentals

Coal is a widely distributed natural resource that is produced in many countries worldwide. The largest resources are found in China, the USA, Australia and Indonesia. Most coal (80% of global production in 2020) is used in the country in which it is mined. China and the USA in particular – the world's two largest coal producers – consume the majority of their coal domestically. Only 19% of global coal production is traded on the seaborne market. The remaining 1% represents land borne trade, including trade within Europe, into China from its neighbors, and between Canada and the USA. Despite being a relatively small proportion of global coal production, the seaborne coal market is important for the Indonesian coal industry, which is strongly dependent on exports.

Coal mining is not a uniform process, with methods of coal extraction dependent on local geography, position of the coal seam, geological properties of the surrounding material and capital available for infrastructure. Open pit (also known as open cut or surface mining) involves the use of trucks and shovels or draglines. The volume of rock that must be removed to reach the coal seam is a key component of surface mining costs. Underground mining involves use of longwalls or bord and pillar and is typically more expensive than surface mining. Mining in Indonesia is primarily open pit, ABM Investama's mines are both open pit.

Figure 1 below shows global coal production by market and end-use in 2020.



Source: Wood Mackenzie

The coal market can be divided into two major sub-markets, thermal and metallurgical, based on the end-use of the coal. Thermal coal is used in combustion processes to produce steam for power generation, heating, and industrial applications such as cement manufacture. Thermal coal can be further subdivided into different market tiers based on energy content. (It should be noted that the ash content of the coal has a large effect on these numbers. For example, a high ash anthracite can have a similar energy content to a low ash sub-bituminous coal). The following energy-based classifications for thermal coal are used in this report:

- **Anthracite:** Specific energy > 6,900 Kcal/kg (gar)
- **Bituminous:** Specific energy 5,400 – 6,900 Kcal/kg (gar)
- **Sub-bituminous:** Specific energy 4,500 – 5,400 Kcal/kg (gar)
- **Low rank and lignite*:** Specific energy < 4,500 Kcal/kg (gar)

*The term low rank coal is a market based category developed by Wood Mackenzie to capture the difference in pricing between the pricing of sub-bituminous coal (e.g. Envirocoal at ~ 4,900 Kcal/kg gar) and the step down to coals such as Ecocoal (4,100 Kcal/kg gar). True lignite is technically less than 3,500 Kcal/kg gar and very little is traded on the seaborne market however the naming convention is widely understood — especially when reviewing custom import and export statistics. For the purposes of this report, Low Rank Coal and Lignite are combined on a volume basis for the charts however refer to Low Rank Coal when referring to this specific product. ICI-4 coal has an energy classification of 4,200 Kcal/kg (gar), the demand for which is documented in the lignite category.

ABM Investama produces 100% lignite from its two Indonesian thermal coal mining operations.

Metallurgical coal is used in steel production. It is used either to produce coke, which is then fed into the top of a blast furnace along with iron ore; or for pulverized coal injection (PCI), where the coal is injected directly into the base of a blast furnace. Metallurgical coal is classified based primarily on the strength of the coke it produces:

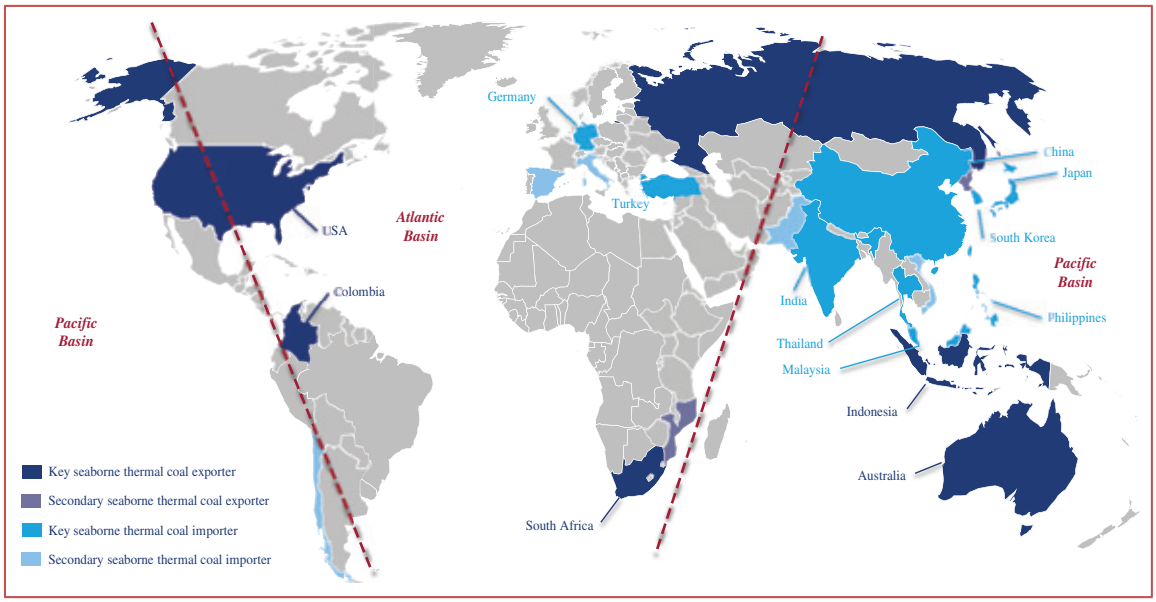
- Hard coking coal (HCC) Coal that forms high strength coke;
- Semi-soft coking coal (SSCC) Coal that produces coke of a lower quality than hard or semi-hard coking coal; or
- Pulverized coal injection (PCI) Coal that is injected into a blast furnace to replace expensive coke.

ABM Investama's mines do not produce metallurgical coal.

The markets for thermal and metallurgical coal operate generally independently of one another, although some degree of substitution between thermal coals and lower ranked metallurgical coals is possible. Thermal coal currently accounts for 75% of the total seaborne coal market, but for 99% of Indonesian production and exports.

The seaborne market for coal can also be divided into two sub-markets geographically, based around the Atlantic and Pacific Basins. The two markets are relatively segregated, primarily due to the relative cost of shipping between them. However, some inter-basin trade does occur, either due to quality considerations or when freight and price differentials allow exporters to compete in non-traditional markets.

Figure 2 below shows the Atlantic and Pacific basins.



Source: Wood Mackenzie

Pacific Basin trade currently accounts for 80% of the seaborne market, with Indonesia and Australia being the largest suppliers. The developed Asian economies of Japan, South Korea and Taiwan (JKT) have traditionally been the principal Pacific Basin importers, however growth in these markets has been limited in recent years. Growth has been concentrated in the developing economies of China, India and, to a lesser extent, Southeast Asia (SEA). In the Atlantic Basin, South Africa, Russia and Colombia are the largest producers, supplying coal primarily into the European market.

Increasing from the COVID-19 related low of 1,233 Mt in 2020, the total volume of coal (both thermal and metallurgical) traded on the seaborne market is forecast to rise from 1,336 Mt in 2021 to 1,459 Mt in the forecast period (through to 2027).

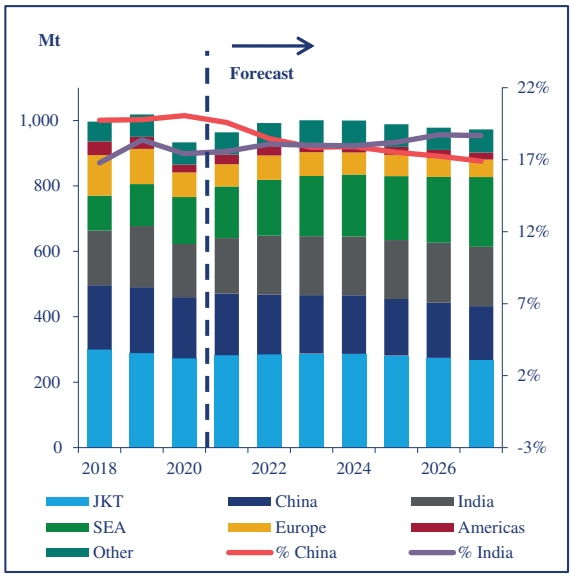
Seaborne Thermal Coal Market

Seaborne Thermal Coal Demand

Globally, the conflicting drivers of rising energy demand and cost competitiveness of coal, opposed by environmental concerns, are expected to see seaborne demand for thermal coal remain flat over the forecast period after first recovering from the lows of 2020. Wood Mackenzie expects seaborne imports to rise from 933 Mt in 2020 to 973 Mt in 2027. The trend is expected to be due to policy-driven declines in China and Europe which Wood Mackenzie forecasts will more than offset demand growth over by SEA and India. India is expected to overtake China as the largest demand center for seaborne thermal coal in 2023.

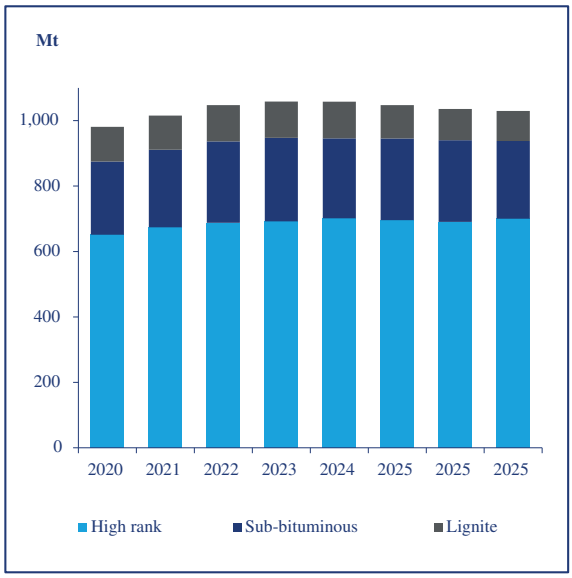
Changes in demand for different types of coal are shown in Figure 4. Increased availability of low cost, high quality coal and a push for energy efficiency has increased demand for high rank coal at the expense of lower ranked coals in recent years, impacting exports from Indonesia and the US Powder River Basin. Demand for lower ranked (sub-bituminous and lignite) coal is expected to increase as high ranks coals become comparatively more expensive.

Figure 3 below shows Wood Mackenzie's outlook for the global seaborne thermal coal import demand by key country and region.



Source: Wood Mackenzie

Figure 4 below shows Wood Mackenzie's outlook for the global seaborne thermal coal import demand by coal type.



Source: Wood Mackenzie

China

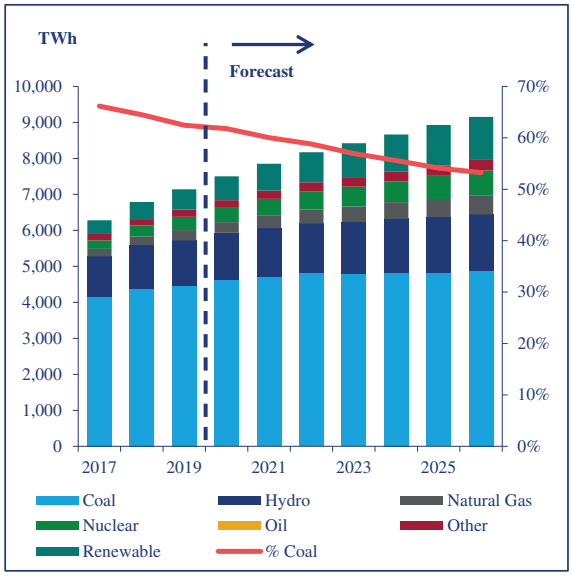
China is the world's largest producer and consumer of thermal coal. Despite high domestic production, China requires significant tonnages of seaborne imports to satisfy total thermal coal demand due to domestic supply issues such as mine cost inflation, insufficient infrastructure, and barriers in the state-controlled power market. China's total forecast 2021 thermal coal demand is 3,745 Mt, of which 189 Mt is forecast to be met by seaborne imports.

The proportion of coal in China's energy mix is forecast to reduce slightly from 61% in 2021 to 58% in 2026, however this trend is expected to differ between regions. The construction of ultra-high voltage transmission is expected to allow for coal-fired power stations to be moved closer to supply sources, reducing seaborne demand from 189 Mt in 2021 to 164 Mt in 2027. Overall reduction in coastal demand and competition with domestic supply in the coastal market is expected to reduce China's coal imports over the forecast period. Imports are expected to continue to be required due to the high delivered cost of domestic supply to these markets, as well as quality requirements. China is likely to trend more towards imports of higher ranked coal throughout the forecast period due to quality constraints in the coastal market.

Renewables sit at the heart of China's initiatives for fuel diversification, environmental protection and carbon mitigation, with COP21 targets aimed at reducing carbon emissions by 60-65% per unit of gross domestic product (GDP) by 2030, compared to 2005 levels, and increasing use of non-fossil fuels to 15% of its primary energy mix by 2020 and 20% by 2030. China is already leading global renewables capacity growth and has exceeded its targets, achieving 27% non-fossil fuel use by 2020 and is forecast to achieve 30% by 2027.

In 2020, 68% of China's Indonesian thermal coal imports came from Indonesia, totaling 127 Mt. This was a slight decrease from 134 Mt in 2019, though an increase in market share. China periodically increases land borne imports of thermal coal from Mongolia, as seen in 2018, however these small volume adjustments have little impact on demand for Indonesian coals. Indonesia's share of the Chinese imported thermal coal market is expected in increase further in 2021 to 72% with imports of 135 Mt. China's ban on Australian coals will contribute to this increase. There may be still further upside for Indonesian volumes as Wood Mackenzie now expects the Australian coal ban to continue into 2022. This will limit Chinese imports of Australian coal to small cargos already unloaded at Chinese ports. If as forecast the ban continues, Chinese imports of Australian coal could be materially lower than the 24 Mt forecast in Figure 6., and would likely benefit Indonesian exporters further.

Figure 5 below shows Wood Mackenzie's outlook for Chinese power generation by fuel type.



Source: Wood Mackenzie

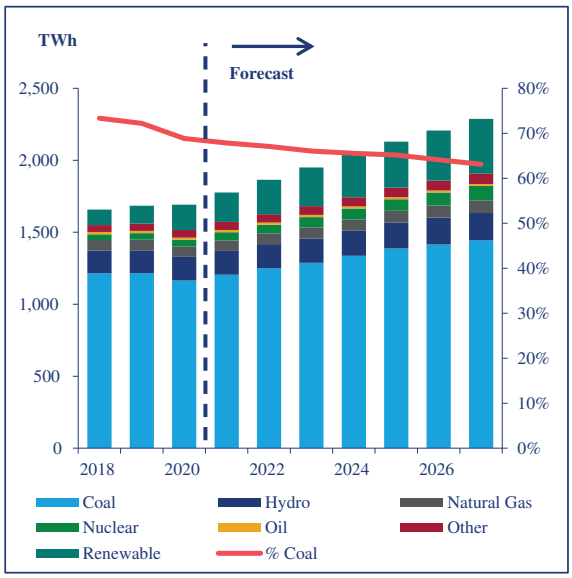
India

India is in early stages of infrastructure development and industrialization, with large increases in power demand required to achieve its economic goals. While power generation is expected to remain coal dominated, and is forecast to grow at 3.12% CAGR from 2020 through 2027, alternatives are also being expanded with nuclear forecast to double and renewables more than doubling between 2020 and 2027. However, these are not likely to meet ambitious government targets, and this underpins demand for coal-fired power, where coal maintains a market share of over 60% throughout the forecast period. The key constraint to Indian power generation growth is the pace of reform, with accumulated losses of the power distribution companies at more than US$80 billion due to inadequate tariff revision, cross-subsidization, and transmission losses. Currently, domestic coal supply accounts for 81% of demand, however supply is growing at a lower rate than demand and so India is expected to remain reliant on seaborne imports, which is expected to increase from 169 Mt in 2021 to 182 Mt in 2027.

India's COP21 commitments state that by 2030, at least 40% of its electricity is expected to be generated from non-fossil sources, including 175 GW of capacity by 2022. Renewable generation has become a key focus of the government's plans, given its role in assisting both energy independence and environment objectives. At 10% of power generation, renewables (excluding large hydro) became the second largest source in India's generation mix in 2020, after coal (69% in 2020).

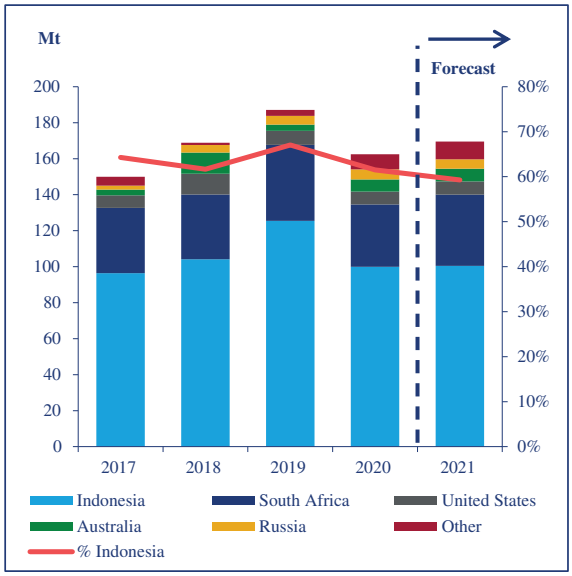
In 2020, Indonesia supplied 62% of India's thermal coal import requirements, with 100 Mt traded. This was a decrease from 125 Mt in 2019, before the COVID-19 pandemic. South Africa is also a major supplier to India, as South African coals generally cannot be exported to China due to their fluorine content, In 2021 Wood Mackenzie forecasts that India will import 100 Mt of thermal coal from Indonesia, equal to 2020 imports.

Figure 7 below shows Wood Mackenzie's outlook for Indian power generation by fuel type.



Source: Wood Mackenzie

Figure 8 below shows Wood Mackenzie's outlook for Indian thermal coal imports by country.



Source: Wood Mackenzie

Southeast Asia

Southeast Asia (SEA) has large capacity for energy growth, with the most populous countries increasing electrification and subsequently experiencing rapid growth in power demand. Cost economics favor coal for power generation. Power demand in SEA is forecast to increase from 1,661 TWh in 2020 to 2,101 TWh in 2027, with the proportion of coal-fired generation steady across SEA on average at 47% over the forecast period. Coal imported by these countries is typically sourced from Indonesia due to its low cost and proximity.

Malaysia depends almost entirely on imports to meet demand for coal-fired generation. The power sector has historically relied on cheap regulated gas to fuel growth in demand, however without price subsidies, over the forecast period coal is the most economical option to meet rising electricity demand and maintain reasonable tariffs as gas reserves deplete. Wood Mackenzie expects Malaysia's seaborne thermal coal demand to grow from 35 Mt in 2020 to 38 Mt in 2027 (1.14% CAGR). Malaysia's intended nationally determined contribution (INDC) targets is to reduce the emission intensity of GDP by 35% by 2030 relative to 2005. Including large scale hydro, 17% of power demand in Malaysia is met by renewables, with hydro making up 94% of this. Despite potential for solar and biomass, growth is limited due to a lack of funds available. Coal power generation is forecast to grow from 92 to 99 TWh over the forecast period, contributing 46% of Malaysia's power in 2027.

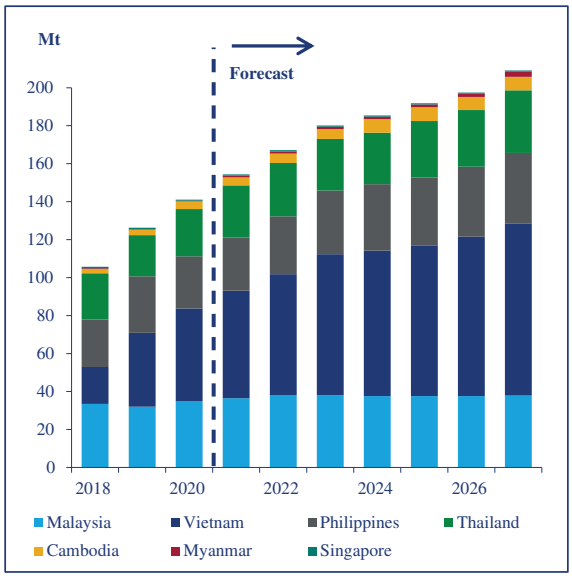
The Philippines is the second most expensive power market in Asia and experiences frequent power shortages. Coal is expected to be critical to meeting future power requirements, and 4 GW of coal-fired power plants are expected to come online by 2025. Philippine coal imports are predominantly from Indonesia. Wood Mackenzie expects seaborne thermal coal demand in the Philippines to grow from 27 Mt in 2020 to 37 Mt in 2027 (4.4% CAGR). The Philippines intends to undertake an emissions reduction of 70% by 2030 relative to its business as usual (BAU) scenario, although the president of the Philippines has declared that he will not honor the commitment made at COP21. Geothermal and large hydro form the bulk of existing renewable capacity, but new investments have slowed since investment was left to private entities who are exposed to the volatile power market, and who compete with cheap energy sources such as coal. By 2027, coal fired power may contribute 77 TWh, or 54% of total electrical output of the Philippines.

Wood Mackenzie expects Vietnam to have significant growth in thermal coal demand, with the power sector alone to increase 49 Mt between 2018 and 2027. As domestic production is constrained by geology and rising costs, it is expected that Vietnam will turn increasingly to the international market to meet demand and will become a more significant market, with seaborne demand forecast to grow from 19 Mt in 2018 to 91 Mt in 2027 (19% CAGR). Vietnam's INDC targets 8% greenhouse gas (GHG) reduction by 2030 compared to a BAU scenario. Vietnam's base case is 30% higher than Wood Mackenzie's, and with such a high BAU as reference, this appears achievable in the power sector. Historically, Vietnam has been very successful with hydro power development, however with major hydro projects already developed, Vietnam is looking at alternative solutions to boost its renewables presence, although these are expected to remain curtailed through the forecast period.

Thai thermal coal demand is supported by government desire to diversify away from gas-fired generation, however to date efforts to increase coal-fired generation have been challenged by strong public opposition. Despite this, it is expected that Thailand will require new-build coal-fired power to meet rising power demand in the central and southern regions. On top of this, seaborne demand is expected to be supported by declining domestic production, which is limited due to inferior quality and environmental concerns. As a result, seaborne demand is expected to increase from 25 Mt in 2020 to 33 Mt in 2027 (4.2% CAGR). At COP21, Thailand pledged to reduce its GHG emissions by 20% from projected BAU levels by 2030 and also aims to reduce energy intensity by 30% below 2010 levels by 2036. Renewable energy features prominently in Thailand's energy plans, and the country has been an early adopter of renewables within the SEA region.

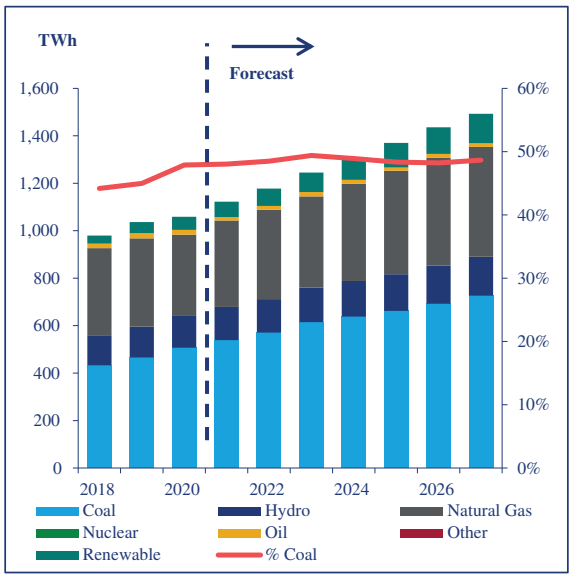
In SEA overall, 48% of power generation used coal as the fuel source in 2020. Coal is expected to continue accounting for 48-49% of power generation throughout the forecast period to 2027. Use of renewable power is expected to increase from 55 TWh in 2020 to 124 TWh by 2027, increasing from 5% to 8% of power generation over the forecast period.

Figure 9 below shows Wood Mackenzie's outlook for SEA thermal coal seaborne imports.



Source: Wood Mackenzie

Figure 10 shows Wood Mackenzie's outlook for SEA power generation by fuel type.



Source: Wood Mackenzie

Northeast Asia (excluding China)

The traditional Northeast Asian (NEA) demand centres of Japan, South Korea and Taiwan is expected to continue to import significant quantities of high-quality thermal coal, although annual demand is expected to decrease 4 Mt (-0.25% CAGR) throughout the forecast period (2020-2027) due to declining populations and static energy demand profiles.

Japan is reliant on the seaborne coal market due to a lack of domestic reserves. Despite increases in coal-fired generation capacity, imports are expected to decrease from 129 Mtpa

(2018) to 115 Mtpa (2027) over the forecast due to increases in efficiency and the reduction of unsustainably high utilization. Japan's COP21 commitment entails a GHG emission reduction of 26% by 2030 compared to 2013. Renewables are a priority of Japan's power policy and the country already levies a tax on coal consumption. The government is targeting renewables to make up 23% of power generation by 2030. Nuclear restart following the Fukushima accident are expected to continue to increase from 49 TWh in 2018 to 94 TWh in 2027 (7.5% CAGR). While historically Japan's coal power stations have been optimized for high-quality thermal coal, full liberalization of the energy market in April 2016 and the enablement of domestic consumer switching has seen demand for low cost energy surge. In the first 6 months following full market liberalization Tokyo Electric lost over 2 million customers from their switched to lower cost energy providers. Given this trend, the power market is considering all options for reducing power costs, including the building of new coal power stations optimized for cheaper, lower energy coal such as 4,200 Kcal/kg (gar). Should this eventuate, Indonesia's low sulfur 4,200 Kcal/kg (gar) coal would be a possible supply source.

South Korea also lacks domestic coal resources and sources the majority of its coal from the seaborne market. Wood Mackenzie expects imports to rise from 96 Mt in 2020 to 107 Mt in 2027 (CAGR 1.51%). South Korean consumers favor a mixture of high quality Australian coals and other lower quality types. South Korea plans to reduce its GHG emissions by 37% from the BAU level by 2030 and launched a carbon cap-and-trade scheme in January 2015. On the renewables front, the current aim is for 20% of electricity to be generated from renewable sources by 2030.

Wood Mackenzie expects coal to continue to be the dominant source for power generation in Taiwan with seaborne coal forecasting to peak at 57 Mt in 2019 through 2022, before falling back to 46 Mt in 2027 as renewables begin to be phased in and gas increases share. As Taiwan is not a UN-recognized state, it was not part of the COP21 agreement, however it still declared an INDC. Taiwan aims to reduce emissions by 20% below 2005 levels by 2030 and also passed an act in 2015 that sets a goal of cutting carbon emissions by 50% on 2005 levels by 2050.

Seaborne Thermal Coal Supply

Global seaborne export supply of thermal coal is expected to remain in line with demand through to 2027, increasing slightly from 933 Mt in 2020 to 973 Mt in 2027. Pacific Basin suppliers, primarily Indonesia and Australia, are expected to continue to supply the majority of the seaborne market, however long-term growth is expected to include Atlantic producers as demand growth in Asia eventually results in increasing cross-basin trade that will benefit suppliers in the US and Colombia.

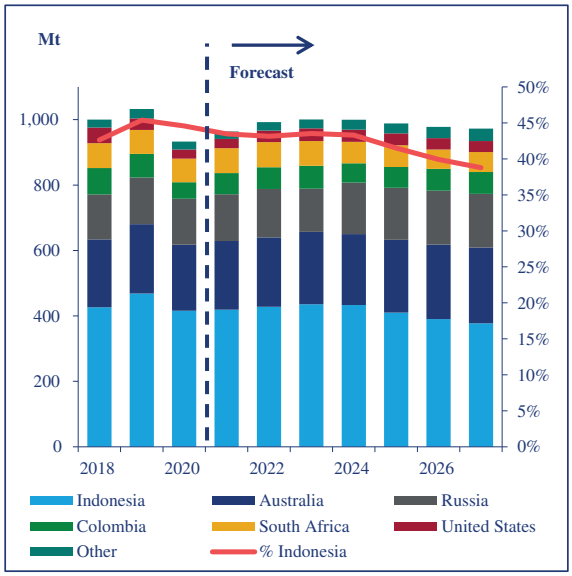
Indonesia

Indonesia is currently, and is expected to remain, the largest supplier of thermal coal into the seaborne market. However, Wood Mackenzie believes Indonesian seaborne thermal coal markets will peak in 2023 at 442 Mt, with exports from Indonesia then falling to 382 Mt in 2027.

Whilst Indonesia is forecast to remain the dominant low rank coal supplier, it will likely face increasing competition from higher rank coal producers in Australia post-2020 as environmental regulations related to CO2 emissions become increasingly stringent. This, combined with growth from Australia, is expected to lead to Indonesia's share of the global market fall slightly from its high of 45% in 2020 to 39% by 2027. That said, Indonesia does remain best placed geographically to service the Indian and SEA demand centres, which is expected to support Indonesia's position as the largest seaborne exporter in the long term.

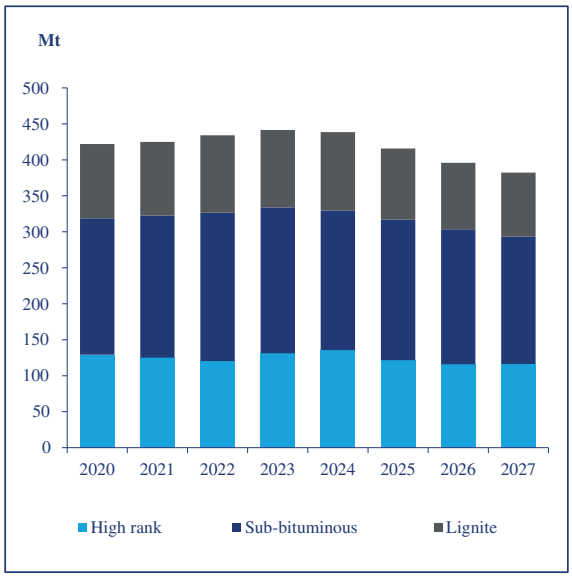
The relative share of sub-bituminous and lignite coal type as a percent of total export coal from Indonesia through 2027 is expected to increase at the expense of bituminous coal, as reserves of higher ranked coal deplete. ABM Investama's thermal coal mines both produce lignite coals and are well placed geographically for exports to China, India and SEA. As Wood Mackenzie expects that China will maintain the ban on Australian coal through 2021 and into 2022, there will likely be strong demand for Indonesian coal to fill the supply gap this year.

Figure 11 below shows Wood Mackenzie's outlook for the global seaborne thermal coal export supply by country.



Source: Wood Mackenzie

Figure 12 shows Wood Mackenzie's outlook for the Indonesian seaborne thermal coal export supply by coal type.



Source: Wood Mackenzie

Other Suppliers

Australian exports of thermal coal are expected to increase from 202 Mt in 2020 (22% of thermal seaborne supply) to 232 Mt in 2027 (24% of thermal seaborne supply), in part due to the importance of Australia's high-energy, low-sulfur bituminous coal, especially in Japan, Korea and Taiwan.

Russia and Colombia are expected to increase their market share of thermal coal exports over the same period, from a combined tonnage of 191 Mt in 2020 (20% of thermal seaborne supply) to 231 Mt in 2027 (24% of thermal seaborne supply).

Indonesian Coal Sector Overview

Reserves

Indonesia has vast quantities of coal, Wood Mackenzie estimates Indonesia has total coal reserves of 22.4 Bt. Thermal coal comprises the majority at 97.4% of total reserves. Three quarters of Indonesia's marketable thermal coal reserves are on Kalimantan and of that, 60% are in East Kalimantan. While Sumatra has abundant resources, a lack of infrastructure has limited their conversion to reserves. Lignite currently accounts for 25% of production but makes up 68% of marketable reserves, suggesting that over time Indonesia's coal quality will reduce as higher quality reserves are depleted.

Table 1 below shows the marketable coal reserves in Indonesia by state, company and coal type as at January 2021.

State	Reserves (Mt)
East Kalimantan	10,199
South Kalimantan	4,554
South Sumatra	3,816
North Kalimantan	1,396
Central Kalimantan	913
Riau	465
Aceh	241
Jambi	164
Bengkulu	89
West Sumatra	10
West Kalimantan	3

Company	Reserves (Mt)
Bhakti Energi	
Persada	3,070
Bumi Resources	1,784
Adaro Energy	1,562
Golden Energy	
Mines	1,206
Bayan Resources	1,070
Delma Mining	896
Tata	766
Indika	478
Indo Tambangraya	
Megah	467
ABM Investama	180
Others	10,107

Coal Type	Reserves (Mt)
Anthracite	—
Bituminous	2,542
Sub-bituminous	4,459
Lignite	14,849

Source: Wood Mackenzie

Thermal Coal Quality

A number of quality parameters affect a specific coal's suitability for different applications, including performance and cost to process and use, which in turn impacts pricing.

Indonesia produces the whole spectrum of thermal coal types, and its export coals span the full quality range for thermal coals traded on the seaborne market, from high-energy bituminous coals with energy contents of over 7,000 Kcal/kg gar, to ultra-low rank coals with energy contents below 3,000 Kcal/kg gar.

Indonesian thermal coals generally have Total moisture (TM) and inherent moisture (IM) levels above the global average.

Ash is very low in thermal coal from Indonesia, reducing the processing costs as the coal does not need to be washed. Indonesia has the lowest weighted average ash levels of the major thermal coal producers. ABM Investama's thermal coal mines produce coals with very low ash and also low sulfur.

The presence of volatile matter (VM) in coal releases by-products during combustion but improves the combustion characteristics of the coal. On average Indonesian coals have VM content above the global average.

Indonesian thermal coal scores above the global average on the Hardgrove Grindability Index (HGI), which means Indonesian coal can be ground finely with reduced energy requirements, and therefore at lower cost.

Table 2 below shows the Indonesian seaborne export thermal coal quality range in 2020.

	TM (ar, %)	**IM (ad, %)**	**Ash (ad,%)**	**VM (ad, %)**	**TS (ad, %)**	**HGI (ad)**	**SE nar (Kcal/kg)**
Global range	0 to 49	0 to 25	1 to 29	0 to 44	0 to 3.5	0 to 86	3,000 to 7,500
Indonesian range	0 to 49	0 to 25	1 to 18	0 to 44	0.1 to 3.5	0 to 67	3,000 to 6,800
Global Average	19	9	10	32	0.6	37	5,501
Indonesia Average	29	17	5	37	0.5	44	4,816
Australia Average	10	3	16	27	0.6	42	6,054
ABM Investama—MDB	44	—	5	—	0.3	—	3,300
ABM Investama—TIA	36	15	6	39	0.4	55	3,960

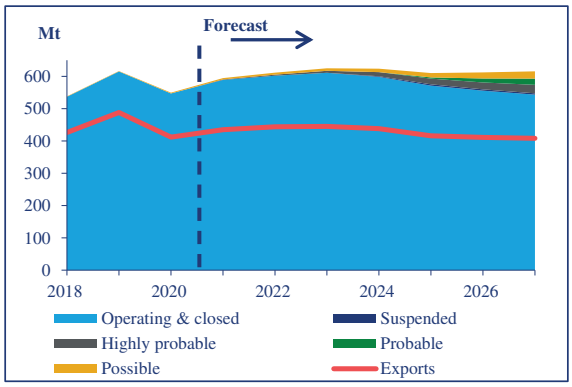
Source: Wood Mackenzie

Legend:

TM – total moisture;
IM – inherent moisture;
VM – volatile matter;
TS – total sulfur;
HGI – Hardgrove Grindability Index;
SE – specific energy

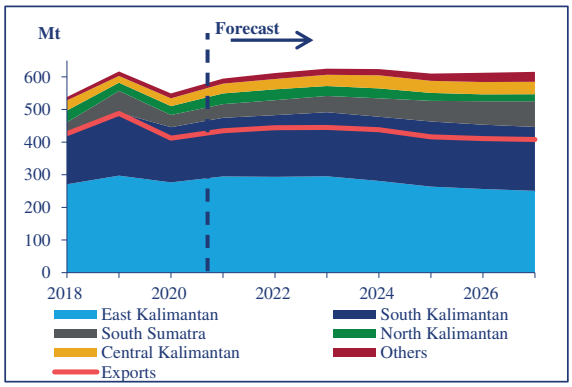
Production Outlook

Figure 13 below shows Wood Mackenzie's outlook for Indonesian thermal coal production, including our 'base case' forecast of marketable production from operating mines and projects as well as additional production from highly probable, probable and possible projects not included in our base case. This forecast is built up using a mine-by-mine 'bottom up' approach.



Source: Wood Mackenzie

Figure 14 below shows Wood Mackenzie's outlook for Indonesian marketable thermal coal production by state.



Source: Wood Mackenzie

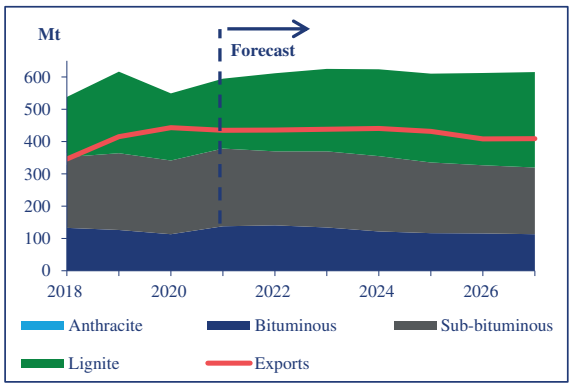
Indonesia's marketable production of coal is overwhelmingly made up of thermal coal at 99% of total production. Marketable production of thermal coal from operating mines and highly probable projects is forecast at 577 Mt in 2027, an increase from 2020 production levels of 547 Mt. Supply from currently operating mines forecast to close by 2027 is expected to be met by the probable and possible projects.

Indonesian thermal coal production is dominated by export operations in Kalimantan. Kalimantan accounted for 90% of total production in 2020 and is expected to remain the dominant supply region throughout the forecast period, with production growth in South Kalimantan being driven by increased thermal coal demand both domestically and internationally.

Production of bituminous and sub-bituminous coal is expected to decline over the forecast. The vast majority of production growth is expected to come from lignite and low rank mines, supported by the large reserves of low rank coal.

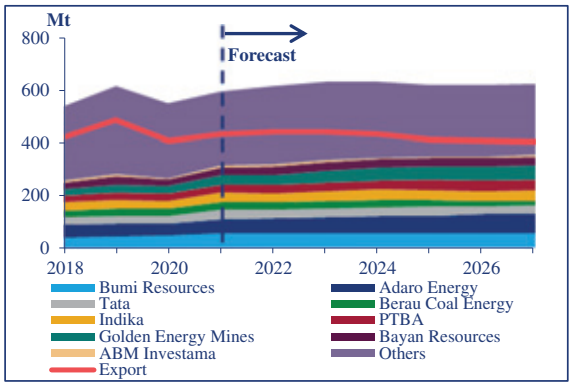
The eight largest producers accounted for 48% of total thermal coal production in Indonesia in 2020 and are expected to increase their market share to 56% by 2027.

Figure 15 below shows Wood Mackenzie's outlook for Indonesian marketable thermal coal production by production type.



Source: Wood Mackenzie

Figure 16 below shows Wood Mackenzie's outlook for Indonesian marketable coal production by company.

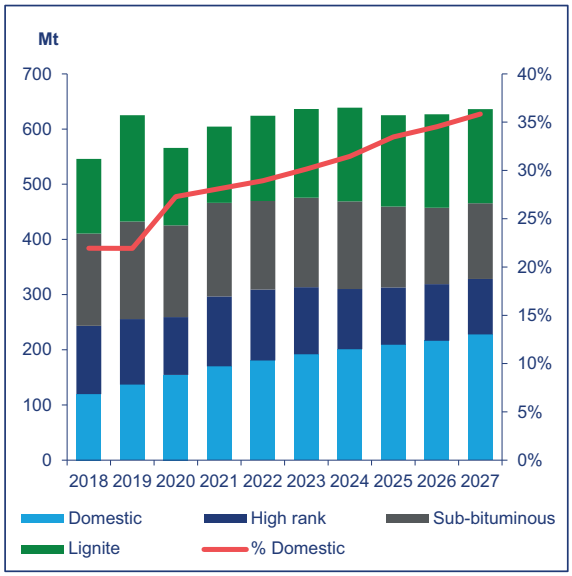


Source: Wood Mackenzie

Demand Outlook

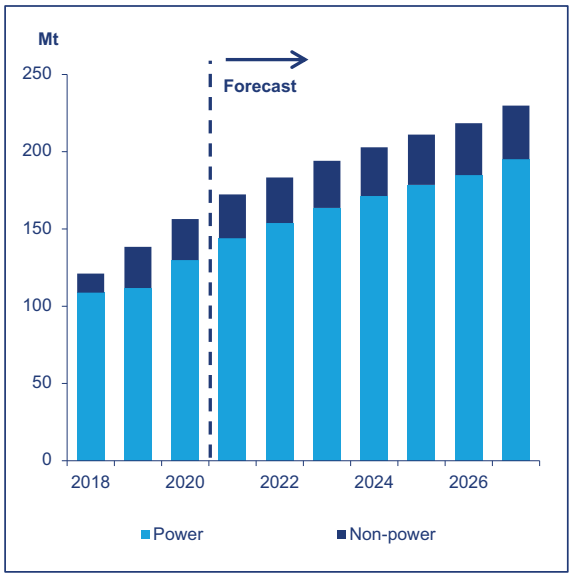
Demand for Indonesian thermal coal is largely based around the export market. However, as the country develops its domestic power sector, much of the future growth in coal production is expected to be aimed at the growing domestic market.

Figure 17 below shows Wood Mackenzie's outlook for demand for Indonesian thermal coal by rank and market.



Source: Wood Mackenzie

Figure 18 below shows Wood Mackenzie's outlook for Indonesian domestic thermal coal demand.

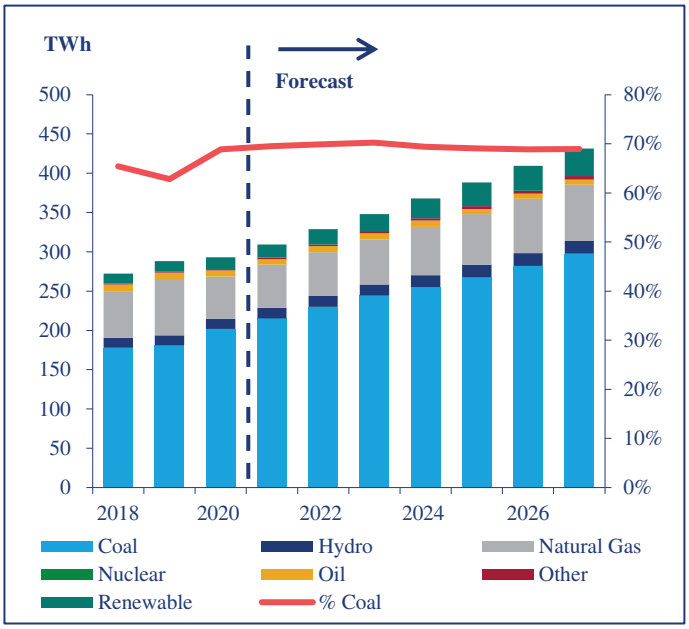


Source: Wood Mackenzie

Indonesia is the world's fourth most populous country with more than 273 million people spread over 17,500 islands. Due to the highly dispersed population, the power sector has evolved as a combination of large interconnected grids catering to major population centers, combined with isolated power systems supplying to clusters of thinly populated remote villages on major islands, or standalone grids for the smaller islands. Power shortages are common due to insufficient generation capacity, and as power demand rises, commissioning of additional generation capacity will be required to mitigate ongoing power supply issues.

Wood Mackenzie forecasts robust domestic coal demand growth of 6% CAGR between 2020 and 2027. Indonesian domestic demand for thermal coal is driven primarily by the power generation sector, which comprises 90% of the domestic market. As new power plants are constructed, Wood Mackenzie expects coal demand from this sector to grow from 125 Mt in 2020 to 175 Mt by 2027, backed by a government policy supporting coal as part of a drive to increase economic development.

Figure 19 below shows Wood Mackenzie's outlook for Indonesian power generation by fuel type.



Source: Wood Mackenzie

The policy support for this increase in power generation capacity is the ongoing 2015 35 GW Power Program and its predecessor Crash Build programs which call for the boosting of the country's installed capacity whilst reducing fuel oil consumption in the power sector in order to meet Indonesia's burgeoning electricity demand. Progress within the program has been slow, which is unsurprising given the performance of previous fast-track programs.

In 2020 coal was the fuel source for 69% of Indonesia's power generation at 202 TWh. Coal's share of Indonesian generation is expected to remain at 69-70% through to 2027, increasing along with power demand. Renewable power generation, primarily from solar and geothermal, will grow rapidly from 15 TWh in 2020 to a forecast 35 TWh in 2027.

The Indonesian government requires a proportion of Indonesian thermal coal production to be supplied to the local market under the domestic market obligation (DMO), in 2020 this was set at 137.5 Mt (25%). In August 2020, the Indonesian coal mining association (APBI) asked the government to relax the DMO, due to the weaker than expected domestic coal demand as a result of the COVID-19 pandemic, though this was not publicly granted. The 2021 DMO remains at 137.5 Mt despite the increased production forecast, giving producers greater flexibility to see domestically or into the seaborne market.

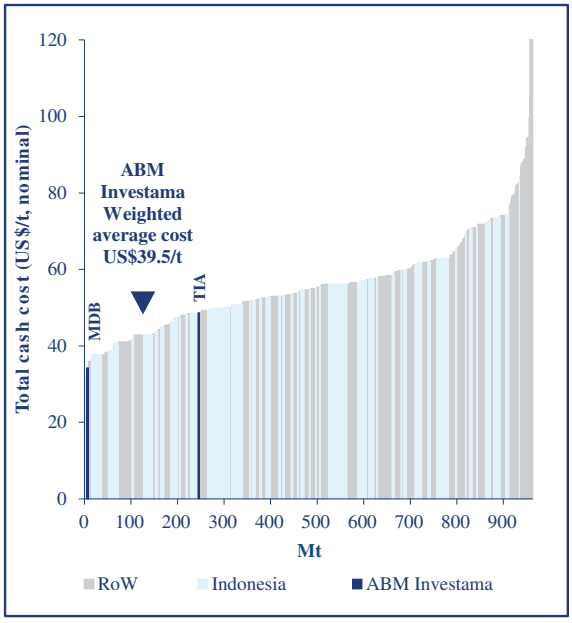
Cost Competitiveness of Indonesian Coal

Over the past 18 years, growth in Indonesian coal supply was generally driven by its proximity to North Asian demand centers and the low-cost structure of their operations. Indonesian mines still

tend to occupy the low-cost end of the global supply curve. Their competitiveness is based on a combination of factors: inexpensive surface mining operations, an extensive system of natural inland waterways enabling low cost-barging from mine to port, the use of transhipment facilities that have lower capital and lower operating costs than coal terminals and low labor costs compared to other Pacific Basin producers.

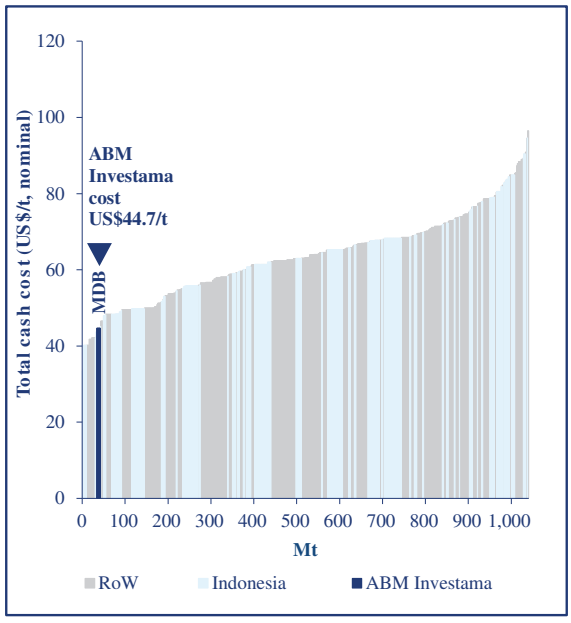
Coal preparation costs are also relatively low in Indonesia, as coal is often sold as either a raw (i.e. unwashed) product or after crushing (made possible due to low ash content).

Figure 20 below shows the global seaborne thermal coal supply curve for 2021, energy adjusted at 6,322 Kcal/kg.



Source: Wood Mackenzie

Figure 21 below shows Wood Mackenzie's outlook for the global seaborne thermal coal supply curve for 2027, energy adjusted at 6,322 Kcal/kg.



Source: Wood Mackenzie

The depreciation component of total cash cost is also typically relatively low in Indonesia. This is due to the widespread use of contractors for mining operations and elsewhere in the supply chain, which reduces the level of capital expenditure (e.g. for equipment purchases) required by the mine owner.

The final big contributor to total cash cost is royalties and taxes. Indonesian royalties and taxes are among the highest in the world, second only to Venezuela of the major supply countries, and an additional tax on coal exports remains a possibility.

Australian coals tend to occupy the upper quartiles of the supply curve. The competitiveness of Australian coal production has been impacted by extreme competition for labor, materials and mining services compounded by a relatively strong Australian dollar compared to other coal exporting nations. US and Russian coal occupy the high cost end of the curve, indicative of very high mining and transportation costs.

ABM Investama's thermal coal mines sit in first (lowest cost) quartile of the cost curve with a weighted average energy adjusted cost of US$39.5/t in 2021, US$16.2/t less than global weighted average and US$13.9/t less than the Indonesian weighted average. By 2027, the weighted average energy adjusted cost of global seaborne thermal coal is forecast to increase to $64.7/t and the Indonesian weighted average to US$64.8/t. ABM Investama's Media Djaya Bersama (MDB) mine is expected to be in operation, while Tuna Inti Abadi (TIA) is expected to have closed in 2023 following reserve depletion. As a result, ABM Investama's average cost is forecast at US$44.7/t, one of the lowest cost thermal coal exporters globally. These cost positions demonstrate ABM Investama's mines are very competitive at a global level both in 2021 and through to 2027.

Table 3 below shows the total cash costs of ABM Investama's mines.

Mine	Non-adjusted		Energy adjusted		Specific Energy
	2021	2027	2021	2027	
Media Djaya Bersama	17.9	23.3	34.3	44.7	3300
Tunas Inti Abadi	30.5	NA	48.7	NA	3960

Source: Wood Mackenzie May 2021

Note: ABM Investama mine total cash costs as shown in Figures 20 and 21 are expressed in energy and USD FX adjusted terms as modeled by Wood Mackenzie to allow equivalent comparison with other export coal producers. Likewise, Table 2 is modeled on a similar basis. Wood Mackenzie acknowledge the basis of this methodology may result in different values as to those reported by the individual mines.

Indonesian Coal Logistics and Service Sector

Infrastructure

Indonesian coal exports are not generally constrained by infrastructure bottlenecks because most operators, including ABM Investama, utilize their own logistics chain and do not rely on third party infrastructure. This is a significant competitive advantage relative to other major seaborne thermal coal export countries.

In Indonesia, coal is predominantly barged. Although there are known constraints affecting barging in certain areas, Wood Mackenzie believes these have negligible effects on the overall system.

Forecast exports are expected to be primarily serviced by transhipment capacity. The low capital and operating costs of transhipment facilities offer a stable and sustainable comparative cost advantage for Indonesian exporters in the seaborne thermal trade market, however they load coal at a slower rate and are more susceptible to weather related disruptions compared to coal terminals. Indonesia's transhipment capacity has ample capacity to cater for our forecast of Indonesia's coal exports.

Wood Mackenzie estimates the total capacity of Indonesia's coal terminals at 145 Mtpa in 2020, with a total export loading capacity (including transhipment) of 455 Mtpa. Wood Mackenzie does not expect any additional capacity growth of Indonesia's coal terminals, however transhipment capacity is more flexible.

There have been several proposed projects to expand rail transport of coal in Indonesia. These projects have the potential unlock coal reserves that are stranded because of limited access to rivers suitable for barging. However, many of the projects have encountered financial, political and technical difficulties. The PT Mega Guna Ganda Semesta (MGGS) project, a consortium between China Railway Group and PT Royal Energi is a Public Private Partnership with the Central Kalimantan government aimed at connecting three coal centres in the province, being Puruk Cahu of Marung Raya regency, Bangkuang of South Barito regency and Lupak Dalam of Kapuas regency. However, this project has encountered continued delays since it was originally proposed in 2010. In late 2020 the Central Kalimantan Transportation Agency stated that it was working through contracting arrangements for the first stage of the project, with the aim of beginning construction in 2021 for operations beginning in 2024.

Infrastructure

Unlike other seaborne coal exporting countries, coal mining in Indonesia is dominated by contract miners. The growth of contractor-operated coal mining in Indonesia has been largely due to:

- Historical legislation: Generation I Coal Cooperation Agreements stated that all the equipment purchased by the concession holder became the property of PTBA (the Indonesian government counterparty in the contract). Using contractors was a way of keeping the equipment out of government ownership.

- Evolution of the industry: The evolution of the contractor-operated industry in Indonesia has allowed a number of companies to succeed as mining contractors. By optimizing fleets over multiple operations, contractors can be more efficient than single operation mining companies.

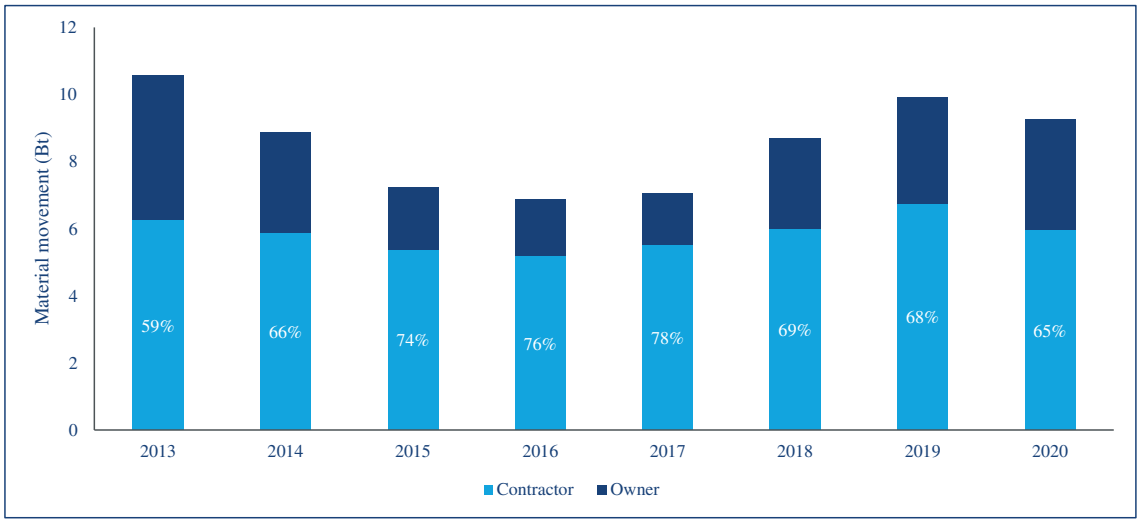
- Capital efficiency: Using contractors allows a mining company to efficiently manage its capital by focusing on asset development where the returns may be higher. Contract-mining not only provides capital efficiency but also gives more financial flexibility to the coal mining companies by not committing upfront capital required for the equipment and other assets.

- Strategic focus of the mining companies: Many coal mining companies in Indonesia were formed to create value by identifying and acquiring high quality assets and carrying out the exploration studies, mine planning, and logistics rather than mining as is done by the large diversified mining companies elsewhere.

While long term formal contractual agreements are often laissez faire in Indonesia, mining companies and contractors often have long term informal arrangements. These relationships are helpful to avoid interruptions and additional cost of demobilization and mobilization. It should be noted though most of the mining companies have diversified their risks by having more than one contractor at the site.

For the majority of contractual structures, geological and mine development risks are borne by the coal mining companies while the contractor takes execution or mine operation related risks – e.g. labor productivity, equipment efficiency and consumables usage. Therefore, client relationships, equipment efficiency and labor productivity are the key success factors for mining contractors.

Figure 22 below shows the Indonesian coal contracting landscape.



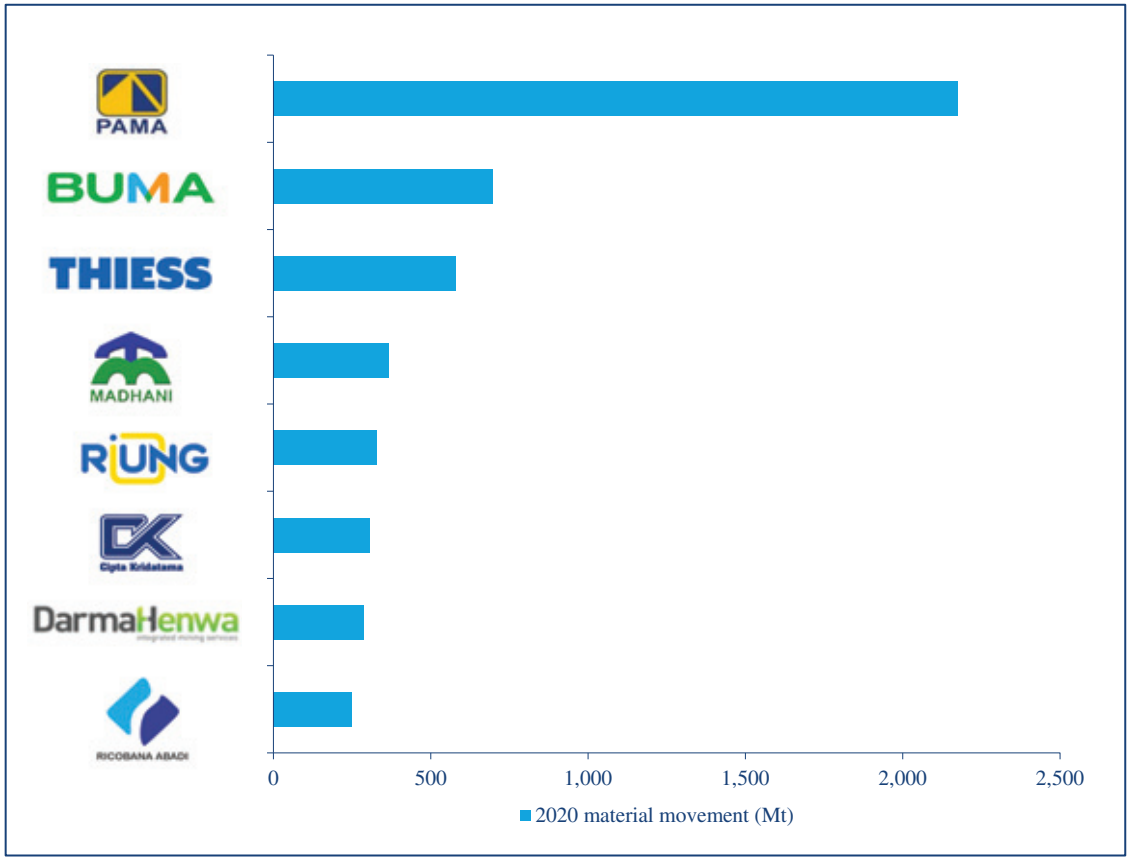
Source: Company's Annual Report and Wood Mackenzie

Wood Mackenzie estimates that approximately 9.25 Bt of material (ore and overburden) was removed at Indonesian coal mines in 2020, with 65% moved by contractors. Over the past seven years contractor volumes have remained relatively steady at 5.2-6.8Btpa while owner operated volumes have fluctuated more as owner operated mines have begun and finished operating.

PAMA was the largest coal mining contractor in Indonesia in 2020 with 2.18Bt of material movement, being the main mining contractor at 11 major mines. BUMA moved 698 Mt in 2020 across nine coal mines while Thiess moved 578 Mt across three mines. The top eight contractors in the Indonesian coal market had a total 2020 material movement of over 5Bt representing 55% of the overall Indonesian haul market and almost 80% of the contractor market.

PT. Cipta Kridatama (CK), the sixth largest Indonesian mining contractor in 2020, is a subsidiary within the ABM Investama Group. CK has operated in the Indonesian contracting market since 2003, offering end to end exploration, mine design, drill & blast, haul and transportation services. CK is also able to leverage its access to Caterpillar heavy equipment through ABM's affiliated company Trakindo. In 2019, CK reported overburden removal of 95.5 million bcm (210 Mt), rising to 140.2 million bcm (308 Mt) in 2020. Apart from Thiess, none of the Australian mining contractors currently have a presence in Indonesia. While large, the Indonesian contract mining market is highly competitive, as a result, barriers to new entrants are high and foreign contractors are not expected to enter the Indonesian market.

Figure 23 below shoes the market share of key coal mining contractors in Indonesia in 2020.



Source: Company's Annual Report and Wood Mackenzie

Thermal Coal Pricing

HBA Pricing

Prices for Indonesian sub-bituminous and low rank coal are linked to the Newcastle benchmark price. Since the introduction of Indonesia's new mining law in 2009, the Indonesian government also publishes its own monthly coal reference price, the Harga Batubara Acuan (HBA). The 'headline' HBA for Newcastle benchmark quality coal is calculated based on a basket of spot price indices (including the Indonesian Coal Index — ICI), with minimum prices for Indonesian export brands then calculated by applying quality-based adjustments for energy, moisture, ash and sulfur. These minimum prices are used to calculate royalty payments for each producer. The aim of the regulation is to protect the government's royalty take by preventing transfer pricing (selling to a subsidiary at below market price).

ICI Reporting

The Argus/Coalindo Indonesian Coal Index (ICI) is a copyrighted coal price index report for prices achieved for the sale of Indonesian coals. Produced weekly, the report formulates a historic price index for five coals (ICI-1 through ICI-5) on a fob Kalimantan basis. Index prices are calculated with 50% input from PT. Coalindo Energy and 50% Argus Media Singapore. The Coalindo panel assessment, consisting of buyers, sellers and intermediaries use a methodology that excludes 10% of highest and 10% of lowest prices achieved. The Argus assessment is based on daily market surveys between buyers, sellers, transactional data, bids and offers.

Historical Pricing

The seaborne thermal coal market is reasonably transparent, with prices generally related to agreed reference prices or indices. The reference price for term contracts in the Pacific market has traditionally been based on the prices settled between Australian exporters and the Japanese Power Utilities (JPUs). The JPU reference price applies to bituminous coal of "Newcastle benchmark" quality, with a specific energy of 6,322 Kcal/kg (gar).

Thermal coal prices have experienced significant fluctuations over the past decade. As a result of a five-year period of market oversupply between 2011 and 2016, thermal coal export prices declined by more than 50.0% to approximately US$65.0/ton in 2016 from over US$100.0/ton in 2011 for FOB Newcastle 6,000 Kcal/kg coal. In Australia this was the result of enforced take-or-pay contracts and the "fixed cost reduction conundrum," where miners were electing to produce large volumes in order to increase productivity and lower unit costs. In Indonesia, low rank coal producers are reluctant to give up even very low margin potential by lowering production, whilst producers in the US have been aggressively exploring export opportunities as domestic regulations force the closure of coal-fired power plants.

After almost five consecutive years of declining prices and falling costs, prices increased dramatically in late 2016 to as high as US$109.9/ton in November 2016 and remained strong through 2018, with prices for FOB Newcastle 6,000 Kcal/kg coal averaging over US$100.0/ton in 2018 driven by higher than expected seaborne demand in China and India due to domestic supply constraints. On the supply side, infrastructure-related issues in Australia and the US, a lack of investment in South Africa and Colombia, and consolidation of key thermal coal producers have contributed to persistent price strength. Since 2018, there has been a decoupling of coal prices, with supply tightness for premium quality coal keeping Newcastle benchmark prices elevated, but Chinese domestic price intervention and import control widening spreads for off-specification coal prices including ICI-4 and ICI-5.

In 2019, China's seaborne thermal imports exceeded expectations. However, prices for FOB Newcastle 6,000 Kcal/kg coal dropped to as low as US$64.0/ton in the fourth quarter of 2019, mainly driven by a decrease in demand growth which encouraged the Chinese government to implement policies to reduce imports into China, as well as a fall in gas prices and weak coal demand in Europe due to a reduction in coal-fired power generation capacities.

Off-specification coal prices, including ICI-4 and ICI-5, did not fall by the same amounts seen in higher CV coals. This is partly because of the lower base price these coals started at, but also strong demand from Southeast Asia, China, and India. Despite the demand uptick from these countries, it was met by Indonesian supply keeping the market well supplied and suppressing prices.

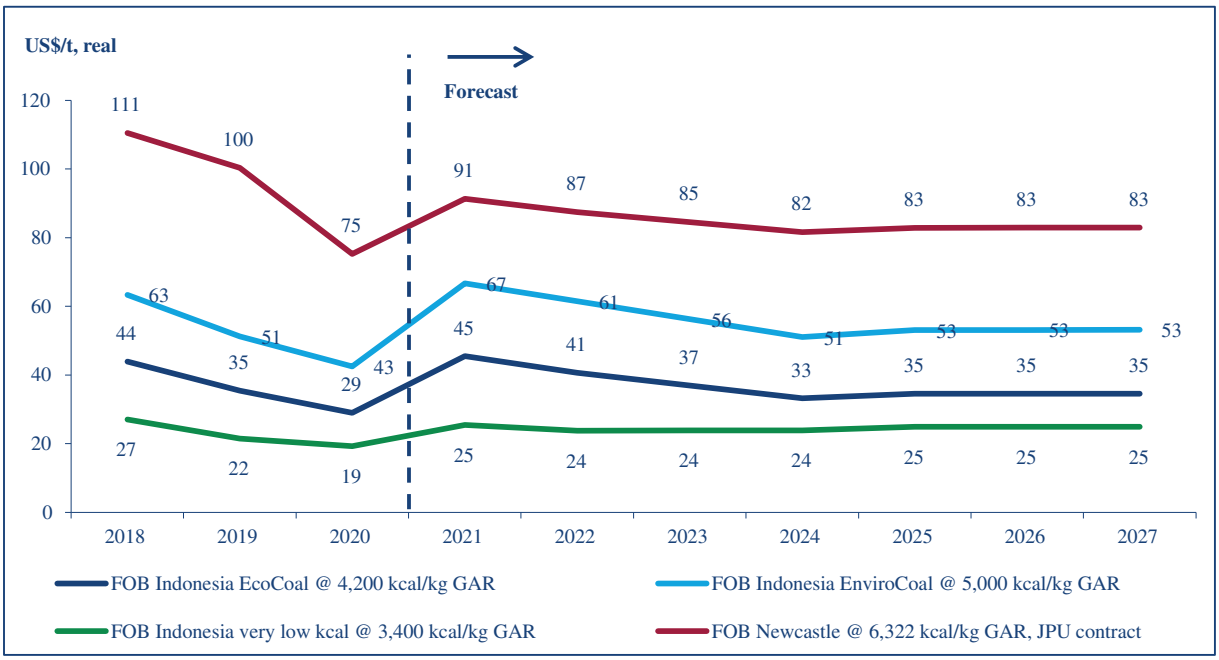
Further accelerating the downward price pressure seen in 2019, COVID-19 had a significant impact on the market in 2020, evidenced by a 4.0% decline in expected global GDP with the world reeling from the pandemic's economic impact. Global demand for commodities was impacted and a decreased demand for power resulted in a 3.0% fall in total global thermal coal demand and a 7.0% fall in seaborne demand as domestic supplies were supported.

Benchmark prices hit historical lows in the second and third quarter of 2020 amid lockdowns across the globe, as well as extended coal-to-gas switching risk and protectionist measures. Newcastle benchmark fell below US$50/t in August 2020 for the first time since late 2015. The FOB Indonesia EcoCoal 4,200 Kcal/kg (ICI-4 equivalent) benchmark price fell to a low of US$24/t in Q3 2020 while the FOB Indonesia 3,400 Kcal/kg (ICI-5 equivalent) dropped to US$18/t in the same period.

Prices of seaborne thermal coal slowly started recovery from August, only to begin accelerating towards the end of 2020 as Chinese imports increased ahead of winter and industrial demand from India strengthened. Colder than expected weather across Europe, China, Japan and elsewhere drove power generation to record highs in December and spurred demand for coal. However, spot supply was limited after producers spent the majority of the year cutting production to align with the demand destruction of the pandemic.

At the end of 2020, the FOB Newcastle 6,000 Kcal/kg benchmark was achieving weekly prices of ~$81/ton, up on the average annual price of $60/ton for 2020.Similarly, The FOB Indonesia EcoCoal 4,200 Kcal/kg benchmark rebounded to US$31/t and the FOB Indonesia 3,400 Kcal/kg benchmark rose to US$20/t in Q4 2020.

Figure 24 shows Wood Mackenzie's outlook in real terms for average annual FOB prices for key thermal coal brands.



Source: Wood Mackenzie April 2021 STO (2018-2022), H2 2020 LTO (2024-2027), 2023 is an average of 2022 & 2024.

Note: FOB Indonesia EcoCoal @ 4,200 Kcal/kg GAR is equivalent to the ICI-4 index and FOB Indonesia very low Kcal @ 3,400 Kcal/kg GAR is equivalent to the ICI-5 index.

Forecast

Prices throughout 2020 were deep into the cost curve and a correction was always necessary for demand to be met. With most governments targeting a rebound in GDP growth and record stimulus packages being introduced across the global economy, 2021 and 2022 should see much stronger pricing than 2020.

In early 2021 prices rose significantly, supported by supply constraints in Australia and Indonesia caused by flooding and infrastructure issues. Demand from Asia and Europe are expected to fall slightly in coming months, but this will be counterbalanced by strong demand in China. With limited domestic supply and the continued ban on Australian coal imports, Indonesian suppliers are expected to benefit, with exports increasing and strong price support during 2021.The China ban on

Australian coal is now expected to continue into 2022 due to continuing tensions between the countries, though this is a source of uncertainty in the forecast.

Wood Mackenzie expects strong supply responses from all exporters, post-coronavirus recovery and new coal-fired capacity growth in Asia during this phase. Overcapacity pressure peaked in 2020 with overcapacity forecast to reduce by half by 2022. Existing capacity is expected to start falling after 2023 due to reserve depletion, supporting a price return to marginal cost levels FOB Indonesia EcoCoal @ 4,200 Kcal/kg GAR is expected to decline to US$37/t in 2023 while FOB Indonesia very low Kcal @ 3,400 Kcal/kg GAR remains steady at US$24/t.

From 2025 to 2029 operating and highly probably capacity is expected to be insufficient to meet demand. Prices are expected to gradually increase to incentivize projects to make up the shortfall. Between 123.0 and 172.0 Mt of new probable projects would be required by the end of 2029 to fill the supply gap. Large projects in Indonesia, Australia and South Africa all need to be incentivized at a FOB Newcastle benchmark price range of US$76-US$90 with 12-18% country specific IRR, quality adjusted. Therefore, Wood Mackenzie expects the FOB Indonesia EcoCoal @ 4,200 Kcal/kg GAR benchmark will grow to U$35/t from 2025.

Conclusion

Indonesia contains significant resources of high quality thermal and metallurgical coal and is the largest supplier to the seaborne market, providing energy to neighboring developing countries and further afield. Coal production in Indonesia is relatively cheap in comparison to other countries due to its relatively simple geology and closer proximity to seaborne markets in Kalimantan, where the majority of Indonesia's marketable reserves are found. The evolution of the seaborne coal market and the Indonesian domestic coal market is based on the themes of economic growth and industrialization, in particular increased electricity demand and higher levels of electrification. In India and SEA, the development of coal fired power plants is expected to remain one of the easiest and most cost effective ways to achieve these goals for at least the next seven years, ensuring coal demand growth. The developed economies of NEA provide a base level of coal demand, with upside demand potential from the emerging economies of Southeast and South Asia, including growing domestic demand in Indonesia. Indonesia, as a low cost and centrally located producer of thermal coal, is well placed to supply these markets. Indonesian coal exports are not generally constrained by infrastructure bottlenecks due to integrated logistics chains and sufficient capacity for growth. Contract mining is extensive in the Indonesian thermal coal mining industry with 65% of material movement managed by contractors in 2020.

ABM Investama's two Indonesian thermal coal assets produce lignite. Due to their low ash and sulfur content, it is expected that they will remain in significant demand by the seaborne market. The mines are part of ABM Investama's vertically integrated logistics chain and have very low cost positions, making them very competitive in the seaborne market.

Glossary

Anthracite (and semi-anthracite) represents the most advanced stages in the coalification process. Anthracite has a carbon content of about 91% (daf) and is brittle and hard because most of the volatile matter and moisture has been expelled by the intense pressure and temperature in the final stages of coalification. Anthracite is used in a number of applications, including as a source of carbon in steel making, and in the manufacture of electrodes, inks and tiles.

Ash is the inorganic residue that remains after coal has been combusted. It is less than the mineral matter because of chemical changes that occur during combustion such as loss of water of

hydration, carbon dioxide, and sulfurous gasses from sulfides. There is an inverse relationship between ash and energy content, so coals with a low ash content are preferred. High ash coals also lead to higher ash disposal and maintenance requirements.

Bituminous coal (black coal) is the most sort-after rank of coal for commercial applications and is ranked in between sub-bituminous and anthracite coals. It has a carbon content in the range 80–91% (daf), a high specific energy, typically of over 5,400 Kcal/kg gar, and low moisture content. It can be used in a wide range of applications depending on its particular quality characteristics, including power generation and heating; as well as coal-to-gas and coal-to-liquid applications, chemicals production, and coke making.

Blast furnace the receptacle for iron ore, coke and other raw materials used in the processing of iron ore into pig iron. Pig iron is subsequently processed into steel.

Brownfield refers to an area that is adjacent to an area that has previously been developed, and that is being expanded or re-developed for different mining uses.

Captive power refers to power generation facilities that supply power directly to local users – typically industrial facilities, but also domestic and commercial users in remote communities – rather than to the grid system. Captive power in Indonesia ranges from large oil, gas and hydro units powering industrial complexes, to thousands of small diesel turbines used as back-up supply in the case of power outages.

Conference of Parties (COP 21) The 21st annual meeting of nations that make up the United Nations Framework on Climate Change. Also known as the 2015 Paris Climate Conference. During this meeting the progress of each nation in dealing with climate change was reviewed and goals / targets set.

Cost and Freight (CFR) is a method of selling cargo whereby the seller pays for vessel loading costs and ocean freight, but not insurance.

Cost, Insurance and Freight (CIF) is a method of selling cargo whereby the seller pays for vessel loading costs, ocean freight and insurance.

Ecocoal Export coal from Bumi Resources' Arutmin Mulia mine is marketed under the Ecocoal brand. Ecocoal is one of the benchmark low rank export coal brands in the export market and has a specific energy of around 4,200 Kcal/kg gar.

Energy Adjusted Thermal coal costs are adjusted for coal quality (calorific value or energy content of the coal), being referenced to the Australian export thermal coal benchmark of 6,322 Kcal/kg on a gar (gross air received) basis.

Energy Publishing Newcastle Export Index (NEX) (previously the Barlow Jonker Index) is an indicator of the spot price of Newcastle benchmark quality thermal coal in the Pacific market. It is determined based on actual spot sales when available, or via consultation with a panel of traders and shippers when not.

Envirocoal Export coal from Adaro Energy's Tutupan mine is marketed under the Envirocoal brand. Envirocoal is considered the benchmark sub-bituminous coal brand in the export market. It has a specific energy of around 5,000 Kcal/kg gar.

Free moisture is surface water in the voids between coal particles that may be removed by drainage or evaporation.

Free on Board (FOB) is a method of selling cargo that excludes ocean freight and insurance, but includes vessel loading costs.

Greenfield refers to an area that has been previously undeveloped for mining uses.

Hardgrove Grindability Index (HGI) is a measure of hardness that indicates a coal's relative grindability or ease of pulverisation (relative to standard reference coals); a high HGI indicates that a coal is easy to grind and vice versa. High HGI coals may experience handling difficulties such as excess fines generation and spontaneous combustion. Low HGI coals are harder to grind and accordingly requiring higher milling energy and cost.

Half 2 2020 Long Term Outlook (H2 2020 LTO) is Wood Mackenzie's Long-Term Thermal Coal outlook, published 18th December 2020.

Harga Batubara Acuan (HBA) is a monthly reference price published by the Indonesian government, and is used to determine the minimum price of coal sales. The headline HBA for Newcastle benchmark quality coal is calculated based on the monthly average of a basket of spot price indices. Minimum prices for Indonesian export brands are then calculated by applying various quality-based adjustments, with the adjustment formulae used published along with the monthly prices.

Inherent Moisture (IM) is the moisture bound within the coal pores or attached to the organic coal matter.

Japanese Power Utilities (JPU) Prices settled between Australian exporters and the JPU have historically been the reference for annual and long term thermal coal contracts in the Pacific market, with contracts typically based around the Japanese Fiscal Year.

Long term contracts are contracts of more than one year duration, but commonly three to five years. They stipulate the quantity and quality of coal to be delivered each year, though typically the price will be negotiated annually. The term 'evergreen' is also used to describe contracts — such as those between Australian suppliers and north Asian buyers — that are expected to continue indefinitely as long as the buyer and seller can agree on the annual price.

Low rank coal (lignite or brown coal) is a brownish-black coal composed of vegetable matter which has been altered more than in peat, but less than in sub-bituminous coal. It is found at relatively shallow depths and is physically weak, with a high moisture content, and a low carbon content of between 65% and 73% (daf). Other characteristics include low reflectance, high volatile matter, high oxygen levels and low specific energy. Lignite is mined for power generation and is also used for domestic heating in the form of briquettes. Small but increasing volumes are sold on the seaborne market.

Marketable reserves are the economically mineable part of a coal resource, with allowances for losses that may occur during mining. Appropriate assessments — including consideration of and modification by realistically assumed mining, economic, marketing, legal, environmental, social and governmental factors — have been carried out and demonstrate that extraction could reasonably be justified. The reserves data in this report is based on Wood Mackenzie's view of likely future commercial production, rather than JORC (or equivalent) compliant reserves estimates.

Metallurgical coal is used in steel production. It is used either to produce coke, which is then fed into the top of the blast furnace along with the iron ore; or for pulverized coal injection (PCI), where the coal is injected directly into the base of the blast furnace.

MBCM refer to Million bank cubic meters

Newcastle benchmark Australian export contracts for thermal coal are based on coal meeting Newcastle benchmark quality specifications (6,322 Kcal/kg gar). Lower energy coals are generally discounted on an energy adjusted basis from the Newcastle benchmark price. It is also common to receive additional premiums or discounts based on other quality specifications such as ash and sulfur content, or for rejection limits to apply based on these factors.

Peat is the initial stage in the transition of plant matter to coal. Peat is not a 'coal' but decomposing, damp organic matter that consists mainly of water. Peat can be burned as a low-grade fuel.

Possible projects are projects with a high degree of uncertainty attached to any aspect of the project and are usually at a very early stage of development, and so are not included in our base case forecasts.

Probable projects are projects that are likely to enter commercial production in the future, but are subject to a significant degree of economic or technical uncertainty, particularly with regard to timing, and so are not included in our base case forecasts.

Pulverized coal injection (PCI) coal The use of PCI coal, which is injected directly into the base of the blast furnace, lowers consumption of expensive coking coals; PCI coals are therefore ranked by their 'coke replacement ratio'. Various coal types can be used successfully for PCI, but they generally fall into two broad categories: (1) semi-anthracites with an ultra-low volatile matter content, and (2) high volatile lower ranked bituminous coals. The semi-anthracites have a high coke replacement ratio, making then especially attractive for this application. Coals with a low ash content are also preferred for PCI coals.

Rank Coals vary in composition and properties in accordance with the extent of alteration – or degree of coalification – of the original plant material from which they are derived. Typically, as a coal's rank increases its total carbon content and specific energy increase, and its inherent moisture and volatile matter content decrease. Rank can therefore be used to identify likely commercial applications.

Resources define coal in the ground in such location, form, quality and quantity that there are reasonable prospects for eventual economic extraction. Under the JORC code, resources are sub-divided, in order of increasing geological confidence into Inferred, Indicated and Measured categories.

Short Term Outlook (STO) is Wood Mackenzie's short-term thermal coal market outlook released at the end of each month. Contains a market wrap-up and quarterly price forecast for the subsequent 2 years.

Specific energy (SE) is the energy in kilocalories released per kg of coal burned. SE is a key quality parameter for pricing purposes.

Spot contracts can refer to either single or multiple cargoes to be delivered at a specified time or over a specified period, usually less than 12 months. Buyers might use spot contracts if they are

faced with an unexpected shortfall and are forced to enter the market at short notice to secure supply. Sellers might use spot contracts when they have surplus stock that they want to move, either to take advantage of high prices or to maintain cash flow. The 'relationship factor' that arguably exists in long term and annual contracts will be less significant in spot contracts.

Strip ratio is an overburden-to-coal ratio, measured in bank cubic meters to in-situ tons. A lower ratio generally means a lower cost of extraction.

Sub-bituminous is the next highest coal rank after lignite with a carbon content in the range 73–80% (daf), typical moisture levels of 10–20% and specific energy typically less than around 5,400 Kcal/kg gar. Sub-bituminous coal is used primarily for power generation, with increasing amounts being sold on the seaborne market.

Thermal coal is used in combustion processes to produce steam for power generation, heating, and industrial applications such as cement manufacture.

Total moisture (TM) is the moisture in the coal as sampled and removable under standard conditions and comprises of both inherent and free moisture.

Total sulfur (TS) comprises an organic component that is part of the carbonaceous material, and an inorganic component that is part of the mineral matter. It forms sulfur oxides (SOX) during combustion. Most countries regulate SOX emissions, with some utilities required to install sulfur scrubbers to stay below emissions limits.

Volatile Matter (VM) is the gaseous component of the coal (excluding moisture) that is released when the coal is combusted; it comprises mainly methane and other light hydrocarbons and is reported as a percentage of the coal that is released during combustion. Coals with a higher VM content are easier to ignite and burn out well, so are generally preferred for power generation.

Abbreviations

Term	Definition	Term	Definition
ad	Air dried	LTO	Long Term Outlook
ar	As received	Mt	Million tons
ARA	Amsterdam, Rotterdam and Antwerp	Mtpa	Million tons per annum
BAU	Business as usual	nar	Net as received
Bt	Billion tons	NEA	Northeast Asia
CAGR	Compound average growth rate	PCI	Pulverized coal injection
CFR	Cost and freight	PLN	Perusahaan Listrik Negara
CO_2	Carbon dioxide	RMB	Chinese Renminbi
EGAT	Electricity Generation Authority of Thailand	RPS	Renewable portfolio standard
FOB	Free on board	SE	Specific energy
gar	Gross as received	SEA	Southeast Asia
GDP	Gross domestic product	SSCC	Semisoft coking coal
GHG	Greenhouse gas	STO	Short Term Outlook
GW	Giga watts	t	Tones
HBA	Harga Batubara Acuan	TM	Total moisture
HCC	Hard coking coal	TS	Total sulfur
HGI	Hardgrove Grindability Index	TWh	Tera watt hours
IM	Inherent moisture	UK	United Kingdom
INDC	Intended nationally determined contribution	UN	United Nations
JKT	Japan, South Korea and Taiwan	USA/US	United States of America
JPU	Japanese Power Utilities	VM	Volatile matter

Coal Mining Regulations

Pursuant to Article 33 of the Indonesian 1945 Constitution, as amended, as well as general mining laws which were enacted after Indonesia became independent in 1945, all mineral resources are deemed to be national assets and are therefore controlled by the state for the best interests of the nation and the prosperity of the people. The first set of post-independence mining regulations was enacted in 1960, through Law No. 37/Prp/1960 on General Mining ("Law No. 37/Prp/1960") and Law No. 44/Prp/1960 on Oil and Gas Mining. These regulations generally revoked the mining laws previously in effect, and created a legal framework for mining activities in the spirit of the 1945 Constitution.

As of 1967, general mining activities were governed by Law No. 11 of 1967 on Principle Provisions on Mining ("Old Mining Law"), revoking Law No. 37/Prp/1960, and its implementing regulations, Government Regulation No. 32 of 1969 concerning the Implementation of Mining Law, as amended by Government Regulation No. 79 of 1992 and Government Regulation No. 75 of 2001 and Decree of the MEMR No. 1614 of 2004 on the Guidelines for Processing Applications of Contracts of Work and Coal Cooperation Agreement in the framework of Foreign Investment, which is then revoked by MEMR Regulation No. 8 of 2018 on Revocation of Decree of MEMR and Decree of Minister of Mining and Energy Related to Mineral and Coal Business Activity. General mining activities in Indonesia are now governed by the New Mining Law.

One of the purposes of the New Mining Law is to provide equal treatment to foreign and domestic investors under the Investment Law (as defined below) of 2007 and includes, among other things, (a) the abolishment of the contract of work system; (b) the introduction of a license based system equally applicable to both foreign and domestic investors; (c) the allowance of foreign investment while also requiring divestment; (d) the authorization of the Government to designate mining areas (*Wilayah Pertambangan*) within Indonesia; (e) the requirement of a tender process for the granting of new coal mining concessions; (f) the regulation of larger mining areas and reduction terms for production; (g) the requirement to comply with onshore processing obligations; and (h) the regulation of mining services contractors. Under the New Mining Law, new licensing classifications are being introduced, abolishing the previous licensing system which provided for mining authorizations (*Kuasa Pertambangan*, or "KP") and the Coal Contract of Work (*Perjanjian Karya Pengusahaan Pertambangan Batubara*, or "PKP2B"). The new licenses are classified as follows:

- Mining Business License (*Izin Usaha Pertambangan*, an IUP), which is valid for mining operations of coal, rock, metal mineral and non-metal mineral, within an IUP operational area (*Wilayah IUP*, a "WIUP"), which shall be located within a mining operational area (*Wilayah Usaha Pertambangan* "WUP"). WUP is stipulated by the Government, upon being determined by the regional government and submission in writing to the House of Representatives (*Dewan Perwakilan Rakyat*, the "DPR"). An IUP will only be granted to a business entity, individual, or cooperatives (*koperasi*). An IUP may be obtained by submitting an application to the regent/mayor (for non-foreign investment company only), governor or MEMR, respectively, based on their authority over the WUP and/or by attending an auction process of the mining operational area (except for rock mining).

- Special Mining Business License (*Izin Usaha Pertambangan Khusus*, an IUPK) is granted for coal and metal mineral mining, where the mining area is located within a special mining operation area (*Wilayah Usaha Pertambangan Khusus*, the "WUPK"), being a conversion from a state reserved area (*Wilayah Pencadangan Negara*, a "WPN") as

approved by the DPR for mining operations. Further, an IUPK will only be granted to a legal entity established in one of the following forms: a state-owned enterprise (*Badan Usaha Milik Negara*, a "BUMN"), a regional government-owned enterprise (*Badan Usaha Milik Daerah*, a "BUMD") or a national entity. Although a BUMN and a BUMD have priority to obtain an IUPK, a national business entity may obtain an IUPK by participating in an auction or by submitting an application to MEMR specifically for PKP2B holder which PKP2B's tenure is expiring.

People's Mining License (*Ijin Pertambangan Rakyat*, an "IPR") is granted either for individuals, community groups, or cooperatives within a people's mining area (*Wilayah Pertambangan Rakyat*, a "WPR"). A WPR is determined by the regent or mayor in consultation with the DPR. An IPR is available for the mining of coal, rock, metal mineral and non-metal mineral within a limited mining operational area.

Further details of each license are as follows:

No.	Type		Mineral Type	Validity	Area
1.	**IUP** (Mining Business License)				
	Exploration Mining License ("Exploration IUP") is a mining business license that is granted in order that general surveys, explorations and feasibility studies can be undertaken.	(a)	Metal Mineral Mining	Maximum 8 years	Up to 100,000 hectares
		(b)	Non-Metal Mineral Mining	Maximum 3 years	500 — 25,000 hectares
		(c)	Certain types of Non-Metal Mineral Mining	Maximum 7 years	500 — 25,000 hectares
		(d)	Rock Mining	Maximum 3 years	5 — 5,000 hectares
		(e)	Coal Mining	Maximum 7 years	5,000 — 50,000 hectares
	Production-Operation Mining License ("Production Operation IUP") is a mining business license that is granted upon the completion of the exploration activities under the respective Exploration IUP to commence the construction, mining, processing and refining, transportation and sales activities.	(a)	Metal Mineral Mining	Maximum 20 years, which can be extended twice, each for a period of 10 years	Maximum 25,000 hectares
		(b)	Non-Metal Mineral Mining	Maximum 10 years, which can be extended twice, each for a period of 5 years	Maximum 5,000 hectares
		(c)	Certain types of Non-Metal Mineral Mining	Maximum 20 years, which can be extended twice, each for a period of 10 years	Maximum 5,000 hectares
		(d)	Rock Mining	Maximum 5 years, which can be extended twice, each for a period of 5 years	Maximum 1,000 hectares
		(e)	Coal Mining	Maximum 20 years, which can be extended twice, each for a period of 10 years	Maximum 15,000 hectares

No.	Type	Mineral Type	Validity	Area
2.	**IUPK** (Special Mining Business License) **Exploration Special Mining Business License** ("IUPK Eksplorasi") is a special mining business license that is granted in order that general surveys, explorations and feasibility studies in a WUPK can be undertaken.	(a) Mineral Mining	Maximum 8 years	Maximum 100,000 hectares
		(b) Coal Mining	Maximum 7 years	Maximum 50,000 hectares
	Production-Operation Special Mining License ("IUPK Operasi-Produksi") is a special mining business license that is granted upon completion of an exploration mining license stage in order that production in a can be undertaken.	(a) Mineral Mining	Maximum 20 years, which can be extended twice, each for a period of 10 years	Maximum 25,000 hectares
		(b) Coal Mining	Maximum 20 years, which can be extended twice, each for a period of 10 years	Maximum 15,000 hectares
3.	**IPR** (Peoples Mining License) is a license to conduct mining within a small-scale mining area with a limited area size and investment.	(a) Metal Mineral Maximum 5 years which Mining is extendable (b) Non-Metal Mineral Mining (c) Rock Mining (d) Coal Mining		One IPR is required in respect of: (a) Individuals: up to 1 hectare; (b) Community groups: up to 5 hectares; and (c) Cooperatives: up to 10 hectares

Existing PKP2Bs will remain valid for the remainder of their respective terms of contract, but are subject to amendments of certain terms (not including taxes and levies) and may be converted to the appropriate licenses upon their expiration.

Furthermore, the enactment of the New Mining Law demonstrates the Government's attempt to protect and promote national and local mining companies in the Indonesian mining sector. This is reflected, for example, by the obligation of IUP or IUPK holders to engage local mining services companies and/or national mining service company. The holders of an IUP or an IUPK are only allowed to engage foreign investment companies, upon performing publication in nation or local wide mass media with regards the mining service procurement, and there are no such local entities and/or national mining services companies which meet the qualification and classification required by the holders of an IUP or an IUPK. Meanwhile, mining services companies have a similar obligation to prioritize both local contractors and human resources in supporting their businesses. A holder of an IUP or an IUPK is also prohibited from engaging its subsidiaries and/or affiliated mining services companies in its mining operational area, unless a permit has been obtained from the MEMR in respect of such engagement and when there are no similar mining services companies in

the area or no qualified companies for the required mining services. The Mining Service Regulation states that any subsidiary and/or affiliate which has a direct equity interest in an IUP or IUPK holder is prohibited from engaging as a contractor in the mining operation of such IUP and IUPK without obtaining approval from the MEMR. This prohibition affirms the relevant provision in the New Mining Law. In addition, the Mining Service Regulation requires the holders of an Operation Production IUP or IUPK to conduct their own coal mining, processing and refining activities. Mining Services Regulation allows the holder of a Production-Operation IUP and IUPK to hire mining services companies to conduct only overburden stripping. The Mining Service Regulation provides PKP2B holders that engage mining services companies a three-year period in which to comply with the terms of the regulation.

In 2010, the Government issued four implementing regulations to implement the New Mining Law through the enactment of Government Regulation No. 22 of 2010 on Mining Areas ("GR 22"), Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Business Activities, as lastly amended by Regulation No. 8 Year 2018 ("GR 23"), Government Regulation No. 55 of 2010 on Guidance and Supervision of Mining Business Activities ("GR 55"), and Government Regulation No. 78 of 2010 on Reclamation and Post-Mining ("GR 78"). The most recent implementing regulation of the New Mining Law, MEMR Regulation No. 34 of 2017 on Licensing in the Fields of Mineral and Coal Mining, was issued by the MEMR on May 5, 2017 and entered into force on May 9, 2017 ("Regulation 34"), as revoked by Mining Services Regulation.

GR 22 regulates the procedures to determine the WUPs, the WUPKs, and the WPRs. The determination of these mining areas lies on the sole discretion of the Government, and in respect of a WUPK, prior approval from the DPR is required. Under GR 23, foreign shareholders in a company holding an IUP must divest their shares gradually to Indonesian party(ies). Such foreign shareholders will have to begin divesting its shares to the Indonesian party(ies) at the fifth year of production and as a result, the Indonesian party(ies) will have no less than 20.0% shares by the end of the sixth year, a 30.0% shares by the end of the seventh year, a 37.0% stake by the end of the eighth year, an aggregate 44.0% shares by the end of the ninth year, and a 51.0% shares by the end of the tenth year. If the capital of the foreign-owned companies is increased, then the aggregate amount of shares ownership of such Indonesian party(ies) cannot be diluted and always subject to the aforementioned amount. The divestment requirements as set forth in GR 23 apply to IUP and/or IUPK granted both prior and subsequent to the issuance of such regulation.

The divestment to an Indonesian entity is to be made pursuant to the following procedure: initially, the shares must be offered to the central government; who will have 90 days to evaluate and negotiate such offer, and additional 30 days to determine whether to accept such offer or not. If they are not willing to buy, the shares are to be offered to provincial or regent/municipal governments. If those parties are unwilling to purchase the shares, the shares are tendered to both state — and regional-owned enterprises. In each case, parties are given 30 days from the date of offering to declare their interest. If no state — or regional — owned enterprise is willing to purchase the shares, they can be tendered to local companies (which shares are wholly owned by local investor) which are given 30 days to declare their interest after the initial offering date.

Under GR 55, the supervision of licensed mining activities is generally conducted by the MEMR, governors, regents, or mayors. Those who fall under the scope of regulatory supervision are holders of an IUP, an IPR or and IUPK. GR 55 also regulates the supervision of mining activities and the supervision of: finances, mineral and coal processing data, conservation of mineral and coal, operational safety, environmental impacts, land reclamation, post-mining management, technical training of laborers, as well as a host of production data of the types, quality, and total amount of extracted minerals. Supervision will be carried out by mining inspectors, with endorsement from the

MEMR, although the MEMR, governors, regents and mayors may also send authorized representatives into mining facilities. Nevertheless, only a mining inspector is equipped with the authority to recommend that the chief mining inspector: (i) temporarily suspends mining activities in part or entirely, or (ii) that certain mining activities permanently cease operations.

Under GR 78, mining companies are obliged to carry out reclamation and post-mining related activities. Reclamation is required in both the exploration and production operation stages. Prior to commencing each aforesaid stage, mining companies must prepare a reclamation plan which requires the approval of the relevant governmental institutions (the MEMR or governor,). Specifically before the production operation stage, mining companies must also prepare a post-mining activities plan, in addition to the reclamation plan. GR 78 also includes an obligation on the mining companies to place guarantee funds in a bank designated by the Government for the following matters: (i) reclamation in the exploration stage; (ii) reclamation in the production-operation stage; and (iii) post-mining activities.

Domestic Market Obligation

GR 23 also provides that the holders of a Production-Operation IUP and an IUPK must prioritize domestic needs for coal. The holder of Production Operation IUPs and IUPKs may export their coal only after the domestic needs of coal have been fulfilled. MEMR has issued MEMR Regulation No. 25 of 2018 on Mineral and Coal Mining Business as lastly amended by MEMR Regulation No. 17 of 2020, and MEMR Decree No. 255.K/30/MEM/2020 on Fulfillment of Domestic Needs for Coal in 2021, which is lastly amended by MEMR Decree No. 66.K/HK.02/MEM.B/2021 of 2021, the Indonesian government requires mining companies to meet the domestic demand by selling a minimum portion of their annual production output to Indonesian customers. This obligation is known as the Domestic Market Obligation ("DMO"). The DMO amount for a given year is set by the MEMR based on the estimate of annual demand proposed by potential domestic buyers in the previous year. The price of the coal allocated for the DMO is set by the MEMR and is based on the coal price index, except for the coals that are sold to mine mouth power plants. For 2021, the DMO was set at 25.0% of proposed coal production for the year. Failure to meet the DMO level may result in sanctions imposed by the Government, which may differ each year based on the Government ruling. These sanctions could cover, for example, reduction of production quota for the following year or invoke an obligation to pay compensation calculated based on the discrepancy between the minimum DMO obligation and actual sales. However, the MEMR has agreed to waive the obligation to pay compensation in relation to the failure to meet the DMO during 2020 as a result of the COVID-19 pandemic. The DMO and any other future restriction on exports could adversely affect our mining customers' demand, pricing and revenues, which in turn could have an adverse effect on our business, financial condition and results of operations.

Mining Services Regulation

General mining services are regulated by the New Mining Law and the Mining Services Regulation. Based on the Mining Services Regulation , a company intending to provide mining services (a "mining services company") must first obtain a business license (*Izin Usaha Jasa Pertambangan*) from the MEMR or the relevant governor as applicable. These licenses are generally issued for a five-year period and are thereafter extendable upon application, for a five-years period per extension.

Mining services companies may be engaged or appointed to perform mining business activities for concession holders (comprising holders who were granted concessions under previous mining

regulations and are IUP or IUPK holders under the New Mining Law). The New Mining Law imposes certain restrictions on concession holders and mining services companies. Mining services companies are required under the New Mining Law to give preference to the usage of local contractors and laborers.

The New Mining Law stipulate the obligation of IUP or IUPK holders to engage local mining services companies and/or national mining services companies. Should there are no services companies and/or national mining services companies, IUP or IUPK holders may engage other mining services companies which form is Indonesian legal entity In addition, a mining services company has the obligation to prioritize both local contractors and human resources in supporting their activities. A holder of an IUP or an IUPK is also prohibited from engaging its subsidiaries and/or affiliated mining services companies in its mining operational area, unless a permit has been obtained from the MEMR. The New Mining Law stipulates the type of mining services such contractors may perform, including:

- general surveying;
- exploration;
- feasibility studies;
- mining construction;
- transportation;
- mining environmental;
- post-mining/reclamation;
- health and safety mining; and/or
- mining.

On May 10, 2010, the Directorate of Mineral, Coal and Geothermal ("DGM") issued Regulation No. 376.K/30/DJB/2010 of 2010 ("Regulation 376/2010"), which requires an IUP holder or IUPK holder to obtain MEMR approval in order to engage their subsidiaries and/or affiliates to provide it with mining services. In issuing Regulation 376/2010, the DGM, on behalf of the MEMR, provided guidelines for holders of a Mining License and a Special Mining License as to how their subsidiaries and/or affiliates should provide such mining services. Under Regulation 376/2010, a subsidiary or an affiliate is defined as a business entity directly owned by the holder of a Mining License or a Special Mining License. Direct ownership means:

- the IUP or IUPK holder is a direct shareholder owning at least 20.0% of the shares in its subsidiary or affiliate;
- the IUP or IUPK holder is a direct shareholder and owns more than 50.0% of the voting rights in the subsidiary or affiliate, based on an agreement to directly control the financial policy and operations of such subsidiary or affiliate; or
- the IUP or IUPK holder has the authority to appoint and dismiss the financial director and operational director (or their equivalent) of its subsidiary or affiliate.

Regulation 376/2010 provides that the appointment of a subsidiary or an affiliate to provide mining services may be made after the IUP or IUPK holder, as applicable, has carried out an open tender process (which includes making two announcements of the tender process in an Indonesian newspaper) and has failed to find a successful mining services provider. Such appointment is subject to the approval of the MEMR and the DGM.

We expect that we will be able to comply with this regulation without any material adverse effect on us and our mining operations. See "*Risk Factors — Risks Relating to Indonesia — Regional autonomy may adversely affect our business through composition of local restrictions, taxes and levies*."

Coal Sales Price Controls

On January 11, 2017, MEMR Regulation No. 7/2017 on Method of Determination of Minerals and Coal Benchmark Sale Price as lastly amended by MEMR Regulation No. 11 of 2020 stipulates that the coal price arrangement between the IUP, IUPK, or PKP2B holders and coal purchaser (including their affiliated parties) should be no less than the Coal Benchmark Price (*Harga Patokan Batubara*) that is determined each month by the DGM ("Government Benchmark Price"). The Government Benchmark will be determined based on market mechanisms and/or in accordance with general pricing within the international market. Further, the pricing of Government Benchmark Price may be calculated in Rupiah or in USD. Should the price is calculated in USD, then the equalization of Rupiah and USD shall be made in accordance with the median currency exchange rate determined by Bank Indonesia on the date of or during the period agreed between seller and buyer of coal.

IUP, IUPK, or PKP2B holders are allowed to sell the following type of coal below the Government Benchmark Price: fine coal, rejected coal, and coal with certain impurities, provided that such sale is made for the following purpose: (i) coal which utilized by the license holder for its own consumption, (ii) coal utilized by the license holder to increase the added value of coal from mine-mouth mining activities, and (iii) coal utilized for development of undeveloped area around the mining area. Regional Government Law.

Regional Government Law

Indonesia is divided into provinces which are further subdivided into regencies and municipalities. The regencies and municipalities within a province are autonomous in most of their activities and, therefore, are not subservient to the province.

On October 2, 2014, the Government enacted Law No. 23 of 2014 concerning the Regional Government, as amended by, Government Regulation in Lieu of Law No. 2 of 2014, Law No. 9 of 2015 and the Job Creation Law ("Law 23") which has revoked the previous Law No. 32 of 2004 concerning the Regional Government ("Law 32"), which substantially changed the legal and regulatory framework of the mining industry in Indonesia. Law 23 divides the governmental affairs into (i) absolute governmental affairs; (ii) concurrent governmental affairs; and (iii) general governmental affairs. Mining business activities are categorized as concurrent governmental affairs, which require the distribution of authority between the Government and other regional governments when discharging their governmental affairs. The distribution of authority will mainly be assessed based on the location, the customer, the impact and the efficiency of the natural resources utilization. To date, the Government has issued a number of amendments towards Law 23 including Government Regulation as Substitute of Law No. 2 of 2014 and Law No. 9 of 2015 as the second amendment to the Law 23. Although the Law 32 has been revoked, the transitional provision under

Law 23 stipulates that the implementing regulations from Law 32 shall still apply as long as it does not contradict with Law 23.

Forestry Regulation

Law No. 41 of 1999 on Forestry, as amended by Law No. 19 of 2004, which ratifies Government Regulation in Lieu of Law No. 1 of 2004, and the Job Creation Law ("Forestry Law") provides that open-pit mining operations cannot be conducted within protected forests. Notwithstanding this general prohibition, a number of licenses and contracts for open-pit mining in forest areas that existed prior to the enactment of Forestry Law remain valid until their expiration. Significant areas of Indonesia have been classified as protected forests. Based on the Forestry Law, the use of forest areas for mining purposes is required to be conducted based on a Borrow-Use Permit (*Izin Pinjam Pakai* and currently known as Forest Area Usage Approval (*Persetujuan Penggunaan Kawasan Hutan*)) issued by the Minister of Forestry.

Pursuant to Forestry Law, the use of forests for mining purposes must be conducted with a Borrow-Use License (*Izin Pinjam Pakai* and currently known as Forest Area Usage Approval (*Persetujuan Penggunaan Kawasan Hutan*)) issued by the Minister of Forestry. Further, under MEF Regulation No. 7 of 2021 on Forestry Planning, Change of Forest Area Designation and Change of Forest Area Function, and Use of Forest Area, a company applying for a Forest Usage Approval may deliver non-forest land as compensation or pay compensation for the use of forest area in the form of a non-tax state income. It also stipulates that a Borrow-Use License is valid for the same period as the applicable operational license, such as the mining licenses (IUP or IUPK). Pursuant to the Forestry Law, to make any changes on the utilization of the forest, due to its strategic value, the Minister of Forestry must obtain the approval of the DPR.

Pursuant to Forestry Law, to make any changes on the utilization of the forest, due to its strategic value, the Minister of Forestry must obtain the approval of the DPR. On February 2, 2021, the Government issued Government Regulation No. 23 of 2021 on Forest Administration ("GR 23/2021"). Pursuant to GR 23/2021, approvals for the use of forest areas are now required in order to carry out the strategic non-forestry activities, including activities that relate to priority central-government projects that use lands procured by non-government agencies on a non-permanent basis. GR 23/2021 also governs that upon securing an approval, the holders must comply with the management of borders within the area of the relevant approval, plant vegetation in order to rehabilitate related watersheds, pay the Non-Tax State Revenues (*Penerimaan Negara Bukan Pajak* or "PNBP"), conduct forest protection measures and reclamation and/or reforestation of forest areas and other obligations determined by the Minister of Environment and Forestry.

Pursuant to the Decree of the Minister of Forestry No. P.04/Menhut-II/2011 dated January 14, 2011 on Guidelines for Forest Reclamation, a mining and energy company which is granted a borrow-use permit must prepare forest reclamation plan which consist of a 5-years plan and additional details contained in the yearly plan. Such plan shall be approved by the relevant authority (MEMR, governor, or regent/mayor) and shall be made in accordance with the location which being damaged by the mining activities. Further, the mining company shall perform the reclamation in accordance with the approved plan, within a the determined period, and at its own expense.

Over the forest area to which such permit relates, at its own expense, within a maximum period of six months after mining activities have been completed. These reclamation and rehabilitation activities must be consolidated in a reclamation plan to be evaluated and approved by the Centre for Land Rehabilitation and Soil Conservatory (*Balai Rehabilitasi Lahan dan Konservasi Tanah*) or the Land Rehabilitation and Soil Conservatory Unit (*Unit Rehabilitasi Lahan dan Konservasi Tanah*) for

Class A and B minerals or the Level II Regional Forestry Service Office (*Dinas Kehutanan Daerah Tingkat II*) for Class C minerals. The mining company is required to submit quarterly reports on the progress of the reclamation and rehabilitation activities to those Government agencies.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations and decrees, including:

- Law No. 32 of 2009 on Environmental Protection and Management ("Law 32/2009") which was enacted on October 3, 2009 as amended by Job Creation Law ("Environmental Law");

- Government Regulation No. 22 of 2021 on the Organization of Environmental Protection and Management ("GR 22/2021");

- Minister of Environment and Forestry ("MEF") Regulation No. 4 of 2021 on Businesses and/or Action Plans which must be completed with Environmental Impact Analysis, Environmental Management and Monitoring Program, or Statement Letter of Ability in Environmental Management and Monitoring ("MEF Regulation 4/2021");

- Mining Services Regulation; and

- MEMR Regulation No. 26 of 2018 on Implementation of Good Mining Principle and Supervisory of Mineral and Coal Mining ("MEMR Regulation 26/2018").

The Job Creation Law introduces several material provisions to amend the Law 32/2009, including:

- The revocation of environmental permit (*izin lingkungan*) that was previously mandatory for a company which is required to obtain an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan* or "AMDAL") or an Environmental Management Effort-Environmental Monitoring Effort ("UKL-UPL"). Prior to the enactment of the Job Creation Law, the environmental permit served as a prerequisite to obtain the relevant business license and if the environmental permit is revoked, the business license would terminate as well. The Environmental Law requires all existing environmental management permits to be integrated into environmental permit within one year as of the enactment of Environmental Law;

- Categorizing environmental licensing for business activities into 3 (three) categories, depending on the extent of their possible impact to the environment: (i) activities that are not required to obtain AMDAL or UKL-UPL; (ii) activities that are not required to obtain AMDAL but require an UKL-UPL; and (iii) activities that are required to obtain AMDAL. For business activities falling under category (i), a statement letter on environmental management and monitoring (*surat pernyataan kesanggupan pengelolaan dan pemantauan lingkungan hidup*) is sufficient;

- Introducing the concept of Environmental Approval (*Persetujuan Lingkungan*), which can be in the form of (i) Environmental Feasibility Decree (*Keputusan Kelayakan Lingkungan*

Hidup) in the form of AMDAL approval for businesses requiring AMDAL or (ii) validation to the Statement of Environmental Management Competency (*Pernyataan Kesanggupan Pengelolaan Lingkungan Hidup*) for businesses requiring UKL-UPL. As for businesses not requiring AMDAL nor UKL-UPL, the statement letter on environmental management and monitoring shall be integrated to a company's Business Identification Number instead;

- All holders of Environmental Approval must provide an environmental guarantee fund to be placed in a designated state owned banks in order to ensure recovery of environmental functions.

Aside from the amendments introduced by the Job Creation Law, other key provisions of the Environmental Law include:

- an environmental audit is now required for (i) businesses that have obtained relevant business licenses but have not prepared an AMDAL, (ii) businesses in high-risk sectors or (iii) companies that do not appear to comply with environmental laws and regulations;

- any business which potentially has important impact to the environment must conduct environmental risk analysis;

- the imposition of remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) to remedy or prevent pollution caused by operations; and

- the sanctions imposed range from one to 15 years of imprisonment applicable to any person who caused environmental pollution or environmental damage and/or fines ranging from Rp500 million to Rp15 billion. The imprisonment and the amount of fine will be increased by one-third if the criminal offense is conducted on behalf of a company. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas.

While the enactment of implementing regulations to the Job Creation Law is to be issued, the above environmental related regulations are still in place. These laws generally provide, among others, that mining companies must have the facilities and bear the costs and expenses of reclamation and rehabilitation of concession areas, and shall prevent and minimize environmental pollution and destruction resulting from mining activities. GR 22/2021 requires mining companies whose operations have a significant environmental impact must create and maintain an AMDAL document, which consists of the following documents:

- a Terms of Reference Form (*Formulir Kerangka Acuan*);

- an Environmental impact analysis (*Analisis Dampak Lingkungan Hidup* or AMDAL); and

- an environmental management plan (*Rencana Pengelolaan Lingkungan Hidup-Rencana Pemantauan Lingkungan Hidup* or RKL-RPL).

Under MEF Regulation 4/2021, a mining company with the total licensed area equal to or wider than 200 hectares or with the total open pit mining areas equal to or wider than 50 hectares must

have an AMDAL document. MEMR Regulation 26/2018 further stipulates that the implementation of management and monitoring of the mining environment shall be in accordance with the environmental document which consists of AMDAL documents or environmental management and monitoring efforts, or a statement letter of environmental management.

Based on the Environmental Law, remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) may also be imposed to remedy or prevent pollution caused by operations.

Environmental Law also requires licensing of all waste disposals. Waste disposal may only be conducted in specified locations determined by the Minister of Environmental Affairs.

Waste water disposal is further regulated by Government Regulation No. 22 of 2021 concerning Environment Protection and Management ("GR 22/2021"). GR 22/2021 requires responsible parties, including mining companies, to submit reports regarding their disposal of waste water detailing their compliance with the relevant regulations. Such reports are to be submitted to the Minister of Environment and Forestry, on a biannual basis.

The Decision of the Minister of Environmental Affairs No. 113 of 2003 concerning Waste Water Standard Quality for Coal Mining Business and/or Activities ("Decision 113") further regulates mining companies' treatment of waste water. Decision 113 obliges mining companies to (i) process their waste water from mining activities and processing/washing activities in accordance with mandated quality standards stipulated in Decision 113; (ii) manage water that is affected by mining activities by way of sedimentation pools; and (iii) examine the location for the point of compliance of the waste water from mining activities where the waste water from the sedimentation pools and/or the waste water treatment facilities is discharged into the surface water. Under Decision 113, mining companies must comply with requirements stipulated in their respective licenses regarding disposal of waste water and submit an analysis of the waste water and daily flow rate to the regent or mayor, with copies to the governor and the Minister of Environmental Affairs on a quarterly basis.

Mining companies must also comply with other regulations, including Government Regulation 101 of 2014 on Management of Hazardous and Toxic Waste Materials (*Pengelolaan Limbah Bahan Berbahaya dan Beracun*), as revoked by GR 22/2021, and Government Regulation No. 74 of 2001 regarding Management of Hazardous or Toxic Materials (*Pengelolaan Bahan Berbahaya dan Beracun*), and GR 22/2021, all of which regulates the management of certain stipulated materials and waste. Flammable, poisonous or infectious waste from mining operations is subject to these regulations unless it can be proven scientifically by the applicant that it falls outside the categories set forth in such regulations. These regulations require a company using the specified materials, or which produces waste which is specified in the regulations, to obtain a license in order to store, collect, utilize, process and accumulate such waste. This license may be revoked and the license-holder may be required to cease operations in the event of violation.

The activities of storing and collecting used lubricant oil is further regulated by the Decree of the Head of Regional Environmental Impact Controlling Agency (*Badan Pengendalian Dampak Lingkungan Daerah*) No. 255 of 1996 concerning the Procedure on the Storing and Collecting of Used Lubricant Oil ("Decree 255") which provides, among other things, that an entity which collects used oil for further use or processing must comply with certain requirements, as regulated by Decree 255, including obtaining a license, meeting certain specifications with regard to the buildings where used oil is to be stored, setting up a standard procedure on collection and distribution of used

oil and submitting quarterly periodic reports with regard to these activities. However, Decree 255 has been revoked by the MEF Regulation No. P.12/MENLHK/SETJEN/PLB.3/5/2020 of 2020 on Storage of Hazardous and Toxic Waste Materials ("MEF Regulation 12/2020") and MEF Regulation 12/2020 has been revoked by MEF Regulation No. 6 of 2021 on Procedure and Requirement on Hazardous and Toxic Waste Materials Management ("MEF 6/2021"). Pursuant to MEF Regulation 6/2021, any person who generates hazardous and toxic waste materials is required to have a management hazardous and toxic waste materials permit for storage activities (*izin pengelolaan limbah bahan berbahaya dan beracun untuk kegiatan penyimpanan limbah bahan berbahaya dan beracun*) and for the hazardous and toxic waste materials collector must have a management hazardous and toxic waste materials permit for collection activities (*izin pengelolaan limbah bahan berbahaya dan beracun untuk kegiatan pengumpulan limbah bahan berbahaya dan beracun*).

Under Regulation of the MEMR No. 7 of 2014 on Implementation of Mining Reclamation and Closure for Mineral and Coal Mining Business Activities, as revoked by MEMR Regulation 26/2018, IUP exploration and IUPK exploration holders are required to prepare reclamation plans and mining closure plan for their production operation phase, which shall be submitted along with the application of IUP production operation or IUPK production operation to the relevant authority. Mining companies are also required to provide a reclamation guarantee in accordance with the stipulation of the Minister or governor in accordance with their respective authority. Sanctions for non-compliance consist of written warnings, suspension of all or part of the mining activities and/or revocation of the mining license.

Other Regulations Related to Mining Operations

Other relevant regulations applicable to our mining operations include regulations regarding the use of groundwater and technical guidelines to control air pollution from immovable sources. Companies that propose to explore, drill and acquire groundwater for their operations are required to comply with the provisions of Decree of MEMR No. 1451K/10/MEM/2000, which includes, among other things, requirements to obtain licenses to explore, drill and acquire groundwater. Failure to comply can lead to the suspension or revocation of the relevant licenses or permits. Our operations are also subject to Government regulations concerning following:

- usage and operation of a harbor for internal use;
- power generation for internal use;
- radio concessions for telecommunications for internal use;
- storage and usage of explosive materials; and
- ground water for household use.

Government Regulation No. 61 of 2009 dated October 20, 2009 on Port as amended by Government Regulation No. 64 of 2015 dated August 19, 2015, which was partially revoked by Government Regulation No. 31 of 2021 on Shipping Sector Management ("Regulation No. 61 (as amended)") generally reformulates the structure of port management in Indonesia and introduces new terms, including, among other things, a "dedicated terminal" (*terminal untuk kepentingan sendiri*), which is currently known as a special port, which further regulated under Regulation of the Minister of Transportation No. PM 20 of 2017 on Special Terminals and Dedicated Terminals ("Regulation PM 20"). Regulation PM 20 stipulates that in order to operate a special terminal to support applicable business activities, a legal entity needs to obtain the following licenses from

Minister of Transportation: (i) stipulation of a special terminal location and (ii) a special terminal construction and operating license. In addition, the legal entity is required to obtain a recommendation from the nearest port operator, prior to operating the special terminal. Once the special terminal construction and operating license has been obtained, the licensee has two years to commence the construction of the special terminal. Such construction must be completed within five years of the date of issuance of the license. The port construction and operational license is valid for ten years may be extended as long as it fulfils the requirements stipulated in Regulation PM 20.

Corporate Social and Environmental Responsibility

In respect of limited liability companies, Company Law sets out general obligation imposed on companies, including those operating in the natural resources industry, particularly coal mining companies. Such companies have to undertake corporate, social and environmental responsibility. The purpose of this obligation is to create a sustainable relationship with the environment, and to enhance the norms, values and culture of the local community. Such obligation is required to be budgeted and calculated as an expense of the company and it must be implemented in reasonable measures. Any non-compliance will be sanctioned in accordance with applicable laws. Measures that satisfy this obligation will be stipulated in a Government Regulation which is yet to be issued. The New Mining Law also requires the holders of an IUP or an IUPK to organize community development programs, which will be stipulated in a Government Regulation yet to be issued.

Foreign Investment Limitations

Direct foreign investments in Indonesia are generally governed by Law No. 25 of 2007 dated April 26, 2007 as amended by Job Creation Law (the "Investment Law"), and its implementing regulations. All matters relating to direct investments are under the supervision of the BKPM. BKPM has issued implementing regulations for the Investment Law pertaining to guidelines and procedures for filing applications for foreign investment and the approval of foreign investment ("Guidelines on Foreign Investment"). Not all foreign investment, however, is governed by the Investment Law or is under the authority of BKPM. A number of sectors, including forestry, mining, and oil and gas, are wholly or partly subject to separate regulatory regimes.

An important feature of the Investment Law is the Government's guarantee that it will not nationalize a foreign investment or revoke rights to control a foreign investment, except where it is declared by law. In case the Government nationalizes or revokes the foreign investment, it must pay compensation in an amount determined in accordance with the market price of the investment. This guaranty is accompanied by assurances that the foreign investor will have the authority to appoint the management of the foreign investment company and the right to transfer and repatriate in foreign currency, profit, bank interest, dividend and other incomes.

On February 2, 2021, the Government issued Presidential Regulation No. 10 of 2021 on Investment Business Activities ("Priority Investment List"). Pursuant to Priority Investment List, most business sectors including mining, are open to foreign direct investment with certain limitations.

In Indonesia, a foreign investor has to undertake its investment through an Indonesian legal entity under the Investment Law in the form of a foreign investment company ("PMA"). PMAs established to undertake mining activities require foreign investment licenses issued by BKPM in coordination with the DGM.

Currency Laws

Indonesian currency is regulated under Law No. 7 of 2011 regarding Currency ("Currency Law"), several substantive subjects on the Currency Law, among others, are the usage of Indonesian Currency (Rupiah) and the criminal sanction provisions. Under the Currency Law, Rupiah must be used in (a) any transaction which has the purpose of payment, (b) settlement of other obligations which must be settled with money, and/or (c) other financial transactions, in each case if conducted in Indonesia. The Currency Law stipulates that the above obligation is not applicable to certain transactions within the framework of implementation of state revenue and expenditures, receipt or granting of grant from or to abroad, international trading transactions, foreign currency savings at banks or international financing transactions and transactions in foreign currency which are conducted in accordance with applicable laws and regulations, including, among others: (i) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and Sharia banks, (ii) securities in foreign currency issued by the Indonesian government in primary or secondary markets based on applicable laws, and (iii) other transactions in foreign currencies conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding Indonesia Eximbank. The cross border (international) transaction, including offshore loan agreements are not intended to be caught since it appears that the Currency Law is intended to cover the manner of payments made within Indonesia. The Currency Law provides that anyone who violates the requirement to use Rupiah or to accept payment in Rupiah is subject to imprisonment for a maximum of one year and a maximum penalty of Rp.200,000,000. This applies to individuals and company alike. To implement the Currency Law, on March 31, 2015 Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory use of Rupiah in the territory of the Republic of Indonesia.

Freight Forwarding Regulation

Freight forwarding in Indonesia is regulated in Minister of Transportation Regulation No. PM.49 of 2017 on the Organization and Management of Freight-Forwarding Services ("Regulation PM 49").

Freight forwarding is a business intended to act on behalf of the interest of the owner of goods to conduct all activities required to complete delivery and acceptance by train, ground, sea, or air transportation which includes:

- Delivery;
- acceptance;
- sorting;
- loading and unloading;
- storage;
- classification;
- packaging;
- tagging;

- measurement;
- weighing;
- management of document completion;
- issuance of transportation document;
- reservation of transport room;
- booking of transportation space;
- distribution management; and
- calculation of transportation costs, claims, insurance, or delivery of goods and invoice settlement and other costs, provision of information and communication system, and logistic services, and e-commerce goods;
- contractual carrier or non-vessel operator common carrier; and
- courier services and/or special luggage in accordance with the provisions of laws and regulations.

Business License for Freight Forwarding

A company which will conduct freight forwarding activity has to have a Business License for Freight Forwarding (*Ijin Usaha Jasa Pengurusan Transportasi* or "IUJPT"). To obtain that license, a company must satisfy administrative and technical requirement, among others:

- possess a deed of establishment;
- possess tax payer Identification Number;
- have authorized capital in the amount of Rp.1,200,000,000 (for PMA the authorized capital is at least US$4,000,000), 25.0% of which, shall be paid up capital;
- own and/or rent an office for at least 2 years;
- possess or control operational vehicle of at least 4 wheels.

IUJPTs are issued by the Governor through OSS System. An IUJPT is valid for as long as the company conducts its business and fulfills the requirements set out in the related license. An IUJPT is valid for all branches of the IUJPT holder in Indonesia.

All freight forwarding companies which operate based on the preceding freight forwarding decree still can perform their activities, but have to adjust the license in line with the Regulation PM 74 within three years after the enactment of Regulation PM 74.

If a company which holds an IUJPT is proven to infringe the regulation on IUJPT and/or implementing regulations, the Governor could impose administration sanction which ranging from written warning to IUJPT revocation.

Shipping Regulation

The Cabotage Principle

The Cabotage Principle originated from the conception that domestic marine transport activities is a part of and a strategic force in maintaining state sovereignty in Indonesia. The primary goal of the Cabotage Principle is for Indonesian and foreign shipping entrepreneurs who register their vessels in Indonesia to invest and conduct business in Indonesia by partnering with local operators and to utilize insurance and banking services to create employment in Indonesia.

One of the effects of the Cabotage Principle is the structuring of transportation of goods and cargos between domestic seaports served entirely by Indonesian-flagged vessels. As of January 1, 2010, the national shipping business has been successful in implementing the Cabotage Principle and providing for a fleet of Indonesian-flagged vessels for the transportation of 14 commodities in accordance with Minister of Transport Regulation No. KM 71 of 2005 on Inter-Seaport Transport of Goods/Freights Inter-Domestic Sea Port ("MoT. 71/2005"), namely oil and gas, general cargo, coal, timber, rice, crude palm oil, fertilizer, cement, minerals, grains, liquid and chemical cargo, agricultural products, as well as fresh product. During 2010, Indonesian National Shipowners' Association worked to provide a fleet of Indonesian-flagged vessels to support offshore activities. MoT. 71/2005 was revoked and replaced by Minister of Transport Regulation No. KM 22 of 2010 ("MoT. 22/2010") as amended by MoT. No. 73 of 2010. Since the enactment of MoT. 22/2010 in conjunction with the MoT. No. 73 of 2010, all domestic transportation of commodities should be served by the Indonesian-flagged vessels, and foreign-flagged vessels engaged in transportation activities supporting domestic upstream and downstream oil and gas business could only be able to continue their activities until May 7, 2011.

Implementation of Cabotage Principle

The implementation of Cabotage Principle has increased the number of national merchant vessels during the last five years. In March 2005, the number of national merchant vessels were approximately 6,000 units. Since the implementation of Cabotage Principle, an additional 3,129 units were added and the number increased to 9,170 units in December 2009. In March 2010, the number increased to 9,309 units. The success of increasing Indonesian-flagged vessels was mostly in connection with the sectors of non-oil and offshore activities. The national shipping fleet continues to expand its oil and gas vessels in anticipation of growth in demand from Pertamina. As such, we believe the need for Indonesian-flagged vessels in the oil and gas sectors will continue to grow.

Minister of Transport Regulation No. KM. 22 of 2010 on Goods/Cargo Transportation Inter-Domestic Sea Ports

This MoT. 22/2010 revoked MoT. 71/2005. The MoT. 22/2010 regulates that the goods transportation inter-domestic sea ports should be conducted by national shipping companies using Indonesian flagged vessels and employing Indonesian nationality crew. Under Article 4 of MoT 22/2010, if no Indonesian-flagged vessels are available to transport goods between domestic sea ports, the government has provided an exemption to use foreign vessels. However, the operation of foreign vessels is limited for those foreign vessels which already have contracts before May 7, 2008, and still carry out activities until January 7, 2011.

Minister of Transport Regulation No. PM. 73 of 2010 on amendment to Minister of Transport 22 of 2010 on Goods/Cargo Transportation Inter-Domestic Sea Ports

On November 19, 2010, Minister of Transport Regulation No. PM. 73/2010 amended Article 4 of the MoT. 22/2010 and stated that the foreign vessels which engage in transportation activities supporting domestic upstream and downstream oil and gas were allowed to continue their activities until May 7, 2011.

Law No. 17 of 2008 on Shipping

In 1992 the Indonesian Government issued Law No. 21 of 1992 on Shipping. In May 7, 2008, the Law No. 21 of 1992 had been revoked with Law No. 17 of 2008 on Shipping as amended by Job Creation Law (the "Shipping Law") to foster the development of the maritime industry in Indonesia. The Shipping Law covers, among other matters, the implementation of the Cabotage Principle, minimum navigation requirements, good port governance, port tariffs and port status (e.g. designation of ports for international seaborne trade), ship registration, standard requirements for crew members and maritime management and environmental safety requirements.

Government Regulation No. 20 of 2010 on Water Transportation

The Shipping Law's implementing regulation, Government Regulation No. 20 of 2010 ("GR 20/2010") on Water Transportation amended by Government Regulation No. 22 of 2011 on the Amendment to GR 20/2010 on Water Transportation, and lastly amended by Government Regulation No. 31 of 2021 on Shipping Sector Management, was issued in February 1, 2010. GR 20/2010 implementing the water transportation by carried Cabotage Principle consistently for marine transport companies to host in their own country. GR 20/2010 also stated that sea transportation in the domestic area should be conducted by national shipping companies using Indonesian-flagged vessels and employing Indonesian nationality crew. The GR 20/2010 was issued to (i) implement the Cabotage Principle for protecting the sovereignty of national archipelago implementation and (ii) provide opportunities for domestic sea transportation to gain market share.

Government Regulation No. 22 of 2011 on the Amendment to GR 20/2010 on Water Transportation ("GR22/2011")

GR 22/2011 was issued on April 4, 2011, which amended GR 20/2010 to allow certain types of foreign vessels to operate in Indonesia as long as they fulfill the following conditions:

- they do not transport passengers and/or goods;
- Indonesian-flagged vessels are not or not sufficiently available; and
- they have obtained licenses from the Minister of Transportation.

Activities which are defined as not transporting passengers and/or goods are:

- oil and gas survey;
- drilling;
- offshore construction;

- offshore operational support (including anchor handling tug supply vessel bigger than 5,000 BHP with dynamic position (DP2/DP3), platform supply vessels (PSV) and diving support vessels (DSV));

- dredging; and

- salvage and underwater works.

Although this regulation is applicable beginning April 4, 2011, the terms and conditions for granting the operation licenses of foreign-flagged vessels is regulated by the Minister of Transportation.

Presidential Instruction No. 5 of 2005 on the Empowerment of the National Shipping Industry

The President of Indonesia issued Presidential Instruction No. 5 of 2005 on The Empowerment of The National Shipping Industry (the "Presidential Instruction 5/2005") to thirteen ministers, as well as governors, regents and mayors in Indonesia in March 28, 2005.

These government officials were instructed to implement the Cabotage Principle (which prohibits foreign-flagged vessels from providing domestic shipping services within Indonesia) and to formulate policies in accordance with the Presidential Instruction 5/2005, in order to foster the development of the shipping industry in Indonesia. The key proposals contained in the Presidential Instruction included (a) fully implementing the Cabotage Principle, allowing domestic seaborne transportation to be carried out by Indonesian-flagged vessels operated by Indonesian shipping companies; (b) encouraging banks to be actively involved in the development of the national shipping industry and developing non-bank financial institutions to provide financing for national shipping companies; (c) expediting the ratification of the 1993 International Convention on Maritime Liens and Mortgages and preparing a draft law on maritime liens and mortgages and expediting the ratification of the 1999 International Convention on Arrest of Ships and preparing a draft law on arrest of ships in accordance with national practices; (d) developing a national shipbuilding industry through various incentives; and (e) encouraging municipal governments and the private sector to develop training and education centers for seamen which comply with IMO standards.

Ratification of 1993 International Convention on Maritime Liens and Mortgages

Pursuant to Presidential Regulation No. 44 of 2005 dated July 8, 2005, the Republic of Indonesia ratified the 1993 International Convention on Maritime Liens and Mortgages. The Department of Communication has submitted to the Department of Law and Human Rights a draft of a new law concerning maritime liens and ship mortgages to amend the relevant provisions of Indonesia's domestic laws following the ratification of the Convention by the Republic of Indonesia but there is currently no timeframe for the promulgation of the new law.

Foreign Investment in Indonesian Shipping Industry

The Indonesian Government periodically issues what is known as the Negative List of Investments — now called Priority Investment List — with the latest President Regulation No. 10 of 2021 on Investment Business Fields as amended by President Regulation No. 49 of 2021 on Amendment to President Regulation No. 10 of 2021 on Investment Business Fields. The Priority Investment List lists those areas in which foreign and domestic investments are prohibited or restricted and, in principle, any area not listed in the DNI is open for foreign and domestic investments. The current Priority Investment List provides that shipping companies are, generally,

open for foreign investments. Pursuant to the current Priority Investment List, foreigners may not own more than 49% of a foreign investment in shipping related business, among others: (i) sea-transportation (regional or international), (ii) international sea-transportation for passenger (CPC 7211), and (iii) international sea-transportation for goods (CPC 7212.)

Minister of Transportation Regulation No. KM. 26 of 2006 on Simplification of the System and Procedures For Procurement of Ships and The Use/Replacement of Ship Flag

On May 30, 2006, the Minister of Transportation issued Regulation No. KM.26 of 2006 on Simplification of System and Procedures for Procurement of Vessels and Use/Change of Vessel Flag ("MoT 26/2006"). MoT 26/2006 revokes Minister of Transportation Decree No. KM.14 of 1996 on Simplification of Procedures for Procurement and Registration of Vessels as subsequently amended. Pursuant to MoT 26/2006, vessels which may be registered under Indonesian flag are those (i) having a volume of GT 7 or more and (ii) whose shares are owned by Indonesian nationals or legal entities. The application for registration may be made through the Directorate General of Sea Communication or through the office of the harbor master at certain seaports throughout Indonesia including Jakarta, Surabaya and Batam.

Safety and Security requirements under Indonesian Law

Any seagoing vessel operating within Indonesian waters shall be subject to Indonesian safety regulations. Pursuant to Article 117 of the Shipping Law the marine safety and security is a fulfilment of conditions of ship sea-worthiness and navigation. The sea-worthiness conditions consisting of (i) vessel safety; (ii) prevention of pollution form vessel; (iii) vessel manning; (iv) vessel load line and loading; (v) crew prosperity and passengers' health; (vi) vessel nationality; (vii) management of safety and prevention of pollution from ships; and (viii) management of ships' security. While the navigation conditions (i) vessels navigation aid means; (ii) vessel telecommunications; (iii) hydrograph and meteorology; (iv) lanes and crossings; (v) dredging and reclamation; (vi) scouting; (vii) handling of vessel bodies and (viii) salvage and underwater works.

In connection with the enforcement of safety and maintenance requirements, Indonesian marine inspectors are authorized to carry out the necessary surveys or inspections on board vessels, including the following:

- initial surveys are carried out for a new vessel built at a shipyard or for the reflagging of a foreign-flagged vessel to an Indonesian-flagged vessel;
- annual surveys;
- renewal surveys are conducted once every five years;
- interim surveys are conducted annually to every five years;
- outside the regular surveys, there are on the spot inspections; and
- surveys due to vessel damage or repair.

Indonesia is a signatory to numerous international Conventions including the International Convention for the Prevention of Pollution from Ships ("MARPOL") and the International Convention for the Safety for Life at Sea ("SOLAS"). The requirements set out in the relevant international Conventions are also applicable to seagoing vessels operating within Indonesian waters.

Applicable Environmental Laws

Indonesia has, by virtue of Presidential Decree No. 46 of 1986, ratified MARPOL and has, by virtue of Presidential Decree No. 52 of 1999, ratified the Protocol of 1992 to amend International Convention on Civil Liability for Oil Pollution Damage, 1969 Protocol. By way of further implementing regulations for the Conventions, the Minister of Transportation has issued Regulations No. PM 29 of 2014 on the Prevention of Maritime Environment-Pollution. In addition, there are numerous other relevant environmental regulations issued by the Minister of the Environment including the following:

- Law No. 32 of 2009 on Environmental Protection and Management, as amended by Job Creation Law;
- Law No. 27 of 2007 on Management of Costal Area and Isles, as amended by Law No. 1 of 2014 and Job Creation Law;
- Government Regulation No. 21 of 2010 on The Protection of Marine Environment;
- Government Regulation No. 22 of 2021 on Implementation of Environmental Protection and Management;
- Minister Maritime Affairs and Fisheries Regulation No. 31/Permen-KP/2020 on Conservation Area management;
- Decree of the Minister of the Environment No. 45/MENLH/11/1996 on the Program to Sustain Beaches;
- Decree of the Minister of the Environment No. 04 of 2001 on the Criteria of the Quality Standard of the Damage on the Coral Reef;
- Decree of the Chairman of the Environmental Controlling Agency No. 47 of 2001 on the Guidelines on Measurements of Conditions of Coral Reef;
- Decree of the Minister of the Environment No. 51 of 2004 on the Criteria of the Quality Standard of Sea Water as amended by Decree of the Minister of the Environment No. 179 of 2004;
- Decree of the Minister of Environment No. 200 of 2004 on the Criteria of the Quality Standard of Environmental Damage and on the Guidelines on Measurements of Seagrass Status; and
- Decree of the Minister of the Environment No. 201 of 2004 on the Criteria of the Quality Standard and the Guidelines to Determine Damage on Mangroves.

Regulation of the Indonesian Electricity Sector

The Indonesian electricity industry is regulated under Law No. 30 of 2009 as amended by Job Creation Law (the "Electricity Law") and its implementing regulations, among other things, Government Regulation No. 14 of 2012 as amended by Government Regulation No. 23 of 2014 on Electricity Supply Business Activities ("GR on the Electricity Supply Business Activities").

The Electricity Law defines "Electric Power" as a form of secondary energy that is generated, transmitted, and distributed for all kinds of purposes, but does not include electricity used for communication, electronics, or signal. In accordance with the principle of regional autonomy, the electric power business is controlled by the Government and regional government and carried out by state owned companies and regional government-owned companies. In addition, private enterprises, cooperatives, and self-supporting public institutions may also participate in the electric power business.

Under the Electricity Law, the Government has the authority to determine the General National Power Plan (*Rencana Umum Ketenagalistrikan* "RUKN"), which is prepared based on the national policy on energy following due consultation with the DPR. RUKN is a plan to develop an electric power supply system for Indonesia and relates to electric power plants and the transmission and distribution of electric power which is required for fulfilling Indonesia's electric power needs. For 2019-2038, RUKN is contained in the Ministerial Decree No. 143 K/20/MEM/2019.

Pursuant to the Electricity Law, the electric power business is divided into (i) the electric power supply businesses; and (ii) the electric power supporting businesses.

Industry Framework

Under the Electricity Law, electricity supply in Indonesia is no longer executed by the state and carried out by the holder of the Electricity Business Proxy (*Pemegang Kuasa Usaha Ketenagalistrikan* "PKUK"). Instead, the electricity supply is controlled by the state and conducted by the central Government and the regional governments through state-owned enterprises, and regional-owned enterprises. The Electricity Law also allows private business enterprises, cooperatives and non-governmental enterprises to participate in the electricity supply business. However, under the Electricity Law, state-owned enterprises, have the first priority to decide whether to be the electricity supplier for the public needs of a specified area before such right can be awarded to anyone else. If we decline the offer to undertake a public electricity supply business for the specified area, the central Government or the regional governments, in accordance with their respective authority, may offer the right to maintain the public electricity supply business to regional-owned enterprises, private enterprises or cooperatives.

Furthermore, if there are no regional-owned companies, private enterprises or cooperatives that elect to supply electricity in an area, the central Government is obliged by the Electricity Law to instruct state-owned enterprises to supply electricity in such area.

MANAGEMENT

In accordance with Indonesian law, we have a Board of Commissioners and a Board of Directors. Our management and day-to-day operations are carried out by our Board of Directors under the supervision of our Board of Commissioners, the members of which are elected through a general meeting of shareholders. The two boards are separate and no individual may be a member of both boards.

Each of our Board of Commissioners and Board of Directors is currently composed of four members and three members respectively. Our commissioners and directors are elected for a term commencing on the date of appointment by the general shareholders' meeting and terminating at the close of the third annual general shareholders' meeting, without prejudice to the rights of the general meeting of shareholders to dismiss a commissioner or director during his or her term of office or to reappoint a commissioner or director whose term of office has expired. Our officers serve at the discretion of our Board of Directors.

The following table sets out certain information concerning our commissioners and directors:

Name	Position	Age	Date of Appointment
Commissioners:			
Rachmat Mulyana Hamami	President Commissioner	56	December 14, 2010
Mivida Hamami	Commissioner	59	August 28, 2009
Arief Tarunakarya Surowidjojo ...	Independent Commissioner	68	May 18, 2015
Manggi Taruna Habir	Independent Commissioner	68	May 7, 2021
Directors:			
Achmad Ananda Djajanegara	President Director	55	December 14, 2010
Adrian Erlangga	Director & Group COO	56	May 19, 2014
Haris Mustarto	Director & Group CAO	55	June 18, 2020

The rights and obligations of each member of our Board of Commissioners and Board of Directors are regulated by our articles of association, the decisions of general meetings of our shareholders, the Company Law and after our listing on the IDX, OJK regulations and IDX regulations. The President Director is authorized to represent our Board of Directors for and on behalf of our Company and has the authority to bind our Company. In the event of the absence or disability of the President Director due to any reason, any one of the directors is authorized to represent our Board of Directors for and on behalf of our Company and he or she will have the authority to bind our Company.

Board of Commissioners

The principal functions of our Board of Commissioners are to give advice and recommendations to, and supervise the policies of, our Board of Directors. A public company must have at least two members in its Board of Commissioners. Under our articles of association, our Board of Commissioners must consist of at least two members, one of whom is the President Commissioner. Each commissioner serves a term commencing on the date of appointment by the general shareholders' meeting and terminate at the close of the third annual general shareholders' meeting. Shareholders at a general meeting of shareholders have the power to nominate, elect and remove members of our Board of Commissioners by means of a shareholder resolution.

Certain information with respect to our commissioners is set out below:

Mr. Rachmat Mulyana Hamami is our President Commissioner. He obtained his Bachelor's degree in Business from the Brighton University, Sussex, United Kingdom in 1989. He has worked in various positions within the Trakindo Group for more than 19 years. He is currently the President Director of PT Tiara Marga Trakindo. In addition, he has served in various other positions including as President Commissioner of PT Mahadana Dasha Utama, Director of Valle Verde, and PT Tri Swardana Utama. In 2005, he was appointed the Secretary General of the China Committee of the Indonesian Chamber of Commerce and Industry. He is the son of the late Mr. Ahmad Hadiat Hamami and the brother of Ms. Mivida Hamami.

Ms. Mivida Hamami is our Commissioner. She obtained her Master of Business Administration in Accountancy from New Hampshire College (currently South New Hampshire College), Manchester, United States in 1992 and Bachelor's degree in Social and Political Sciences from the University of Indonesia in 1988. She has worked in various positions within the Tiara Marga Trakindo group for more than 16 years. She is currently a director the Trakindo Group, the President Commissioner of PT Mitra Solusi Telematika and a commissioner of PT Chitra Paratama, the President Commissioner of PT Triyasa Propertindo and the President Director in PT Mahadana Dasha Utama (MDU). She was also previously the President Director of PT Sumberdaya Sewatama. She is the daughter of the late Mr. Ahmad Hadiat Hamami and the sister of Mr. Rachmat Mulyana Hamami.

Mr. Arief Tarunakarya Surowidjojo is our Independent Commissioner. He obtained his Bachelor's degree in Law from the University of Indonesia Faculty of Law in 1977 and earned the title of Masters of Law (LLM) from the University of Washington in Seattle in 1984. He is one of the founders of Lubis Ganie Surowidjojo. He is currently an Independent Commissioner, and was previously Vice President Commissioner and Chairperson of the Audit and Good Corporate Governance Committee of PT Vale Indonesia Tbk, Independent Commissioner and Vice President Commissioner at PT Holcim Indonesia Tbk and an Independent Commission of PT Sampoerna Agro Tbk. Mr. Arief Tarunakarya Surowidjojo is also the founder, executive, supervisor or patron in a number of non-governmental organizations such as: WWF Indonesia, Transparency International Indonesia, Masyarakat Transparansi Indonesia (The Indonesian Transparency Society), Cahaya Guru Foundation, Putera Sampoerna Foundation, Pusat Studi Hukum dan Kebijakan (The Centre for Legal and Policy Studies), and the Indonesian Center for Corporate Governance Board of Directors.

Mr. Manggi Taruna Habir is our Independent Commissioner. He obtained his Bachelor of Arts degree with a major in Economics from McGill University in 1977, a Masters in Business Administration from the University of Michigan in 1979 and a Masters in Public Administration from Harvard University, Kennedy School in 2002. He has served in Multinational Finance Corporation as assistant manager from 1979 to 1981, Indonesian Bank Restructuring Agency as Advisor from 2000 to 2001 and Mitra Gagasemha Kreasi (MGK) as Senior Advisor from 1991 to present. He has served as staff correspondent of Far Eastern Economic Review between 1982 to 1985, was a senior editor of the Jakarta Post from 2008 to 2010 and a contributor to the Tempo Weekly Magazine between 2013 to 2018. He has also maintained positions as part-time faculty in the Indonesian Management Development Institute since 1991 and the Yusok Ishak Institute (Institute of Southeast Asian Studies) since 2020, till present.

Board of Directors

We are managed on a day-to-day basis by our Board of Directors. The Board of Directors is authorized and directly represents our Company in and outside the court in all matters and has the

authority to bind our Company to any third party. Under our articles of association, our Board of Directors must consist of at least two members, one of whom is the President Director. Members of our Board of Directors are nominated, elected and removed by shareholders resolutions in a general meeting of shareholders. Each director serves for a term commencing on the date of appointment by the general shareholders' meeting and terminate at the close of the third annual general shareholders' meeting.

Certain information with respect to our directors is set out below:

Mr. Achmad Ananda Djajanegara is our President Director. He is also a Commissioner of CK, CKB and SSB. He obtained his Master's Degree in Business Administration from the Rotterdam School of Management, Erasmus University in 1992. He has been our President Director since 2010 and prior to that was a Managing Director from 2009 to 2010. Prior to this, he worked as Chief Strategy Officer at PT Tiara Marga Trakindo, the Managing Director/Strategic Banker at Standard Chartered Bank, Jakarta, a partner in the corporate finance/advisory department of Fund Asia, Jakarta, managing director of Abacus Capital, Jakarta and senior vice president of at Bank of America, Nationals Association, Jakarta.

Mr. Adrian Erlangga is our Director & Group COO. He is also the President Director of Reswara, President Commissioner of CK and a Commissioner of PWP. He obtained his Master's Degree in Business Administration from the Golden Gate University, San Francisco in 1993. He became our Finance Director in 2014. Prior to that, he worked as Director of Reswara, a Director of PT Trada Maritime Tbk., Vice President of PT Pasifik Satelit Nusantara and member of the board and chief advisor of AceS International Ltd.

Mr. Haris Mustarto is our Director & Group CAO. He is also the Director of PWP. He obtained his Master's Degree in finance from the University of Indonesia. He became our Director in 2020. Prior to that, he worked as Chief Administration Officer of CK, a General Manage Human Capital of Trakindo, a Head of HR & Support Services of PT Cikarang Listrindo, and as HR Manager Plan Internasional of Plan International.

Senior Management

The members of our senior management are as follows:

Name	Position	Age
Feriwan Sinatra	President Director of PT Cipta Kridatama	55
Iman Sjafei	President Director of PT Cipta Krida Bahari	49
Johan Budisusetija	Director of PT Sanggar Sarana Baja	51
Doni Syamsurianto	Group CIO	45
Januar Rijadian Sumardi	Group CFO	52

Certain information with respect to our senior management is set out below:

Mr. Feriwan Sinatra is the President Director of CK. He obtained his mining engineering degree from Bandung Institute of Technology in 1991. He became President Director of CK in 2016. Prior to this he served as President Director of TIA and in various roles at PT Kaltim Prima Coal, including as its manager of mining operations.

Mr. Iman Sjafei is the President Director of CKB. He obtained his Bachelor's Degree in industrial and operations engineering from the University of Michigan in 1994 and his Master's

Degree in engineering from the University of Michigan in 1995. He became President Director of CKB in 2014. Prior to this he worked at Unilever Indonesia for over 15 years.

Mr. Johan Budisusetija is the Director of SSB. He obtained his Bachelor's Degree in engineering from the Sepuluh November Institute of Technology in 1993. He became a Director of SSB in 2013. Prior to this he worked as a senior manager at Alstom Indonesia for over 12 years.

Mr. Doni Syamsurianto is our Group CIO. He obtained his Bachelor's Degree in Nuclear Engineering from the Gadjah Mada University in 1999 and his Master's Degree in Strategic Management from Prasetiya Mulya University in 2010. He became our Chief Information Officer in 2018. Prior to that, he worked as Head of Strategy of ICT, Head of Business Reinvention and Value Enhancement of Trakindo, as Consultant and Manager in Accenture and as Go To Market Group Head of LG Electronics, Indonesia.

Mr. Januar Rijadian Sumardi is our Group CFO. He obtained his Bachelor's Degree in Civil Engineering from the Bandung Institute of Technology in 1992 and his Master's Degree in Management from University of Indonesia in 1994. He became our Chief Financial Officer in 2020. Prior to that, he worked as Finance Planning & Strategy Division Head of Trakindo, as Business Development and Corporate Finance Senior Vice President at PT CT Corpora, as Lead Advisory at PWC FAS, as Relationship Manager and International Banking in PT Bank Negara Indonesia and as Business Development of Dharmala Intiland Group.

Compensation

The total remuneration (salary and discretionary bonus) paid to our commissioners amounted to US$0.7 million, US$0.7 million, US$0.6 million for the years ended December 31, 2018, 2019 and 2020 respectively.

The total remuneration (salary and discretionary bonus) paid to our directors amounted to US$4.2 million, US$3.8 million, and US$3.6 million for the years ended December 31, 2018, 2019 and 2020 respectively.

Internal Audit

In accordance with OJK Regulation No. 56/POJK.04/2015 on the Formation and Guidelines on Drafting the Charter of Internal Audit Unit, dated December 29, 2015 ("OJK Regulation 56/2015"), for the purpose of implementing good corporate governance, an issuer or a public company is required to establish an internal audit unit, which is a working unit within the issuer or the public company that performs the internal auditing function. The internal audit unit must consist of at least one internal auditor. Where the internal audit unit consists of one internal auditor, he or she must also act as the chief of the internal audit unit.

The main duties and responsibilities of the internal audit unit must include:

- preparing and implementing the annual internal audit activity plan;
- examining and evaluating the effectiveness of the internal control and risk management system in accordance with company policy;
- conducting audits and assessments on the efficiency and effectiveness of such company functions as finance, accounting, operations, human resources, marketing, information technology and other activity;

- providing objective advice and information on audited operations at all management levels;

- reporting audit findings and preparing such comprehensive audit reports to President Director and Board of Commissioners if necessary;

- monitoring, analyzing and reporting on the progress achieved based on recommendations that have been suggested and agreed to implement;

- cooperate with the Audit Committee;

- developing programs to evaluate the quality of the internal audit actions performed by the internal audit division;

- conducting special audits, where necessary; and

- safeguarding the Company's assets while running its authority as an internal auditor

We have formed an Internal Audit Unit pursuant to Decree of the Board of Directors No. ABM-BOD/092/BOD/09/2011 dated September 21, 2011. Further, we have prepared an Internal Audit Charter in accordance with OJK Regulation 56/2015, and have appointed Mr. Budi Triastomo as the Head of Internal Audit Unit pursuant to Decree of the Board of Directors No. 008/ABM-RES-DIRUT/V/2015 dated May 13, 2015.

Audit Committee

In accordance with OJK Regulation No. 55/POJK.04/2015 on the Formation and Working Guidelines of Audit Committees, dated December 29, 2015 ("OJK Regulation 55/2015"), a public company is required to have an audit committee for the purpose of implementing good corporate governance. The audit committee is required to oversee all matters relating to the integrity of financial statements. It is also required to manage operational risks and internal and external audit, and ensures compliance with legal and regulatory requirements. The audit committee and its members are established, appointed and removed by the board of commissioners and shall comprise at least three members consisting of one Independent Commissioner and two independent external parties. All audit committee members must be financially literate and at least one member shall have accounting and/or related financial management expertise. Our audit committee is currently composed of Mr. Manggi Taruna Habir, Mr. Ferry D. J. Alis and Mr. Agus Yulianto. Mr. Manggi Taruna Habir is the chairman of the audit committee.

Nomination and Remuneration Committee

Under OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of the Issuer or Public Company, dated December 8, 2014, for the purposes of implementing good corporate governance, an issuer or a public company is required to have the function of nomination and remuneration conducted by the board of commissioners. The board of commissioners may form a nomination and remuneration committee consisting of at least three members, with an independent commissioner acting as the head of the committee, while the other members may be: (i) members of the board of commissioners; (ii) outside the relevant issuer or public company; or (iii) serving managerial positions under the board of directors in charge of human resources.

We have formed a Nomination and Remuneration Committee and appointed Mr. Arief Tarunakarya Surowidjojo as the chairperson, and Mr. Rachmat Mulyana Hamami, Ms. Mivida Hamami and Mr. Rifki as the other members. Further, we have prepared Guidelines on the Nomination and Remuneration Committee pursuant to Decree of the Board of Commissioners No. 033/ABM-RES-BOC/VIII/2015 dated August 19, 2015.

Corporate Secretary

Our Corporate Secretary is Mr. Rindra Donovan. The duties and responsibilities of the Corporate Secretary include, among others, monitoring the developments in the capital markets, particularly with regard to prevailing regulations, providing investor information to the public, providing input to the board of directors regarding regulatory requirements, organizing the general meeting of shareholders, implementing decisions of the board of directors and other related tasks.

We established the position of Corporate Secretary in accordance with OJK Regulation No. 35/POJK.04/2014, which requires that a public company appoint a Corporate Secretary who is responsible for communication between ABM and its stakeholders.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our ordinary shares as of April 30, 2021, held by: (i) each person who is known to us to have more than 5.0% beneficial share ownership; and (ii) each of our commissioners and directors.

Name	Number of Shares Held	Percentage of Total Outstanding Shares
5% or Greater Beneficial Share Owner:		
Valle Verde Pte Ltd[(1)]	1,540,557,000	55.956%
PT Tiara Marga Trakindo[(2)]	636,366,000	23.114%
Bank Julius Baer and Co. Ltd. Singapore S/A	312,320,500	11.344%
Each of our commissioners and directors:		
Mr. Rachmat Mulyana Hamami	6,120,500	0.222%
Ms. Mivida Hamami	133,500	0.005%
Mr. Achmad Ananda Djajanegara	1,283,500	0.047%

(1) Valle Verde Pte. Ltd. is beneficially owned by Mr. Rachmat Mulyana Hamami, Mr. Rachmat Sobari Hamami, Ms Mivida Hamami, and Ms Anna Solana Hamami.

(2) PT Tiara Marga Trakindo is beneficially owned by Mr. Rachmat Mulyana Hamami, Mr. Rachmat Sobari Hamami, Ms Mivida Hamami, Ms Anna Solana Hamami and Ms Kartika Hamami.

The shares held by persons described above are ordinary shares that do not have any interests or carry any voting rights different from our other ordinary shares and are of the same class.

Except as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person, whether severally or jointly. There is no known arrangement, the operation of which may, at subsequent date, result in a change in control of our Company.

RELATED PARTY TRANSACTIONS

The following is a summary of material transactions we have engaged in with our direct and indirect shareholders, affiliates of our shareholders and other related parties, including those in which we or our management have a significant equity interest. We believe each of these arrangements as described below have been entered into on arm's length terms or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties. For a further discussion of related party transactions, see Note 30 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Under the OJK regulations, any conflict of interest transaction by an equity issuer or a public company must be approved by a majority of the shareholders who have no conflict of interest with such transaction and/or are not affiliates of the director, commissioner or principal shareholder who has a conflict of interest. A "conflict of interest" is defined under OJK regulations to mean a conflict between the economic interests of the company, on the one hand, and the personal economic interests of any member of the board of commissioners, board of directors or principal shareholders (a holder of 20% of the issued shares, directly or indirectly, of a public company) in a transaction which can be detrimental to an equity issuer or a public company due to the unfair price determination. OJK has the power to enforce this rule.

Payment Arrangements with Trakindo

On December 31, 2015, CK entered into a restructuring of trade payables with Trakindo, which is beneficially owned by our controlling shareholders, where CK acknowledged its trade payables to Trakindo as at December 31, 2015 in the amounts of US$187.6 million and Rp.272.9 billion. Under the terms of the restructuring of trade payables, as amended most recently on December 31, 2018, CK was required to make payment to Trakindo to settle all outstanding amounts including penalty payments to Trakindo. As of April 26, 2019, all such amounts have been repaid to Trakindo and trade payables to Trakindo are on arm's length terms.

ANN Strategic Investment in MHU

On October 31, 2019, ANN made a strategic investment of US$60.0 million in MHU, a related party, which has a coal concession located in the province of East Kalimantan. ANN has 10% ownership with total of 551 shares consisting of 1 share Series B and 550 shares Series C. In relation to ANN's Investment to MHU, ANN and CK also signed the Consultation Fee Agreement and Amendment I of Mining Services Contract with MHU (as described below).

The above transaction has been appraised for its fairness by KJPP Syarif, Endang & Partner, an independent appraiser, dated October 31, 2019. On November 6, 2019, the Company submitted a letter No. ABM-CSC/032/RDN/XI/2019 to OJK for the disclosure of information that the public needs to know in accordance with BAPEPAM-LK No. X.K.1.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated June 18, 2021 for March 31, 2021 and 2020, and dated March 19, 2021 for December 31, 2020, which used a discounted cash flow model, to estimate the fair value of investment in ANN, we recognized an gain (loss) on investment in shares in MHU amounting to US$0.4 million and US$(21.4) million during the three-month periods ended March 31, 2021 and 2020, respectively, and US$(19.0) million for the year ended December 31, 2020.

Mining Services and Heavy Equipment Rental Contract with MHU

On June 27, 2019, CK entered into a Mining Services Contract with MHU, a related party, for developing and implementing mining services in the East Kalimantan area with an area of 39,972 Ha. The contract is valid for five years until April 1, 2024 with the target production of 180 million BCM.

In relation to ANN's investment in MHU, on October 31, 2019, CK and MHU signed Amendment I to such Mining Services Contract, which amendment modified the contract term to match the life of mine (which will be reviewed every 3 years or such other period as agreed by both parties) and to increase the target of production to 204.4 million BCM.

On October 3, 2019, CK entered into a heavy equipment rental contract with MHU to rent heavy equipment to support the MHU coal mine. This contract is valid until April 1, 2024. This contract was amended on May 14, 2020 to amend the rates for service.

For the year ended December 31, 2020 and 2019, and the three months ended March 31, 2021 and 2020, total mining services income recognized by CK in connection with such contract amounted to US$44.2 million, US$21.1 million, US$21.8 million and US$6.6 million, respectively.

Consultation Fee Agreement with MHU

On October 21, 2019, ANN signed a Consultation Fee Agreement with MHU, for ANN to provide consultation services relating to mining services performed by CK as MHU's contractor. The consultation fee payable by MHU is calculated based on the achievement of CK's target of production totaling US$26.7 million and will be charged by ANN gradually until December 31, 2022.

On October 27, 2020 the Consultation Fee Agreement was amended to increase the contract period to December 31, 2025. For the year ended December 31, 2020 and 2019, and the three months ended March 31, 2021, total consultation fee income recognized by ANN amounted to US$3.8 million, US$0.2 million and US$1.0 million, respectively.

Ijarah Agreement with PT Karya Kharisma Mandiri ("KKM")

On December 10, 2019, CK signed Akad Pembiayaan Ijarah No. 01/IJARAH/KKM-CK/XII/2019 agreement with KKM, a related party, for the lease by KKM of trucks to CK for a period of 2 (two) years from January 2020.

For the year ended December 31, 2020 and the three months ended March 31, 2021, the total of rent expense recorded by CK was US$9.9 million and US$3.3 million, respectively.

Ijarah Agreement with PT Wargi Santosa ("WS")

On August 28, 2020, CK signed Akad Pembiayaan Ijarah agreement number 01/IJARAH/WS-CK/VIII/2020 with WS, a related party, for the lease by WS of trucks to CK for a period of 4 years from September 1, 2020.

On September 28, 2020, CK signed Akad Pembiayaan Ijarah agreement number 02/IJARAH/WS-CK/IX/2020 with WS, a related party, for the lease by WS of heavy equipment to CK for a period of 4 years from October 1, 2020.

For the year ended December 31, 2020 and the three months ended March 31, 2021, the total of rent expense recorded by CK amounted to US$0.6 million and US$0.5 million, respectively.

Working Capital Facility Agreement with PT Chandra Sakti Utama Leasing ("CSUL")

On January 17, 2020, CK signed "Approval for Working Capital Financing with Working Capital Facility" agreement number MOU00072/003/CSUL-MKT/SPP/JKT-3/I/2020 with CSUL. Based on this agreement, CSUL provided a financing facility to CK for the purpose of financing the purchase of spare parts and heavy equipment from PT United Tractors Tbk. with a credit limit of up to Rp10,000,000,000. This facility is non-interest bearing and available until November 30, 2020, with a default interest rate of 4% per month. On December 16, 2020, CK and CSUL amended this agreement to extend the availability period of this facility to November 30, 2021. As of December 31, 2020 and March 31, 2021, no amounts are outstanding under this facility.

Sale and lease back transactions with CSUL

On January 27, 2021, NBE signed an "Investment Financing Agreement with Sale and Leaseback Facility" number 14302100049 with CSUL. Based on this agreement, CSUL will provide financing facilities in the form of sale and leaseback facilities amounting to Rp21.4 billion. This facility bears interest at 14% and will expire on January 28, 2026.

As a result of the sale and leaseback transaction, NBE recorded cash receipts of Rp17.1 billion (US$1.2 million), disposal of fixed asset amounting to Rp19.5 billion (US$1.4 million), right-of-use assets related leaseback amounting to Rp21.2 billion (US$1.5 million) and lease liability amounting to Rp16.7 billion (US$1.1 million). For the three-month period ended March 31, 2021, interest expense on this loan facility amounted to Rp0.4 billion (US$28.0 thousand).

Other Related Party Transactions

In addition to the above, we enter into other transactions with other members of the Trakindo Group in the ordinary course of business. For example, we lease the space for our head office in Jakarta from PT Triyasa Propertindo and receive group information technology services from PT Mitra Solusi Telematika. Our integrated logistics business receives financing to acquire vessels from PT Chandra Sakti Utama Leasing, who has also provided heavy equipment acquisition financing to our mining contract services business. We also acquire Iveco trucks from PT Chakra Jawara and Michelin branded tires from PT Chitra Paratama.

DESCRIPTION OF MATERIAL INDEBTEDNESS

As of March 31, 2021, we had contractual outstanding principal indebtedness totaling US$492.8 million calculated by the sum of short-term bank loans, current maturities of lease liabilities to third parties and lease liabilities to related parties, and long term net of current maturities of bonds payable, lease liabilities to third parties and lease liabilities to related parties.

The following is a summary of the material terms of certain financing arrangements to which we are a party. The following summaries are not complete and are subject to the full text of the documents described below.

PT Bank OCBC NISP Tbk ("OCBC") Demand Loan

On December 20, 2019 (as lastly amended on June 11, 2021), the Company and OCBC entered into a demand loan facility agreement where OCBC has agreed to provide the Company a demand loan for the purpose of Company's working capital, with a maximum limit of US$50.0 million. The facility has a floating interest rate with benchmark of 4.50% per annum. The maximum tenor of each drawdown is 90 days which may be extended. As long as there is an outstanding amount by the Company under the agreement, the Company is required to obtain written approval from OCBC prior to, among others, dispose its material assets, change the nature of its business activities, or engage in a merger, acquisition or consolidation transactions. Under the terms of the agreement, the Company is also required to maintain certain financial ratios such as interest service coverage ratio, consolidated debt to EBITDA, and minimum consolidated cash balance. The loan facility is available until August 31, 2021. We have received a consent letter from OCBC dated May 3, 2021 to issue the Notes pursuant to this Offering on the fulfillment of the financial covenants under this facility agreement and the relevant terms and conditions under the general terms.

PT Bank Mandiri (Persero) Tbk ("Mandiri") Non-Cash Loan Facility and Working Capital Loan Facility

On March 25, 2014 (as lastly amended on April 25, 2021), the Company and Mandiri entered into a non-cash loan facility agreement where Mandiri has agreed to provide the Company a non-cash loan for the issuance of, among others, letter of credit and bank guarantee required for the Company's operations, with a combined maximum limit not to exceed US$40.0 million. As long as there is an outstanding amount by the Company under the agreement, the Company is required to obtain written approval from Mandiri prior to, among others, (i) becoming a guarantor in favor of any third party, (ii) any capital participations or financings of other companies, or (iii) repayment of any shareholders loans. Under the terms of the agreement, the Company is also required to maintain certain financial ratios such as net debt to EBITDA ratio and net debt to equity ratio. The non-cash facility agreement will terminate on April 24, 2022. We have received a consent letter from Mandiri dated May 5, 2021 to issue the Notes pursuant to this Offering on the Company becoming a guarantor and fulfillment of the financial covenants under this facility agreement.

On March 26, 2021, the Company, TIA and CK entered into a working capital facility agreement where Mandiri has agreed to provide a revolving and committed US$50.0 million working capital facility. This facility may be used for the additional working capital of the borrower to support their operational activities, bears interest at a floating rate and is subject to certain financial covenants. Without prior written approval from Mandiri, the borrowers are not allowed to carry out, among others, providing guarantees, except as permitted under the 2022 Notes, change its shareholding structure which affect the change of control of the Permitted Holders (as defined in the

2022 Notes), and to grant security on assets, except as permitted under the 2022 Notes. This facility is valid for 12 months since the date of the agreement and may be extended upon the mutual agreement between both parties.

As of December 31, 2020 (with respect to the non-cash loan facility) and March 31, 2021, the Company had not met the required net debt to equity ratio. On July 16, 2021, the Company received a waiver of such non-compliance as of December 31, 2020 and March 31, 2021 from Mandiri. See, "*Risk Factors — Risks Related to the Notes and the Subsidiary Guarantees — The covenants in the Indenture governing the Notes and certain of our credit agreements impose restrictions that may limit our operating and financial flexibility*."

Standard Chartered Bank ("SCB") Uncommitted Facility

On October 31, 2017 (as lastly amended on November 4, 2020), the Company, CK, CKB, SSB and SCB entered into a facility letter where SCB has agreed to provide the Company, CK, CKB, SSB facilities in form of Import L/Cs (secured and unsecured), Short Term Loan, Import Loan, Bonds and Guarantees, and Bank Acceptance required for the Company's operations, with a combined maximum limit not to exceed US$10.0 million. The short term loan facility may be used for working capital of the borrower, with a floating interest rate, plus a margin. Under the facility letter, the Company, CK, CKB and SSB is required to notify SCB upon the occurrence of, among others, any amalgamation, merger, or corporate reconstruction, or any acquisition or investment in a company. The facilities will be automatically extended for every 12 months period, unless as otherwise determined by SCB from time to time.

PT Bank Negara Indonesia (Persero) Tbk ("BNI") Revolving Loan Facility

On May 11, 2021, the Company entered into a working capital agreement where BNI has agreed to provide a US$50.0 million working capital facility. This facility may be used for the additional working capital of the borrower to support the subsidiaries operational activities, with a fixed interest rate. Under the terms of the credit agreement, the Company is required to maintain its financial covenants of (i) maximum net debt/EBITDA of 3.5 times, (ii) minimum interest service coverage ratio of 200%, and (iii) maximum net debt/equity ratio of 2.5 times. Without prior approval from BNI, the Company is not allowed to carry out, among others, change its shareholding structure which affect the change of control of the ultimate shareholder (in this case, the Hamami family), to grant security on the Company's assets, unless it is for the purpose of its operating activities and/or project financing (to fulfil the negative pledge), and to carry out corporate action but not limited with its subsidiaries or similar transactions with a value of 50% or more than the company's equity on a consolidated basis (unless if the corporate action(s) will not affect the change of control of the ultimate shareholder (ultimate beneficiary owner). This facility is valid for 12 months since the date of the agreement and may be extended upon the mutual agreement between both parties. We have received a consent letter from BNI dated June, 21, 2021 to issue the Notes pursuant to this Offering.

Banking Facility from PT Bank Permata Tbk ("Permata")

On June 29, 2021 the Company, CK, TIA and Reswara entered into a Facility Agreement with Permata, for an uncommitted omnibus revolving loan facility, which includes revolving loan, letter of credit, post import financing and bank guarantee with an aggregate maximum limit of US$10.0 million. The revolving loan facility may be used for general corporate purposes, including to finance working capital. The facility will end in one year since the signing of the facility agreement. This loan bears interest at a floating rate, plus a margin. Without prior approval from

Permata, the Company is not allowed to, among others (i) incur indebtedness or any financial facilities which exceeds 10% of asset value, except if the financial covenants under the facility agreement can be maintained, (ii) grant loan or financing facility to other third parties, and (iii) act as a guarantor for third party indebtedness. Based on the facility agreement, the Company is required to maintain certain financial ratios which will be tested quarterly as follows: (i) Interest service coverage ratio at the minimum 2.50:1.00; (ii) Net debt to EBITDA at the maximum 3.00:1.00; (iii) Net debt to equity ratio at the maximum 2.00:1.00; (iv) Priority indebtedness at the maximum 10.00%.

On June 29, 2021 the Company, CK, TIA and Reswara also entered into a foreign currency transaction facility with Permata, for TOM, TOD, Spot, FX Swap and Forward transactions, with a maximum credit risk of US$4.0 million. The facility will end in one year since the signing of the facility agreement. The foreign currency transaction facility is subject to same covenants and financial ratios under the omnibus revolving loan facility.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes", the term "Company" refers only to PT ABM Investama Tbk, a company incorporated with limited liability under the laws of Indonesia, and not to any of its Subsidiaries. Each Subsidiary of the Company that guarantees the Notes is referred to as a "Subsidiary Guarantor", and each such guarantee is referred to as a "Subsidiary Guarantee."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Company, the Initial Subsidiary Guarantors and The Bank of New York Mellon as trustee (the "Trustee"). The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following is a summary of certain provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. On or after the Original Issue Date, copies of the Indenture will be available (upon prior written request and proof of Holder's ownership) during normal office hours (being between 9:00 am and 3:00 pm on any weekday (except public holidays)) at the Corporate Trust Office of the Trustee at 240 Greenwich Street, New York, New York 10286, United States of America or electronically via email from the Trustee.

Brief Description of the Notes

The Notes will:

- be general obligations of the Company;
- be senior in right of payment to any obligations of the Company expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to the limitations described below under the caption "— Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees";
- be effectively subordinated to the secured obligations of the Company and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- be effectively subordinated to all existing and future obligations of any Subsidiaries other than the Subsidiary Guarantors.

The Notes will mature on August 5, 2026 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture will allow additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this

"Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 9.500% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on February 5 and August 5 of each year (each an "Interest Payment Date"), commencing February 5, 2022.

Interest on the Notes will be paid on the Interest Payment Date to Holders of record at the close of business on January 21 or July 21 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

Except as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity.

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "— Book-Entry; Delivery and Form." No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent located at 240 Greenwich Street, New York, New York 10286, United States of America), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Company, payment of interest may be made by wire transfer (at the expense of the Company) to the Holders. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

Subsidiary Guarantees

On the Original Issue Date, all of the Company's Subsidiaries, other than PT Anzara Janitra Nusantara ("AJN") and its Subsidiaries, will be "Restricted Subsidiaries." AJN and its Subsidiaries existing on the Original Issue Date will be "Unrestricted Subsidiaries." However, under the circumstances described below under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries", the Company will be permitted to designate certain of its other Subsidiaries as "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

On the Original Issue Date, all of the Restricted Subsidiaries of the Company on the Original Issue Date (other than PT Media Djaya Bersama ("MDB") and its Subsidiaries and PT Agata Nugraha Nastari ("ANN")) will provide a Subsidiary Guarantee. The Initial Subsidiary Guarantors

will be PT Reswara Minergi Hartama ("Reswara"), PT Tunas Inti Abadi ("TIA"), PT Pelabuhan Buana Reja ("PBR"), PT Cipta Kridatama ("CK"), PT Cipta Krida Bahari ("CKB"), PT Sanggar Sarana Baja ("SSB"), PT Alfa Trans Raya ("ATR"), PT Baruna Dirga Dharma ("BDD"), PT Dianta Daya Embara ("DDE") and PT Prima Wiguna Parama ("PWP") (each an "Initial Subsidiary Guarantor" and collectively, the "Initial Subsidiary Guarantors"). MDB and its Subsidiaries existing on the Original Issue Date and ANN will not provide Subsidiary Guarantees on the Original Issue Date or at any time in the future.

The Company will agree that if the Company or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Original Issue Date that is not designated as an Unrestricted Subsidiary at the time of such acquisition or creation, then such Subsidiary will become a Restricted Subsidiary and the Company will, within 30 days of the date on which such Subsidiary is acquired or created, (1) procure that such Subsidiary execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Subsidiary will guarantee the payment of the Notes as a Subsidiary Guarantor on an unsubordinated basis and (2) deliver to the Trustee an Opinion of Counsel with respect to such supplemental indenture satisfactory to the Trustee; *provided*, *however*, that clauses (1) and (2) shall not apply to (i) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Company, (ii) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary or (iii) any such Restricted Subsidiary if the Company and its Restricted Subsidiaries own less than 95.0% of the outstanding Capital Stock of such Restricted Subsidiary *provided* that after giving *pro forma* effect to the designation of such Subsidiary as a Non-Guarantor Subsidiary on the date such Subsidiary is created or acquired (the "Designation Date"), the Company and any Restricted Subsidiary could Incur at least US$1.00 of Priority Indebtedness under the proviso in paragraph (a) of the covenant described under "— Limitation on Indebtedness."

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture, subject to the limitations set forth herein. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to

exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Concurrently with the execution of a Subsidiary Guarantee, each Subsidiary Guarantor incorporated in the Republic of Indonesia will enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for such Subsidiary Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture under the laws of Indonesia.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, financial assistance, corporate benefit, capital maintenance or similar laws affecting the rights of creditors generally. By virtue of these limitations, a Subsidiary Guarantor's obligations under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may effectively have no obligation under its Subsidiary Guarantee. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of the Subsidiary Guarantors may be limited, or possibly invalidated, under applicable law. See "Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees — The Subsidiary Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws, which could impair the enforceability of the Subsidiary Guarantees."

As of March 31, 2021:

(a) the Company and its consolidated subsidiaries had US$492.8 million of consolidated indebtedness outstanding; and

(b) the Company's Unrestricted Subsidiaries had total assets of US$18.4 million and total liabilities of US$33.8 million.

For the year ended December 31, 2020 and the three months ended March 31, 2021, the Company's Unrestricted Subsidiaries had US$0.2 million and US$0.2 million, respectively, of revenue.

See "Summary Financial Information" and "Selected Financial Information."

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance or satisfaction and discharge as described under "— Defeasance — Defeasance and Discharge" or "— Satisfaction and Discharge";

- upon the designation by the Company of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or

- upon the sale or other disposition (including by way of merger or consolidation) of the Capital Stock of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants described under the captions "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the date of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that (a) the issuance of any such Additional Notes shall then be permitted under the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness" and the other provisions of the Indenture and (b) the Additional Notes will not be issued under the same CUSIP, ISIN or Common Code as the Notes unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

(1) all obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Notes and the Subsidiary Guarantees to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;

(2) the Company has delivered to the Trustee an Officer's Certificate, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes complies with the Indenture and is permitted by the Indenture; and

(3) the Company has delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes does not conflict with applicable law.

Optional Redemption

At any time and from time to time on or after August 5, 2023, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date, if redeemed during the 12-month period commencing on August 5 of any year set forth below:

Period	Redemption Price
2023	106.000%
2024	103.000%
2025	102.000%

At any time and from time to time prior to August 5, 2023, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 109.500% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion of such Equity Offering, and any such redemption or notice may, at the Company's discretion, be conditioned on the completion of the related Equity Offering.

At any time and from time to time prior to August 5, 2023, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows:

- if the Notes are listed on any securities exchange or are held through any clearing system, in compliance with the requirements of the principal securities exchange on which the Notes are then traded or the clearing system through which the Notes are held; or

- if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate in its sole discretion or otherwise in accordance with applicable law.

However, no Note of US$200,000 in principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Company will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of

the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that they will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default, or trigger the rights of lenders to require prepayment, under certain other debt instruments. Future debt of the Company may also (i) prohibit the Company from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require repurchase or repayment of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under such other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The ability of the Company to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees — We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control as required by the Indenture."

The definition of "Change of Control" includes a phrase "all or substantially all", as used with respect to the assets of the Company. No precise definition of the phrase has been established under applicable law, and the phrase will likely be interpreted under applicable law of the relevant jurisdictions based on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of "all or substantially all" the assets of the Company to another person or group.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make an Offer to Purchase if (1) a third party makes such Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such Offer to Purchase and such third party purchases all Notes validly tendered and not withdrawn under such Offer to Purchase or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Mandatory Redemption; Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Open Market Purchases

The Company and any Restricted Subsidiary may purchase Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws and regulations, so long as such acquisition does not otherwise violate the terms of the Indenture. The Company will notify the Trustee in writing at the completion of any such open market purchases. Any Notes acquired by the Company or any Restricted Subsidiary will be cancelled.

Additional Amounts

All payments of principal of and premium (if any) and interest on the Notes and all payments under the Subsidiary Guarantees will be made by or on behalf of the Company or any Subsidiary Guarantor without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or a Surviving Person (as defined under the caption "— Consolidation, Merger and Sale of Assets") is organized or resident for tax purposes (each, as applicable, a "Relevant Tax Jurisdiction") or any jurisdiction in which any Subsidiary Guarantor is organized or resident for tax purposes or from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (together with the Relevant Tax Jurisdictions, the "Relevant Jurisdictions"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note of such amounts payable under the Notes or the Subsidiary Guarantees as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

(a) for or on account of:

(i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee, including such Holder or beneficial owner being or having been a national, domiciliary or resident of

such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

(D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(iii) any tax, duty, assessment or other governmental charge that is payable other than by deduction or withholding from payments made on or with respect to any Note;

(iv) any withholding or deduction imposed on or in respect of any Note pursuant to the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act ("FATCA"), the laws of any Relevant Jurisdiction implementing FATCA, or any agreement between the Company or any Subsidiary Guarantor and the United States or any authority thereof entered into for FATCA purposes;

(v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or

(b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company, a Surviving Person or any Subsidiary Guarantor will be obligated

to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

Notwithstanding the foregoing, the limitations on the obligations of the Company, a Surviving Person or a Subsidiary Guarantor, as applicable, to pay Additional Amounts set forth in clause (a)(i)(C) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as Internal Revenue Service Forms W-8 and W-9). For the avoidance of doubt, no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or any Subsidiary Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and the Trustee (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Tax Jurisdiction affecting taxation; or

(2) any change in, or amendment to, an official position of a Relevant Tax Jurisdiction regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes or the Indenture (or, in the case of a Surviving Person, the date such Person became a Surviving Person), the Company or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company or the Surviving Person, as the case may be; *provided* that changing the jurisdiction of the Company or the Surviving Person is not a reasonable measure for the purposes of this section; *provided further* that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company or such Surviving Person, as the case may be, by taking reasonable measures available to it; and

(2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of international recognized standing, with respect to tax matters of the Relevant Tax Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness); *provided* that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (w) no Default has occurred and is continuing, (x) the Fixed Charge Coverage Ratio would be not less than 3.00 to 1.00, (y) the Consolidated Debt to EBITDA Ratio would not be greater than (i) 3.50 to 1.00 if Incurred on or prior to December 31, 2021, (ii) 3.25 to 1.00 if Incurred after December 31, 2021 and on or prior to December 31, 2022, (iii) 3.00 to 1.00 if Incurred after December 31, 2022 and on or prior to December 31, 2023, (iv) 2.75 to 1.00 if Incurred after December 31, 2023 and on or prior to December 31, 2024, (v) 2.50 to 1.00 if Incurred after December 31, 2024 and on or prior to December 31, 2025 and (vi) 2.25 to 1.00 if Incurred thereafter and (z) in the case of the Incurrence of Priority Indebtedness by the Company, any Subsidiary Guarantor or any other Restricted Subsidiary, the aggregate principal amount of all Priority Indebtedness would not exceed 10% of Total Assets. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor so long as it is so held).

(b) Notwithstanding the foregoing, the Company, any Subsidiary Guarantor or any other Restricted Subsidiary, may Incur each and all of the following ("Permitted Indebtedness") to the extent provided below:

(1) (A) Indebtedness under the Notes to be issued on the Original Issue Date and the Subsidiary Guarantees thereof, and (B) Indebtedness (including any subsidiary

guarantees thereof) in an amount not to exceed the amount that is required, together with the net proceeds from the issuance of the Notes on the Original Issue Date, to refinance, repurchase, redeem, defease or satisfy and discharge the 2022 Notes in full (including any premiums, interest, fees and expenses); *provided* such Indebtedness is used solely to refinance, repurchase, redeem, defease or satisfy and discharge the 2022 Notes;

(2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date after giving effect to the application of the proceeds from the sale of the Notes, excluding Indebtedness permitted under clause (b)(1) or (3) of this covenant;

(3) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(3), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

(4) Indebtedness of the Company or any Restricted Subsidiary ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under paragraph (a) or clause (b)(1), (b)(2), (b)(3), (b)(4) or (b)(10) of this covenant and any refinancings thereof; *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee will only be permitted under this clause (b)(4) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with the remaining Notes or such Subsidiary Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if Incurred with original issue discount, the aggregate accreted

value, then outstanding (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses) under the Indebtedness being refinanced and (D) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary (other than any Finance Subsidiary) that is not a Subsidiary Guarantor;

(5) Indebtedness Incurred by the Company or any Restricted Subsidiary (other than any FS Subsidiary) pursuant to Hedging Obligations for the purpose of protecting the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or commodity prices and not for speculation;

(6) Indebtedness of the Company or any Restricted Subsidiary (other than any FS Subsidiary) arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness incurred in connection with a disposition shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;

(7) Indebtedness Incurred by the Company or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;

(8) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or claims arising under similar legislation, or in connection with self-insurance obligations or bid, performance or surety bonds, including guarantees or obligations of the Company or any Restricted Subsidiary thereof with respect to letters of credit supporting such bid, performance or surety bonds, in each case other than for an obligation for borrowed money;

(9) Indebtedness of and letters of credit issued by the Company or any Subsidiary Guarantor under Credit Facilities (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and the Subsidiary Guarantors thereunder) in an aggregate principal amount at any time outstanding (together with refinancings thereof) plus the aggregate principal amount outstanding of Indebtedness permitted under clause (b)(10) below (together with refinancings thereof) not to exceed US$80.0 million (or the Dollar Equivalent thereof);

(10) Indebtedness Incurred by the Company, any Subsidiary Guarantor or any Finance Subsidiary, including Indebtedness represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations, to finance all or any part of the

purchase price (including adjustment of purchase price or similar obligations) or cost of construction, development, leasing, installation, improvement or expansion of property (real or personal), assets, machinery, plant or equipment (including through the acquisition of Capital Stock of any Person that owns such property (real or personal), assets, machinery, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary) to be used in the Permitted Business; *provided* that such Indebtedness shall be Incurred no later than 180 days after the acquisition, construction, development, leasing, installation, improvement or expansion of such property (real or personal), assets, machinery, plant or equipment and (ii) on the date of Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount of Indebtedness Incurred pursuant to this clause (b)(10) at any time outstanding (together with refinancings thereof) plus the aggregate principal amount outstanding of Indebtedness permitted under clause (b)(9) above (together with refinancings thereof) shall not exceed US$80.0 million (or the Dollar Equivalent thereof);

(11) guarantees by the Company or any Subsidiary Guarantor of Indebtedness of any Subsidiary Guarantor, the Company or a Finance Subsidiary that was permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Subsidiary Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(12) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments performance and surety bonds, bankers' acceptances or survey or appeal bonds issued in the ordinary course of business to the extent that such letters of credit or trade guarantees or performance and surety bonds are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement; and

(13) Indebtedness of a Finance Subsidiary that is guaranteed by the Company or any Subsidiary Guarantor to the extent the Company or such Subsidiary Guarantor was permitted to incur such Indebtedness under this covenant (other than under clause (b)(11) of this covenant).

(c) For purposes of determining compliance with this "— Limitation on Indebtedness" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of paragraph (a) of this covenant, the Company, in its sole discretion, will classify and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types.

(d) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness; *provided*, in each such case, that the amount of any such

accrual, accretion or payment is included in the Consolidated Fixed Charges of the Company as accrued.

(e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses). The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Anti-Layering

The Company will not, and will not permit any Subsidiary Guarantor to, Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Subsidiary Guarantee, on substantially identical terms; *provided* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid solely in shares of the Company's Capital Stock or by a Restricted Subsidiary in its Capital Stock (in each case, other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (or options, warrants or other rights to acquire such shares of Capital Stock) of the Company, any Subsidiary Guarantor or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary or among Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Limitation on Indebtedness"; or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date would exceed the sum (without duplication) of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter in which the Measurement Date occurs and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; *plus*

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; *plus*

(iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's statement of financial position upon conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); *plus*

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person

resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (b) the unconditional release of a guarantee provided by the Company or any Restricted Subsidiary after the Measurement Date of an obligation of another Person, (c) the Net Cash Proceeds from the sale of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person.

The foregoing provision will not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph;

(4) (x) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary to, or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) from, all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company, in each case on a pro rata basis or on a basis more favorable to the Company;

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights to acquire Capital Stock to the extent such Capital Stock represents a portion of the exercise price thereof;

(6) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exchangeable for Capital Stock of the Company; *provided* that any such cash payment shall not be for the purpose of evading the limitations of this covenant;

(7) any Restricted Payment made as described under the section entitled “Use of Proceeds” in the Offering Memorandum; or

(8) the making of any other Restricted Payment in an aggregate amount, together with all other Restricted Payments made under this clause (8), not exceeding US$15.0 million (or the Dollar Equivalent thereof),

provided that in the case of clause (2) or (8) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1) and (4) (but only to the extent that dividends are paid to Persons other than the Company or a Restricted Subsidiary) of the preceding paragraph made after the Original Issue Date will be included in calculating whether the conditions of clause (C) of the first paragraph of this "— Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments. Each Restricted Payment made pursuant to clauses (2), (3), (5), (6), (7) and (8) of the preceding paragraph will be excluded in calculating whether the conditions of clause (C) of the first paragraph of this "— Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "— Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any Restricted Subsidiary;

(2) pay any Indebtedness or other obligation owed to the Company or any Restricted Subsidiary;

(3) make loans or advances to the Company or any Restricted Subsidiary; or

(4) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary;

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of paragraph (a) will not apply to any encumbrances or restrictions:

(1) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the Indenture and any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;

(2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order issued by any government or any agency thereof;

(3) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals, supplements, amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;

(4) that otherwise would be prohibited by the provision described in paragraph (a) of this covenant if they arise, or are agreed to in the ordinary course of business and (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or similar instrument, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries", "— Limitation on Indebtedness" and "— Limitation on Asset Sales" covenants;

(6) with respect to any Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(7) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted to be Incurred under the covenant described under the caption "— Limitation on Indebtedness" if, as determined by the Board of Directors in good faith, the encumbrances or

restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of the Company to make required payments on the Notes;

(8) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(9) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancings, renewals, supplements or amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced; or

(10) arising from provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of the Company to make required payments on the Notes.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (or options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Company or a Restricted Subsidiary;

(b) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;

(c) the issuance or sale of the shares of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "— Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and if permitted under, and made in accordance with, the "— Limitation on Asset Sales" covenant; and

(d) the issuance or sale of Capital Stock of a Restricted Subsidiary which remains a Restricted Subsidiary after any such issuance or sale; *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant.

Notwithstanding the foregoing, a Restricted Subsidiary may issue Common Stock to its shareholders on a pro rata basis or on a basis more favorable to the Company or its other Restricted Subsidiaries.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("Guaranteed Indebtedness") of the Company or any Subsidiary Guarantor, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any Subsidiary Guarantor as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Additional Subsidiary Guarantors

The Company will agree that if the Company or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Original Issue Date, then such Subsidiary will become a Restricted Subsidiary and the Company will, within 30 days of the date on which such Subsidiary is acquired or created, (1) procure that such Subsidiary execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Subsidiary will guarantee the payment of the Notes as a Subsidiary Guarantor on an unsubordinated basis and (2) deliver to the Trustee an Opinion of Counsel with respect to such supplemental indenture satisfactory to the Trustee; *provided*, *however*, that clauses (1) and (2) shall not apply to (i) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Company, (ii) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary or (iii) any such Restricted Subsidiary if the Company and its Restricted Subsidiaries own less than 95.0% of the outstanding Capital Stock of such Restricted Subsidiary *provided* that after giving *pro forma* effect to the designation of such Subsidiary as a Non-Guarantor Subsidiary on the date such Subsidiary is created or acquired (the "Designation Date"), the Company and any Restricted Subsidiary could Incur at least US$1.00 of Priority Indebtedness under the proviso in paragraph (a) of the covenant described under "— Limitation on Indebtedness."

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including the purchase, sale, lease or

exchange of property or assets, or the rendering of any service) with (a) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (b) any Affiliate of the Company (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized standing stating either (i) that such Affiliate Transaction is, or series of related Affiliate Transactions are, fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) that the terms of such Affiliate Transaction is, or series of related Affiliate Transactions are, not materially less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary.

The foregoing limitation does not limit, and will not apply to:

(1) the payment of reasonable and customary regular fees to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions or payments pursuant to any employment, compensation or benefit plan or agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any Restricted Subsidiary with their respective officers, directors or employees and payments pursuant thereto, including the payment of reasonable fees and reimbursement of expenses, in each case in the ordinary course of business;

(3) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(4) any Restricted Payment permitted by the covenant described under the caption "— Limitation on Restricted Payments";

(5) transactions or payments pursuant to any employee, officer, commissioner or director compensation or benefit plans or arrangements entered into in the ordinary course of business, approved by the Board of Directors and in compliance with the listing rules of the Indonesian Stock Exchange;

(6) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company, directly or indirectly, owns Capital Stock in, or controls, such Person or solely because the Company or one of its Subsidiaries has the right to designate one or more members of the Board of Directors or similar governing body of such Person;

(7) any agreement between any Person (other than a Person that is an Affiliate of the Company or acquired from an Affiliate of the Company) that is acquired by or merged into the Company or any of its Restricted Subsidiaries and an Affiliate of the Company existing at the time of such acquisition or merger; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;

(8) transactions with clients, contractors, purchasers or suppliers of goods or services or lessors or lessees, in each case in the ordinary course of business and that are fair or on terms at least as favorable as arm's length as determined in good faith by the Board of Directors;

(9) any sale of Capital Stock (other than Disqualified Stock) of the Company; and

(10) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Company or a Restricted Subsidiary in the ordinary course of business not to exceed US$2.0 million (or the Dollar Equivalent thereof) in the aggregate at any one time outstanding.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (i) transactions pursuant to agreements in effect on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (ii) any transaction between or among any of the Company or a Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; *provided* that in the case of clause (ii), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners (if any) of or in such Restricted Subsidiary is a Person described in clauses (a) or (b) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary) or (iii) any Permitted Investment (other than a Permitted Investment of the type described in clause (1)(b) of the definition of "Permitted Investment").

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes or any Subsidiary Guarantee, senior in priority to) the obligation or liability so secured for so long as such obligation or liability is so secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Subsidiary Guarantor may enter into a Sale and Leaseback Transaction if:

(a) the Company or such Subsidiary Guarantor could have (1) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under the caption "— Limitation on Indebtedness" and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption "— Limitation on Liens", in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company applies, to the extent required, the proceeds of such transaction in compliance with, the covenant described under the caption "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(a) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(b) in the case of an Asset Sale that constitutes an Asset Disposition, the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Limitation on Indebtedness" after giving pro forma effect to such Asset Disposition;

(c) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated statement of financial position, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Company or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply an amount equal to such Net Cash Proceeds to:

(1) repay Senior Indebtedness (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) of the Company and the Restricted Subsidiaries (in each case other than Indebtedness owed to the Company or an Affiliate of the Company); or

(2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in the preceding paragraph, the Company (or applicable Restricted Subsidiary) may use such Net Cash Proceeds to make an Investment in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

The amount of such Net Cash Proceeds from Asset Sales required to be applied during such 360-day period as set forth in the second preceding paragraph and not applied as so required by the end of such period shall constitute "Excess Proceeds." Within 10 days after the aggregate amount of Excess Proceeds totals at least US$10.0 million (or the Dollar Equivalent thereof), the Company must commence and thereafter consummate an Offer to Purchase from the Holders and holders of Senior Indebtedness containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, the maximum principal amount of Notes and such Senior Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any such Offer to Purchase will be equal to 100% of the principal amount (or accreted value, if applicable) of the Notes and such Senior Indebtedness plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date, and will be payable in cash. If the aggregate principal amount of Notes and Senior Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such Senior Indebtedness will be purchased on a pro rata basis based on the principal amount tendered. To the extent that any Excess Proceeds remain after consummation of an Offer to Purchase pursuant to this "Limitation on Asset Sales" covenant, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture, and those Excess Proceeds shall no longer constitute "Excess Proceeds."

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; *provided*, that the Company or any

Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary, joint venture or other Person that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under the caption "— Limitation on Restricted Payments."

Maintenance of Insurance

The Company will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similar companies engaged in a similar business to the Permitted Business in the jurisdictions in which the Company or such Restricted Subsidiary conducts its businesses.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) neither the Company nor any Restricted Subsidiary guarantees the Indebtedness or other liabilities of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "— Limitation on Indebtedness" or such Lien would violate the covenant described under "— Limitation of Liens"; (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; (f) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption "— Limitation on Restricted Payments" and (g) in no event will any license, authorization or concession that is material to the operation of the Permitted Business of the Company and its Restricted Subsidiaries be transferred to or held by an Unrestricted Subsidiary.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "— Limitation on Indebtedness"; (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation, which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation, would be permitted to be Incurred by the covenant described under the caption "— Limitation on Liens"; (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (e) such Restricted Subsidiary, if required to guarantee the Notes under the covenant described under "Additional Subsidiary Guarantors" or "— Limitation on Issuances of Guarantees by Restricted Subsidiaries", will upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor. All designations must be evidenced by a Board Resolution and an Officer's Certificate delivered to the Trustee certifying compliance with the preceding provisions.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (a) in the approximate amounts and for the purposes specified under the caption "Use of Proceeds" in this Offering Memorandum and (b) pending application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (1) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Company or any Subsidiary Guarantor to perform their obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from two of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "— Certain Covenants — Limitation on Indebtedness;"

(2) "— Certain Covenants — Limitation on Restricted Payments;"

(3) "— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"

(4) "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries;"

(5) "— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries;"

(6) clauses (a)(1), (b) and (c) of the covenant described under the caption "— Certain Covenants — Limitation on Sale and Leaseback Transactions;"

(7) "— Certain Covenants — Limitation on Asset Sales;"

(8) clause (c) and (d) of the first paragraph and clause (C) and (D) of the second paragraph of the covenant described under the caption "Consolidation, Merger and Sale of Assets;"

(9) "— Certain Covenants — Maintenance of Insurance;"

(10) "— Certain Covenants — Anti-Layering;" and

(11) "— Certain Covenants — Limitation on the Company's Business Activities."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under the caption "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that, if achieved, any such rating will be maintained.

Provision of Financial Statements and Reports

(a) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with the Indonesia Stock Exchange or any other national stock exchange on which the Company's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; *provided* that, if at any time the Common Stock of the Company ceases to be listed for trading on the Indonesia Stock Exchange or any other national stock exchange, the Company will file with the Trustee (and furnish to the Holders upon request) in the English language (or accompanied by an English translation thereof):

(1) as soon as they are available, but in any event within 90 calendar days after the end of each fiscal year of the Company, annual reports containing, and in a level of detail that is comparable in all material respects to that included in this Offering Memorandum, the following information: (i) audited consolidated statements of financial position of the Company as of the end of the two most recent fiscal years and audited consolidated statements of profit or loss and other comprehensive income and statements of cash flows of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA and liquidity and capital resources of the Company, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies; and (iii) description of the business, management and shareholders of the Company (on a consolidated basis);

(2) as soon as they are available, but in any event within 60 calendar days after the end of the first semi-annual fiscal period of the Company, semi-annual reports of the Company containing the following information: (i) an unaudited condensed consolidated statement of financial position as of the end of such semi-annual fiscal period and unaudited condensed consolidated statements of profit or loss and other comprehensive income and statements of cash flows of the Company for the most recent semi-annual fiscal period ending on the unaudited condensed consolidated statement of financial position date, and the comparable prior year period, reviewed by a member firm of an internationally-recognized firm of independent accountants, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements present fairly the financial position of the Company as at the end of, and the results of its operations for, such semi-annual fiscal period and (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and liquidity and capital resources of the Company, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies since the most recent annual report; and

(3) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Company, quarterly reports of the Company containing an unaudited condensed consolidated statement of financial position as of the end of such fiscal quarter and unaudited condensed consolidated statements of profit or loss and other comprehensive income and statements of cash flows of the Company for the most recent fiscal quarter ending on the unaudited condensed consolidated statement of financial position date, and the comparable prior year period, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(b) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (1) within 90 days after the close of each fiscal year, an Officer's Certificate stating (i) the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA Ratio and (ii) that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and their performance under the Indenture and the Notes, and that the Company has fulfilled all obligations thereunder or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof; and (2) promptly after the Company becomes aware of the occurrence of a Default and/or an Event of Default (and also within 14 days of any request in writing by the Trustee), an Officer's Certificate of the Company setting forth the details thereof and the action the Company is taking or proposes to take with respect thereto.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then within 10 days of the release of financial

reports to the Indonesia Stock Exchange or any other national stock exchange on which the Company's Common Stock is at any time listed for trading or the publication of the annual, semi-annual and quarterly financial information required by clauses (a)(1), (a)(2) and (a)(3) above, as applicable, the Company will file with the Trustee and furnish to the Holders upon request the revenue, gross profit, finance cost, profit (loss) for the year, total debt, total assets, cash and cash equivalents, EBITDA, EBITDA margin, net debt and capital expenditures of the Company and its Restricted Subsidiaries on a consolidated basis.

Furthermore, the Company has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(c) (x) the Company or any Restricted Subsidiary defaults in the performance or breach of the provisions of the covenants described under the captions "— Consolidation, Merger and Sale of Assets" or (y) the Company fails to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control" or "— Certain Covenants — Limitation on Asset Sales";

(d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(e) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (2) a failure to pay principal of, or interest or premium (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;

(f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes

the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts that reputable insurance carriers have agreed in writing to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or (3) effects any general assignment for the benefit of creditors;

(i) any Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or any Subsidiary Guarantee is finally determined in any judicial proceeding by a court of competent jurisdiction to be unenforceable or invalid or will for any reason cease to be in full force and effect, or the Company or any Subsidiary Guarantor repudiates the Indenture, the Notes or any Subsidiary Guarantee in writing, except as permitted by the Indenture;

(j) a moratorium is agreed or declared in respect of any Indebtedness of the Company or any Subsidiary Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Company and its Restricted Subsidiaries;

(k) the capital and/or currency exchange controls in place in the Republic of Indonesia on the Original Issue Date shall be modified or amended in a manner that prevents the Company or any Subsidiary Guarantor from performing its payment obligations under the Indenture, the Notes or any Subsidiary Guarantee;

(l) it becomes unlawful for the Company or any Subsidiary Guarantor to perform or comply with any of its obligations under or in respect of the Indenture, the Notes or any Subsidiary Guarantee in any material respect; or

(m) the revocation, termination, suspension or other cessation of effectiveness of the Company's IUPs, which results in the cessation or suspension of substantially all of the Company's coal-mining operations for a period of more than 90 consecutive days.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee, may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or

direction of any Holders unless such Holders have instructed the Trustee in writing and have provided to the Trustee security and/or indemnity and/or pre-funding to its satisfaction (which, in the case of a direction to enforce the Deeds of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Subsidiary Guarantors or any other Person, shall be subject to the provisions of the Indenture) against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder may pursue any remedy with respect to the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders provide the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any fees, costs, liability or expense to be incurred in compliance with such written request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the indemnity and/or security and/or pre-funding; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

Notwithstanding anything to the contrary in the Indenture, the Deeds of Guarantee or any other document relating to the Notes, in the event the Trustee shall receive instructions from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole discretion and subject to such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole discretion, exercise any one or more of the following options:

(i) refrain from acting on any such conflicting instructions:

(ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of this Indenture; and

(iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party.

However, such limitations do not apply to the contractual right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which contractual right will not be impaired or affected without the consent of the Holder.

An officer of the Company must certify to the Trustee in writing, on or before a date not more than 90 days after the end of each fiscal year and within 14 days of demand by the Trustee, that a

review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and the Notes and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to promptly notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture after the Company becomes aware of the occurrence of such default (and also within 14 days of any request in writing by the Trustee). See "— Provision of Financial Statements and Reports." None of the Trustee or any Agent shall be deemed to have knowledge of a Default or Event of Default unless and until it obtains actual knowledge of such Default or Event of Default through written notification of such Default or Event of Default and setting forth the details thereof.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(a) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of Indonesia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, and the Indenture and the Notes will remain in full force and effect;

(b) immediately after giving effect to such transaction on a pro forma basis, no Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(d) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(e) the Company delivers to the Trustee (1) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (c) and (d) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(f) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee

shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(g) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless:

(A) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Company or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction, and such Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, shall remain in full force and effect;

(B) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;

(C) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(D) immediately after giving effect to such transaction on a *pro forma* basis, the Company will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(E) the Company delivers to the Trustee (1) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (C) and (D) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(F) no Rating Decline will have occurred,

provided that this paragraph will not apply to (a) any sale or other disposition that complies with the "— Certain Covenants — Limitation on Asset Sales" covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions of the Indenture and (b) a consolidation or merger of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor survives such consolidation or merger.

Upon any consolidation or merger, or any sale, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Company or a Subsidiary Guarantor in a

transaction that is subject to, and that complies with the provisions of, this "Consolidation, Merger and Sale of Assets" covenant, the successor Person (to the Company or the relevant Subsidiary Guarantor, as the case may be) shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, conveyance, transfer, lease or other disposition, the provisions of this Indenture referring to "Company" or "Subsidiary Guarantor" (as the case may be) shall refer instead to the successor Person and not to the predecessor Company or the relevant predecessor Subsidiary Guarantor (as the case may be) and the predecessor Company or the relevant predecessor Subsidiary Guarantor shall be relieved from the obligation to pay the principal of, premium on, if any, and interest on, the Notes under the Indenture, the Notes or the applicable Subsidiary Guarantee), and may exercise every right and power of, the Company or the relevant Subsidiary Guarantor (as the case may be) under the Indenture with the same effect as if such successor Person had been named as the Company or a Subsidiary Guarantor (as the case may be) in the Indenture; provided, however, that the predecessor Company or the predecessor Subsidiary Guarantor (as the case may be) shall not be relieved from the obligation to pay the principal of, premium on, if any, and interest on, the Notes under the Indenture, the Notes or the applicable Subsidiary Guarantee in the case of a lease of all or substantially all of its properties and assets.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, the Company and any of its Restricted Subsidiaries may exclude (a) in connection with an exchange offer, holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined in Rule 144A under the Securities Act, and (b) in connection with any consent, waiver or amendment, holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Company or any of its Restricted Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Company or any of its Restricted Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Company or any of its Restricted Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(a) the Company has (1) deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in the trust;

(b) the Company has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "— Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;

(d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound; and

(e) the Company must deliver to the Trustee an Officer's Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In case of either discharge or defeasance of the Notes, the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d), (e)(1) and (g) under the first paragraph and clauses (C), (D), (E)(1) and (F) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants" other than as described under "— Certain Covenants — Anti-Layering", clause (c) under "— Events of Default" with respect to such clauses (c), (d), (e)(1) and (g) under the first paragraph and clauses (C), (D), (E)(1) and (F) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (d) under "— Events of Default" with respect to such other covenants and clauses (e) and (f) under "— Events of Default" will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2), (c) and (e) under "— Defeasance and Discharge" above and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors under the Indenture will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the Deeds of Guarantee may be amended, without the consent of any Holder, to:

(a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees or the Deeds of Guarantee;

(b) comply with the provisions described under "— Consolidation, Merger and Sale of Assets";

(c) evidence and provide for the acceptance of appointment by a successor Trustee;

(d) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;

(e) add collateral to secure the Notes or the Subsidiary Guarantees;

(f) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(g) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(h) effect any changes to the Indenture in a manner necessary to comply with the procedures of any relevant clearing system;

(i) make any other change that, in the good faith opinion of the Board of Directors, does not materially and adversely affect the rights of any Holder of Notes; or

(j) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the Deeds of Guarantee to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Subsidiary Guarantees.

In connection with the matters indicated above, the Trustee shall be entitled to rely absolutely on an opinion of counsel and an Officer's Certificate to the effect that the entry into such amendment, supplement or waiver is authorized or permitted.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Subsidiary Guarantees or the Deeds of Guarantee may be made by the Company, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company or the Subsidiary Guarantors with any provision of the Indenture, the Notes, the Subsidiary Guarantees or the Deeds of Guarantee; *provided* that no such modification, amendment or waiver may, without the consent of each Holder:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(b) reduce the principal amount of, or premium, if any, or interest on, any Note;

(c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;

(d) impair the contractual right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Subsidiary Guarantee;

(e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;

(h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(i) amend, change or modify any Subsidiary Guarantee or Deed of Guarantee in a manner that adversely affects the Holders, except as provided in the Indenture;

(j) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the Notes under "— Limitation on Asset Sales";

(k) change the redemption date or the redemption price of the Notes from that stated under "— Optional Redemption" or "— Redemption for Tax Reasons";

(l) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts; or

(m) amend, change or modify any provision of the Indenture or the related definitions to contractually subordinate in right of payment the Notes or any Subsidiary Guarantee to any other Indebtedness of the Company or any Subsidiary Guarantor (for the avoidance of doubt, the Notes and the Subsidiary Guarantees will not be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment

money has theretofore been deposited in trust by the Company and thereafter repaid to the Company) have been delivered to the Paying Agent for cancellation; or

(b) all Notes not theretofore delivered to the Paying Agent for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Paying Agent for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable written instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Company or any Subsidiary Guarantor has paid all other sums payable under this Indenture; and

(3) such deposit will not result in a breach or violation of, or constitute a default under, any instruments to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound (other than the Indenture or the Notes).

In addition, the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required under the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors, Commissioners or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, stockholder, officer, commissioner, director, employee or controlling person of the Company or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee and the Agents

The Bank of New York Mellon is to be appointed as Trustee and The Bank of New York Mellon is to be appointed as paying agent (the "Paying Agent") under the Indenture. The Bank of New York Mellon is to be appointed as registrar (the "Registrar") and transfer agent (the "Transfer Agent" and together with the Registrar and the Paying Agent, the "Agents") with regard to the Notes. Except

during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee and the Agents. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee is permitted to engage in transactions with the Company and its respective Affiliates; *provided* that if it acquires any conflicting interest, it must eliminate such conflict or resign.

For so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore by way of an announcement through SGXNET.

The Trustee will be under no obligation to exercise any of the rights or powers conferred on it under the Indenture at the request or direction of any of the Holders unless such Holders have provided to the Trustee indemnity and/or security (including by way of pre-funding) to its satisfaction against any loss, liability or expense that might be incurred by it in compliance with such request or direction. With respect to a request or direction from Holders to enforce the Deeds of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Subsidiary Guarantors or any other Person, indemnity and security shall include, without limitation (and without limiting the Trustee's ability to accept other forms of security and indemnity), prefunding by the requesting Holders of an account in the name of the Trustee in such amounts as the Trustee determines in its sole and absolute discretion. The foregoing prefunding requirements shall be in addition, and subject in all respects, to any other requirements of the Trustee regarding the indemnity or security to be provided to it in connection with any such enforcement request, including requirements regarding the creditworthiness of the requesting Holders.

Whenever the Trustee is required or entitled by the terms of the Indenture and the Notes to exercise any discretion or power, take any action of any nature, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to solicit Holders for direction, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or the non-exercise of such discretion or power, or not taking any such action or making any such decision or giving any such direction or certification in the absence of any such directions from Holders. In any event, and as provided elsewhere herein, even where the Trustee has been directed by the Holders, the Trustee shall not be required to exercise any such discretion, power or take any such action as aforesaid unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

The Indenture provides that the Company and the Subsidiary Guarantors will jointly and severally indemnify the Trustee, each of the Agents and their respective officers, directors, employees, representatives and agents for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Trustee,

any of the Agents or any of their respective officers, directors, employees, representatives and agents, as applicable, arising out of or in connection with the acceptance or administration of its duties under the Indenture except to the extent that any of the foregoing are finally judicially determined to have resulted solely from the gross negligence or willful misconduct of the Trustee, any of the Agents or any of their respective officers, directors, employees, representatives and agents, as applicable.

The Indenture provides that the Trustee will not be liable with respect to any action taken or omitted to be taken in accordance with the direction of the Holders of Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee in respect of such Notes.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note" and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

None of the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Company nor any of the Subsidiary Guarantors, the Trustee nor any of the Agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Company expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, any of the Subsidiary Guarantors, the Trustee or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Company within 90 days, the Company, upon prior written notice given to the Trustee, will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions", in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions", in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to

facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

None of the Company, the Subsidiary Guarantors, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including rules and procedures relating to book-entry interests.

Initial Settlement

Initial settlement of the Notes will be made in immediately available funds. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) Luxembourg must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositaries.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor at the registered office of the Company, (if intended for the Trustee) addressed to the Trustee, at the Corporate Trust Office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"*Adjusted Treasury Rate*" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)"or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after August 5, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"*Affiliate*" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Applicable Premium*" means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on August 5, 2023 (such redemption price being described in the first paragraph in the "— Optional Redemption" section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through August 5, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

None of the Trustee or any of the Agents will be responsible for calculating or verifying the Applicable Premium.

"*Asset Acquisition*" means (i) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Company or any Restricted Subsidiary, or (ii) an acquisition by

the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"*Asset Disposition*" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"*Asset Sale*" means any sale, transfer or other disposition of any of its property or assets (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of Capital Stock by a Restricted Subsidiary), in each case in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; provided that "Asset Sale" will not include:

(a) any sale, transfer or other disposition of inventory, receivables and other current assets in the ordinary course of business;

(b) any sale, transfer or other disposition of assets constituting a Restricted Payment permitted to be made under the covenant described under the caption "— Certain Covenants — Limitation on Restricted Payments";

(c) any sale, transfer or other disposition of assets with a Fair Market Value not in excess of US$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(e) any sale, transfer or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(f) a transaction covered by the covenant under the caption "— Consolidation, Merger and Sale of Assets";

(g) any sale, transfer or other disposition of any assets by the Company or any Restricted Subsidiary to the Company or to any Restricted Subsidiary;

(h) any transfer resulting from any casualty or condemnation of property; provided that any Net Cash Proceeds from any such transfer shall be applied in accordance with the covenant described under the caption "Limitation on Asset Sales";

(i) any sale or other disposition of cash or Temporary Cash Investments;

(j) any transfer, termination, unwinding or other disposition of Hedging Obligations;

(k) any sale, transfer or other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding arrangements; provided

that any Net Cash Proceeds from any such sale, transfer or other disposition shall be applied in accordance with the covenant described under the caption "Limitation on Asset Sales"; and

(l) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

"*Attributable Indebtedness*" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP.

"*Average Life*" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" will have a corresponding meaning.

"*Board of Directors*" means the board of directors of the Company elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"*Board Resolution*" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, London or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"*Capitalized Lease*" means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the statement of financial position of such Person other than Reclassified Lease Obligations.

"*Capitalized Lease Obligations*" means the discounted present value of the rental obligations under a Capitalized Lease.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" within the meaning of Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) the Permitted Holders are collectively the beneficial owners of less than a majority of the total voting power of the Voting Stock of the Company;

(4) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act) other than one or more Permitted Holders, is or becomes the Beneficial Owner, directly or indirectly, of a larger percentage of the voting power of the Voting Stock than the Permitted Holders;

(5) individuals who on the Original Issue Date constituted the Board of Directors (together with any new directors whose election was approved by a vote of at least two-thirds of the members of the Board of Directors then in office who were members of the Board of Directors on the Original Issue Date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(6) the adoption of a plan relating to the liquidation or dissolution of the Company.

"*Clearstream*" means Clearstream Banking S.A. or any successor thereof.

"*Commodity Agreement*" means any spot, forward or futures contract, commodity swap agreement, commodity price protection, commodity cap or floor agreement, commodity option agreement or other similar agreement or arrangement.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include all series and classes of such common stock or ordinary shares.

"*Comparable Treasury Issue*" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to August 5, 2023.

"*Comparable Treasury Price*" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such redemption date.

"*Consolidated Debt to EBITDA Ratio*" means, on any Transaction Date, the ratio of (1) the aggregate amount of Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis outstanding on such Transaction Date to (2) the aggregate Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*Consolidated EBITDA*" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and

(3) depreciation expense, amortization expense (excluding any depreciation or amortization expense with respect to Reclassified Lease Obligations) and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that the amounts referred to in clauses (2) and (3) relating to a Restricted Subsidiary will be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent that a corresponding amount would be permitted at the date of determination to be dividended by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"*Consolidated Fixed Charges*" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends or distributions paid, declared, accrued or accumulated during such period on any Disqualified Stock, Preferred Stock or perpetual capital or similar securities (other than Common Stock) of the Company or any Restricted Subsidiary held by Persons other than the Company or any Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock); *provided* that dividends declared, accrued or accounted for in one period shall not be included in "Consolidated Fixed Charges" of a later period when subsequently paid in such later period).

"*Consolidated Interest Expense*" means, for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable

Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation except Trade Payables, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Company or any Restricted Subsidiary or secured by a Lien on assets of the Company or any Restricted Subsidiary proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest and (viii) all other non-cash interest expense; *provided* that (i) interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period and (ii) all interest, accretion, amortization or unwinding of discounts with respect to Reclassified Lease Obligations shall be excluded from Consolidated Interest Expense.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the total comprehensive income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items will be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of business or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or any Restricted Subsidiary);

(6) any translation gains or losses due solely to fluctuations in currency values and related tax effects;

(7) any net after-tax extraordinary gains or losses unless such gain is permitted to be included pursuant to clause (8); and

(8) any reversal of an impairment loss relating to an impairment loss taken prior to the Measurement Date; *provided* that Consolidated Net Income will be increased, in an

aggregate amount not to exceed US$40.0 million (or the Dollar Equivalent thereof), by any reversals of impairment loss recognized after the Measurement Date relating to the impairment loss on mining properties taken with respect to the MIFA concession area in the years ended December 31, 2014 or 2015;

provided that Consolidated Net Income shall without duplication (x) exclude interest, accretion, depreciation, amortization or unwinding of discounts with respect to Reclassified Lease Obligations to the extent otherwise included therein but only to the extent such items would not have been included in the calculation of Consolidated Net Income under GAAP prior to the implementation of PSAK 73 and (y) subject to the exclusions set forth in (1) to (7) above and only to the extent the following items would have been included in the calculation of Consolidated Net Income under GAAP prior to the implementation of PSAK 73, include expenses for lease payments (net of any reversals or credits thereto) in respect of Reclassified Lease Obligations relating to such period.

"*Consolidated Net Worth*" means, at any date of determination, stockholders' equity as set forth on the most recently available annual, semi-annual or quarterly consolidated statements of financial position of the Company and its Restricted Subsidiaries provided to the Trustee, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"*Corporate Trust Office*" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which shall initially be located at 240 Greenwich Street, New York, New York 10286, United States of America, facsimile: +1 (212) 815-5915, attention: Global Corporate Trust — PT ABM Investama Tbk and shall also include a reference to The Bank of New York Mellon, Singapore Branch located at One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192, Attention: Global Corporate Trust — PT ABM Investama Tbk, Facsimile: +65 6883 0338, email: Ctsingaporegcs@bnymellon.com (such Singapore Branch, the "Specified Corporate Trust Office") or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

"*Credit Facility*" means one or more debt facilities or commercial paper facilities with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit or issuances of debt securities evidenced by notes, debentures, bonds, indentures or similar instruments, in each case as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities) in whole or in part from time to time (and whether or not with the original administrative agent, lenders or trustee or another administrative agent or agents, other lenders or trustee and whether provided under any credit or other agreement or indenture).

"*Currency Agreement*" means any foreign exchange forward or futures contract, currency swap agreement, currency cap or floor agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 366 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of the Notes as are required to be repurchased pursuant to the "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of Notes Upon a Change of Control" covenants.

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bank Indonesia or its successor on the date of determination.

"*DTC*" means The Depository Trust Company and its successors.

"*Equity Offering*" means any underwritten public offering or private placement of Common Stock of the Company after the Original Issue Date to any Person other than to an Affiliate of the Company or any Permitted Holder; *provided* that the aggregate gross cash proceeds received by the Company from such transaction will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

"*Finance Subsidiary*" means a Wholly-Owned Restricted Subsidiary of the Company or another Finance Subsidiary (i) the operations of which are primarily comprised of Incurring Indebtedness to Persons other than the Company or any of its Subsidiaries from time to time to finance the operations of the Company and/or its Restricted Subsidiaries and other activities incidental, related to or ancillary to such operations, including activities related to the establishment or maintenance of its corporate existence; and (ii) which conducts no business and owns no material assets other than (w) any equity interests in another Finance Subsidiary or equity interests of a Wholly Owned Subsidiary (a "FS Subsidiary") of it organized outside of Indonesia that on lends the proceeds of any Indebtedness Incurred by the Finance Subsidiary to the Company or any of its Restricted Subsidiaries, (x) intercompany loans or other securities representing the proceeds of Indebtedness

described in clause (i), (y) any such debt obligations upon a repurchase, redemption or other acquisition thereof and prior to cancellation thereof and (z) cash or Temporary Cash Investments.

"*Fitch*" means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

"*Fixed Charge Coverage Ratio*" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(A) *pro forma* effect will be given to any Indebtedness Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement); *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) *pro forma* effect will be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(D) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(E) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"*Four Quarter Period*" means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which may be internal financial statements) are available and have been provided to the Trustee.

"*FS Subsidiary*" has the meaning set forth in the definition of "Finance Subsidiary."

"*GAAP*" means generally accepted accounting principles in the Republic of Indonesia as in effect from time to time.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligation*" of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

"*Holder*" means the Person in whose name a Note is registered in the Note register.

"*Incur*" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles and the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of Preferred Stock or Disqualified Stock (to the extent provided for when the Indebtedness, Preferred Stock or Disqualified Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "Incurrence", "Incurred" and "Incurring" have meanings correlative with the foregoing.

"*Indebtedness*" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations; and

(9) all Disqualified Stock issued by such Person and all Preferred Stock issued by any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

Notwithstanding the foregoing, (A) customer deposits and advance payments received from customers in the ordinary course of business shall not be deemed to be Indebtedness for any purpose and (B) the term "Indebtedness" will not include any Reclassified Lease Obligations.

The amount of Indebtedness of any Person at any time will be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be "*Indebtedness*" so long as such money is held to secure the payment of such interest; and

(C) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

"*Initial Subsidiary Guarantors*" means PT Reswara Minergi Hartama ("Reswara"), PT Tunas Inti Abadi ("TIA"), PT Pelabuhan Buana Reja ("PBR"), PT Cipta Kridatama ("CK"), PT Cipta Krida Bahari ("CKB"), PT Sanggar Sarana Baja ("SSB"), PT Alfa Trans Raya ("ATR"), PT Baruna Dirga Dharma ("BDD"), PT Dianta Daya Embara ("DDE") and PT Prima Wiguna Parama ("PWP").

"*Interest Rate Agreement*" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement,

interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"*Investment*" means:

(i) any direct or indirect advance, loan or other extension of credit to another Person;

(ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;

(iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or

(v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a statement of financial position of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants — Limitation on Restricted Payments" covenants: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's proportionate interest in the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (ii) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors and (iii) if the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at that time.

"*Investment Grade*" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or Fitch or any of their respective successors or assigns, or a rating of "Aaa", or "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Fitch or Moody's or two or three of them, as the case may be.

"*Measurement Date*" means August 1, 2017.

"*Lien*" means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the

nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"*Moody's*" means Moody's Investors Service, Inc. and its affiliates and its successors.

"*Net Cash Proceeds*" means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:

(1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

(2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

(3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(5) all distributions and other payments required to be made to minority shareholders; and

(b) with respect to any issuance or sale of Capital Stock of the Company, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*Offer to Purchase*" means an offer to purchase the Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which will be a Business Day no earlier than days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company will deposit with the Paying Agent or tender agent for such Offer to Purchase immediately available and cleared funds sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, Company will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent or tender agent for such Offer to Purchase will as soon as practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar will as soon as practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Indenture governing the relevant Offer to Purchase, the Company will comply with the applicable securities laws and

regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Subsidiary Guarantees by virtue of their compliance with such securities laws or regulations.

"*Officer*" of any Person means one of the directors or executive officers of such Person.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Opinion of Counsel*" means a written opinion from legal counsel and in form and substance acceptable to the Trustee and that meets the requirements of the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Company and any Subsidiary of the Company as to matters of fact.

"*Original Issue Date*" means the date on which the Notes are originally issued under the Indenture.

"*Permitted Business*" means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Company and its Subsidiaries on the Original Issue Date and any other business reasonably related, ancillary or complementary to any such business, including, for the avoidance of doubt, non-coal mining and renewable energy activities.

"*Permitted Holders*" means any or all of the following:

(1) Rachmat Mulyana Hamami, Rachmat Sobari Hamami, Mivida Hamami and Anna Solana Hamami;

(2) any Affiliate (other than an Affiliate as defined in sub-clause (ii) of the definition of Affiliate) of a Person specified in clause (1); and

(3) any other Person who is a spouse, child, parent, brother, sister, parent-in-law, son-in-law, daughter-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1).

"*Permitted Investment*" means:

(1) any Investment in (a) the Company or a Restricted Subsidiary that is, directly or indirectly, primarily engaged in a Permitted Business or (b) a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in interest rates, foreign currency exchange rates or commodity prices and not for speculation;

(7) receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms, including such concessionary trade terms as the Company or any Restricted Subsidiary considers reasonable under the circumstances;

(8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under the caption "— Certain Covenants — Limitation on Asset Sales";

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "— Certain Covenants — Limitation on Liens";

(10) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

(11) Investments received in compromise or resolution of obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or as a result of foreclosure of or transfer of title with respect to any secured Investment and any Investments obtained in exchange for any such Investments;

(12) advances or extensions of credit to customers, suppliers, contractors or distributors for the acquisition of assets, consumables or services or construction of property and equipment in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated statement of financial position;

(13) repurchases of the Notes;

(14) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Company or a Restricted Subsidiary in the ordinary course of business in an aggregate amount not to exceed US$2.0 million (or the Dollar Equivalent thereof) at any time outstanding;

(15) deposits made to secure the performance of tenders, bids, leases, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business;

(16) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property by the Company or any Restricted Subsidiary, in each case, in the ordinary course of business;

(17) any guarantee of Indebtedness of the Company or a Restricted Subsidiary Incurred in accordance with the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(18) Investments existing, or made pursuant to legally binding commitments in existence, at the Original Issue Date and described in the Offering Memorandum and any Investment that amends, extends, renews, replaces or refinances an Investment existing on such date; *provided* that such new Investment is on terms and conditions no less favorable to the Company or the applicable Restricted Subsidiary than the Investment being amended, extended, renewed, replaced or refinanced;

(19) [*intentionally omitted*];

(20) other Investments in any Person (other than an Unrestricted Subsidiary) having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (20) since the Original Issue Date that are at the time outstanding, not to exceed US$15.0 million (or the Dollar Equivalent thereof);

(21) the Investments by the Company and its Restricted Subsidiaries in PT Multi Harapan Utama after the Measurement Date and prior to the Original Issue Date; and

(22) any Investments in any Person engaged in owning or operating (a) non-coal mining concessions or (b) renewable energy assets, not to exceed US$50.0 million (or the Dollar Equivalent thereof).

"*Permitted Liens*" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with GAAP will have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made and Liens arising solely by virtue of any statutory or common law provisions relating to attorney's Liens;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature or deposits as security for contested taxes or import duties, in each case incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company or its Restricted Subsidiaries, taken as a whole;

(5) any interest or title of a lessor in the property subject to any operating lease;

(6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(7) Liens in favor of the Company or any Restricted Subsidiary;

(8) Liens arising from attachment or the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(4) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness"; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(11) Liens (including extensions and renewals thereof) upon real or personal property, assets, machinery, plant or equipment acquired, developed, installed, improved or expanded after the Original Issue Date (including through the acquisition of Capital Stock of any Person that owns such real or personal property, assets, machinery, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary and including any interest or title of a lessor under Capitalized Lease Obligations); *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness Incurred under clause (b)(10) of the covenant described under the caption "— Limitation on Indebtedness", (b) such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction, installation, improvement or expansion of such property, (c) the principal amount of Indebtedness secured by such Lien does not exceed 100% of the cost (including adjustment of purchase price or similar obligations) of such property, development, construction, installation, improvement or expansion and (d) such Lien shall not extend to or cover any property or assets other than such item of real or personal property, assets, machinery, plant or equipment and any improvements on such item;

(12) Liens securing Indebtedness under Hedging Obligations permitted by clause (b)(5) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(13) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, unemployment insurance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(14) Liens securing Indebtedness permitted to be Incurred under clause (b)(1)(B) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(15) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(16) Liens securing rights of setoff in favor of a bank imposed by law or customary general terms of banks and incurred in the ordinary course of business on deposit accounts maintained with such bank and cash and Temporary Cash Investments in such accounts;

(17) (x) Liens on property or assets securing Indebtedness used or to be used to defease or satisfy and discharge the Notes; *provided* that (a) the Incurrence of such Indebtedness was not prohibited by the Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by the Indenture and (y) Liens on cash and Temporary Cash Investments arising in connection with the defeasance, discharge or redemption of Indebtedness;

(18) Liens securing Indebtedness permitted to be Incurred under clause (b)(9) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(19) Liens on (i) Capital Stock of a Finance Subsidiary and any intercompany loans or advances from such Finance Subsidiary to the Company or any Restricted Subsidiary, (ii) Capital Stock of a Wholly-Owned Subsidiary of a Finance Subsidiary and on any intercompany loans or advances made by such Wholly-Owned Subsidiary to the Company or any Restricted Subsidiary; and (iii) any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to such Indebtedness or any escrow account holding all or any part of the proceeds of such Indebtedness, in each case securing Indebtedness of such Finance Subsidiary (and guarantees by the Subsidiary Guarantors of such Indebtedness) permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness";

(20) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or credited for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(21) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(22) Liens Incurred in connection with any cash or treasury management program, or cash pooling, netting or set-off arrangements, in each case established in the ordinary course of business for the benefit of the Company or any Restricted Subsidiary;

(23) Liens in favor of customs and revenue authorities arising by operation of law to secure payment of customs duties in connection with importation or exportation of goods in the ordinary course of business;

(24) Liens on the Capital Stock of Unrestricted Subsidiaries or any Person that is not a Subsidiary of the Company solely to secure Indebtedness of such Unrestricted Subsidiaries or such Person, in each case that is non-recourse to the Company or any Restricted Subsidiary, unless the Company or such Restricted Subsidiary could have incurred such Indebtedness under the Indenture on the date of incurrence of such Lien;

(25) Liens with respect to minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or municipal ordinances, zoning ordinances or other restrictions as to the use of real property, not interfering in any material respect with the conduct of the business of the Company and its Restricted Subsidiaries;

(26) licenses or leases or subleases as licensor, lessor or sublessor of any of the Company's or the Restricted Subsidiaries' property, including intellectual property, in the ordinary course of business;

(27) Liens resulting from escrow arrangements entered into in connection with the disposition of assets;

(28) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(29) any encumbrance or restriction, including customary rights of first refusal and tag, drag and similar rights with respect to Capital Stock of any joint venture pursuant to joint venture agreements entered into in the ordinary course of business;

(30) Liens on any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to Indebtedness permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness;"

(31) Liens on inventories and accounts receivable to secure working capital facilities of the Company or any Restricted Subsidiary used for working capital;

(32) Liens securing Priority Indebtedness; and

(33) Liens with respect to obligations that do not exceed US$10.0 million (or the Dollar Equivalent thereof) at any one time outstanding.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"*Priority Indebtedness*" means (i) any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a Finance Subsidiary and (ii) any Indebtedness of the Company, any Subsidiary Guarantor or a Finance Subsidiary secured by (or constituting) a Lien on any asset or property; provided that (A) Indebtedness of the Company or any Subsidiary Guarantor under the Notes, the Subsidiary Guarantees and the Indenture, (B) Indebtedness of a Wholly-Owned Subsidiary of a Finance Subsidiary consisting of Liens described in clause (19) of the definition of "Permitted Liens," (C) Indebtedness Incurred under clauses (b)(3), (b)(5), (b)(9) or (b)(10) of the covenant

described under the caption "— Certain Covenants — Limitation on Indebtedness," (D) Indebtedness of the Company or any Subsidiary Guarantor secured by a Lien on property or assets which Lien also equally and ratably secures the Notes and any Subsidiary Guarantee and (E) Indebtedness Incurred under the covenant "Limitation on Indebtedness" to the extent secured by Liens described in clauses (17), (19) or (30) of the definition of "Permitted Liens" shall, in each case, not constitute Priority Indebtedness.

"*Rating Agencies*" means (i) S&P, (ii) Moody's and (iii) Fitch; *provided* that if S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, one or more "nationally recognized statistical rating organizations," as the case may be, within the meaning of Section 3(a)(62) under the Exchange Act, as the Company may select, which will be substituted for any of S&P, Moody's or Fitch, as the case may be.

"*Rating Category*" means (i) with respect to S&P and Fitch, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories), (ii) with respect to Moody's, any of the following categories: "Ba", "B", "Caa", "Ca", "C" and "D" (or equivalent successor categories); and (iii) the equivalent of any such category of S&P, Fitch or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P and Fitch; "1", "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "BB-" to "B+", will constitute a decrease of one gradation).

"*Rating Date*" means, in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"*Rating Decline*" means, in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;

(b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such two Rating Agencies shall be below Investment Grade;

(c) in the event the Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency will be below Investment Grade; or

(d) in the event the Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency will be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories),

provided that a Rating Agency will be deemed to have not changed its rating of the Notes to below Investment Grade or to have decreased its rating of the Notes if such Rating Agency states publicly

in writing that (i) its change in rating of the Notes is the result of a rating downgrade applicable to the Government of Indonesia or generally applicable to companies in the Company's industry or companies located or operating in Indonesia and (ii) is not as a result of such proposed action contemplated under the caption "— Consolidation, Merger and Sale of Assets."

"*Reclassified Lease Obligations*" means obligations of the Company or a Restricted Subsidiary (not being Attributable Indebtedness) that would have been classified as operating leases as determined in accordance with GAAP prior to the implementation of PSAK 73, but as a result of PSAK 73 are classified under GAAP as Capitalized Lease Obligations.

"*Reference Period*" means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

"*Reference Treasury Dealer*" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by an investment banking firm of recognized international standing, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"*Replacement Assets*" means, with respect to an Asset Sale, (1) properties and assets that replace the properties and assets that were the subject of such Asset Sale and properties or assets (other than current assets) that will be used in a Permitted Business, (2) acquiring all or substantially all of the assets of any Person that is primarily engaged in a Permitted Business or the Capital Stock of any Person that is primarily engaged in a Permitted Business holding such property or assets if such Person will, upon the acquisition by the Company or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary or (3) any other capital expenditure relating to properties or assets that are used in a Permitted Business.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Services and its affiliates.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Senior Indebtedness*" of the Company or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary

Guarantee; provided that Senior Indebtedness does not include (a) any obligation to the Company or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date; provided that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"*Stated Maturity*" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"*Subordinated Indebtedness*" means any Indebtedness of the Company or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"*Subsidiary*" means, with respect to any Person, any corporation, association or other business entity (a) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (b) of which 50% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is "controlled" and consolidated by such Person in accordance with GAAP; *provided* that with respect to clause (b) the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be "controlled" by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of "— Designation of Restricted and Unrestricted Subsidiaries" covenant.

"*Subsidiary Guarantee*" means any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"*Subsidiary Guarantor*" means each of the Initial Subsidiary Guarantors and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; provided that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"*Temporary Cash Investments*" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the United Kingdom, Singapore or Hong Kong or any agency of the foregoing; *provided* that such country or state is rated "AA" (or such similar equivalent rating) or higher by at least two nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) (each such country or state a "Rated Country/State"), or obligations fully and unconditionally guaranteed by any Rated Country/State, in each case (unless such securities are deposited to defease or satisfy and discharge any Indebtedness) maturing within one year of the date of acquisition thereof;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, or any other Rated Country/State, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) any mutual or money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) PT Bank OCBC NISP Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank ANZ Indonesia, PT Bank DBS Indonesia, PT Bank Permata Tbk, PT Bank ICBC Indonesia, PT Bank Mega Tbk, PT Bank Maybank Indonesia Tbk, PT Bank Negara Indonesia (Persero) Tbk, PT Bank CIMB Niaga Tbk, Standard Chartered Bank, Indonesia, PT Bank Rakyat Indonesia Tbk, PT Bank Syariah Mandiri, PT Bank Sumitomo Mitsui Indonesia, Citibank N.A., Indonesia, PT Bank Tabungan Pensiunan Nasional Tbk, Bank Tabungan Negara Tbk; (ii) any other bank, financial institution or trust company organized under the laws of the Republic of Indonesia or a jurisdiction where the principal place of business of a Restricted Subsidiary is located or to which the Company or a Restricted Subsidiary sells its products or services whose long-term debt rating by Moody's or S&P is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank, financial institution or trust company organized under the laws of the Republic of Indonesia or a jurisdiction where the principal place of business of a Restricted Subsidiary is located or to which the Company or a Restricted Subsidiary sells its products or services; *provided* that, in the case of clause (iii), such deposits do not exceed US$5.0 million (or the Dollar Equivalent thereof) with any single bank or US$15.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

"*Total Assets*" means, as of any date of determination, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the

most recently ended fiscal quarter prior to such date for which consolidated financial statements (which may be internal financial statements) of the Company are available; *provided* that "Total Assets" will be calculated after giving pro forma effect to reflect (without duplication) (a) the cumulative value of all assets, real or personal property, machinery, plant and equipment, the acquisition, development, installation, expansion, construction or improvement of which requires or required the Incurrence of Indebtedness, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or financial institutional lender providing such Indebtedness (but only to the extent that such cumulative value is not reflected in such total consolidated assets as of the last day of such fiscal quarter) and (b) any asset acquisitions and asset dispositions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made since the last day of such fiscal quarter and on or prior to such date of determination.

"*Trade Payables*" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"*Transaction Date*" means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the incurrence or assumption of any Lien, the date such Lien is to be incurred or assumed.

"*Unrestricted Subsidiary*" means (1) any Subsidiary of the Company that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"*Voting Stock*" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"*Wholly Owned*" means, with respect to any Subsidiary of any Person, the ownership of 100% of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The following summary is based on applicable tax laws as in effect on the date of this Offering Memorandum, and is subject to changes in such laws, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any jurisdiction other than the ones described below. Prospective purchasers in all jurisdictions are advised to consult their own tax advisors as to tax consequences applicable to the acquisition, ownership and disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject.

Indonesian Taxation

The following is a summary of certain Indonesian income tax and stamp duty consequences relevant to the prospective holders of Notes who are not tax residents of Indonesia and have no permanent establishment in Indonesia, and Indonesian tax resident whenever applicable. The summary does not address any laws other than the tax laws of the Republic of Indonesia in force as of the date of this Offering Memorandum.

The summary represents a general guide only. The summary does not constitute tax advice for particular individual or corporate holders of Notes. Prospective investors in all jurisdictions are advised to consult their own tax advisors as to other tax consequences of the acquisition, ownership and disposition of the Notes relevant to their facts and circumstances.

General

According to the Income Tax law No. 7/1983 as severally amended, recently by Law No. 11/2020 on Job Creation (the "Omnibus Law"), Non-resident Taxpayers comprise of an individual who does not reside in Indonesia; a foreign citizen who is present in Indonesia for less than 183 days within a 12 months period; an Indonesian citizen who is present outside Indonesia for more than 183 days within a 12 months period and meeting certain requirements as stipulated by the Minister of Finance Regulation; and a corporate body that is not established or domiciled in Indonesia. In determining the tax residence or existence of a permanent establishment of an individual or corporation, consideration will also be given to the provision of any applicable double tax avoidance agreements which Indonesia has concluded with other countries ("Tax Treaty"). In this section, non-resident individuals and non-resident corporations will be referred to collectively as "Non-resident Taxpayers."

Non-resident Taxpayers, who derive Indonesian sourced income, including interest are generally subject to a final withholding tax on that income at a rate of 20.0%, as long as the income is not effectively connected with a permanent establishment of the Non-resident Taxpayer in Indonesia. If the income is effectively connected with a permanent establishment in Indonesia, such income shall be regarded as income earned by the permanent establishment, and is taxable in the same manner as for resident taxpayers. Under the Income Tax Law as recently amended by the Omnibus Law and its implementing Government Regulation No. 9 of 2021 on Tax Treatment to Support Ease of Business dated February 2, 2021 ("GR No. 9/2021"), this 20% withholding tax rate will be reduced to 10.0% (effective six months from February 2, 2021) on payment of interest including premium, discount and compensation in relation to repayment of Notes to Non-resident Taxpayers. This withholding tax may also be further reduced or exempted under the provisions of any applicable Tax Treaty.

Taxation on Interest and other payments related to the Notes

Payments of principal under the Notes are not subject to withholding tax in Indonesia, whilst the interest paid or due to be paid by the Company to a Non-resident Taxpayer having no permanent establishment in Indonesia is subject to final withholding tax in Indonesia at the statutory rate of 20.0% or 10.0% (effective from August 2, 2021) or the relevant reduced rate under an applicable Tax Treaty between Indonesia and countries where the holders of Notes become tax residents. To use the reduced rate under an applicable Tax Treaty, a non-resident individual and corporation must satisfy the eligibility requirements under the applicable Tax Treaty and domestic tax regulations, including the requirement that the interest recipient be the beneficial owner ("BO") of the income. See "— *Application of Tax Treaties under Indonesian Tax Regulations*" and "— *Certificate of Domicile*" below. However, as described under the "*Description of the Notes — Additional Amounts*", and subject to the limitations therein, holders of Notes will generally be entitled to Additional Amounts with respect to Indonesian withholding tax irrespective of whether such holders of Notes qualify for Treaty benefits.

Payment of principal (excluding interest, premium or discount) under the Notes to an Indonesian tax resident (individual or corporation) or permanent establishment in Indonesia ("Indonesian Tax Resident") are not subject to tax. Whilst interest due (including premium or discount, and any other payments in the nature of interest in form of additional amount, applicable premium, etc.) to any Indonesian Tax Resident Note holders (other than banks operating in Indonesia and government approved pension funds in which case are exempt from withholding tax) are subject to a final withholding tax rate of 15.0%. A special tax rate of 5.0% is available for interest and/or discount received or earned by a mutual fund, infrastructure investment fund Collective Investment Contract (CIC), Real estate investment fund CIC and asset back securities CIC registered with or recorded at the Financial Services Authority (Otoritas Jasa Keuangan/OJK) until year 2020 and 10.0% thereafter.

Taxation on Sale or Disposition Notes

Under Government Regulation No. 16/2009 ("GR No. 16/2009") which has been amended by Government Regulation No. 55/2019 which took effect on August 12, 2019 ("GR No. 55/2019") and most recently partly amended by GR No. 9/2021 which will reduce the withholding tax rate to 10% effective from August 2, 2021, Non-resident Taxpayer individual and corporation without a permanent establishment in Indonesia may be subject to Indonesian withholding tax on any gain derived from the sale or other disposal of Notes. Under GR No. 16/2009 and the amendment GR No. 9/2021, a gain on such sales would be subject to Indonesian withholding tax as the Director General of Tax ("DGT") would treat the capital gain as Indonesian-sourced interest. Therefore, any gain from the sale of Notes by an investor that is not an Indonesian tax resident where the transactions are conducted through a securities company, dealer or bank in Indonesia (either as intermediary or buyer) will be subject to the 20.0% (or 10% from August 2, 2021) Indonesian withholding tax normally applicable to Indonesian-sourced interest.

However, if the Non-resident Taxpayer individual and corporation is a tax resident of a country that has a Tax Treaty with Indonesia which defines gain on the disposal of the Notes not as interest, instead such as capital gains and provides capital gain exemption provision for the disposal of the Notes, relief from the imposition of such withholding tax shall be available. The reduced rate or exempted withholding tax applicable to a Non-resident Taxpayer individual and corporation who resides in a treaty country is also subject to the satisfaction of eligibility requirements under the applicable Tax Treaty and domestic tax regulations (see "— *Application of Tax Treaties under Indonesian Tax Regulations*" and "— *Certificate of Domicile*" below).

Any gains from the disposal of the Notes (i.e. discount) derived by Indonesian Tax Resident are subject to 15.0% final withholding tax.

Agreements for the Avoidance of Double Taxation

Indonesia has concluded tax treaties with a number of countries including Australia, Belgium, Canada, China, France, Germany, Hong Kong, Japan, The Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America.

Where a tax treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable in the case of interest (or payments in the nature of interest such as premium) paid by the Company or any future Subsidiary Guarantor. To obtain the benefit of an applicable tax treaty, the Non-resident Taxpayer must be the actual owner of the economic benefits of the income (referred to as the beneficial owner of the income) and comply with the eligibility requirements of the tax treaty and the specific requirements in Indonesia. See "— *Beneficial Owner*," "— *Application of Tax Treaties under Indonesian Tax Regulations*" and "— *Certificate of Domicile*" for further details.

Beneficial Owner

Under Indonesian tax regulations the actual owner of the economic benefits of the income (beneficial owner), is defined as the income recipient who is not acting as:

- an agent, which refers to an individual or company who acts as an intermediary and carries out activities for and/or on behalf of other parties;

- a nominee, which refers to an individual or company which legally owns (legal owner) an asset and/or income, for the benefit of, or acts under the instruction of, the actual asset owner and/or the actual party which actually enjoys the benefit of the income; or

- a conduit company, which is a company which enjoys benefits from the tax treaty in relation to the income arising in another country, whilst the economic benefits from that income is owned by persons in a country who cannot enjoy tax treaty benefits if the income was received directly.

These concepts are implemented in the regulations by requiring Non-resident Taxpayers to satisfy certain tests in order to be viewed as the "beneficial owner" and not engaged in treaty misuse.

Application of Tax Treaties under Indonesian tax regulations

In accordance with Indonesian DGT Regulation No. PER-25/PJ/2018 dated November 21, 2018 regarding the Procedures for Applying Double Tax Avoidance Treaties ("DGT REG No. 25/2018"), the Indonesian tax withholder is allowed to withhold tax at the reduced rate in accordance with a tax treaty, provided that:

a. the Non-resident Taxpayer is not an Indonesian tax resident;

b. the Non-resident Taxpayer is a tax resident of a tax treaty partner;

c. there is no tax treaty misuse by the Non-resident Taxpayer;

d. the Non-resident Taxpayer is the beneficial owner of the income (if so required by the tax treaty); and

e. the administrative requirements have been fulfilled (i.e. the Certificate of Domicile demonstrating the requirements above have been satisfied).

If the requirements above are not met, then the tax withholder shall withhold tax in accordance with Indonesian tax regulations, i.e. at the rate of 20% (or 10.0% for interest/discount payments related to Notes from August 2, 2021).

Under DGT REG No. 25/2018, misuse of a tax treaty may occur if one of the purposes of the arrangement(s) or transaction(s) is to obtain a benefit under the tax treaty, either to reduce tax burden and/or non-imposition of tax in any countries/jurisdictions (double non-taxation), contrary to the object and purpose of the tax treaty. Misuse of tax treaty may occur if:

a. the transaction or structure does not have economic substance;

b. the legal form of the structure or transactions is different from the economic substance;

c. the business operation is not managed by its own management and the management does not have appropriate authority to carry out transactions;

d. the entity's assets, other than the assets to generate income from Indonesia, are not sufficient and adequate to carry out business operations in the tax treaty partner country;

e. the entity does not have sufficient qualified employees to conduct its business operations; or

f. the entity has no active business other than receiving income from dividend, interest and/or royalty originating from Indonesia.

If there is a difference between the legal form of a structure/scheme and the economic substance, the applicable tax regulations will be the tax regulations in accordance with the economic substance (substance over form).

Where the Non-resident Taxpayer is required by a tax treaty to be the beneficial owner of the income (e.g. for interest income) then, in addition to satisfying the conditions for non-misuse of the tax treaty above, that Non-resident Taxpayer must fulfill the following:

a. if it is an individual, it is not acting as an agent or nominee, or

b. if it is a company, it must satisfy the following requirements:

   i. it is not acting as an agent, nominee or conduit;

   ii. has the power to use or enjoy the funds, assets, or right to earn income from Indonesia;

   iii. does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties (excluding payments of reasonable remuneration to employees and other expenses normally incurred by the company in running the business);

iv. bears the risk on its own assets, capital and/or liabilities; and

v. it does not have any contractual or legal obligation to transfer the whole or part of the income received from Indonesia to another party.

In the case that there is a misuse of the tax treaty or the income recipient is not the beneficial owner, the following are applied:

a. the tax withholder is not allowed to implement the provisions stipulated in the tax treaty and must withhold tax in accordance with Indonesia's tax regulations, i.e. withholding tax at the rate of 20.0% (or 10.0% for interest/discount payments related to Notes from August 2, 2021); and

b. the Non-resident Taxpayer who misuses the tax treaty cannot apply for a refund for the overpayment of tax.

Certificate of Domicile ("COD")

The administrative requirements to be fulfilled by the Non-resident Taxpayer to enjoy the tax treaty benefits are in the COD form, which must be:

a. in the form prescribed in the attachment to DGT REG No. 25/2018 (i.e. DGT Form);

b. filled in completely by the Non-resident Taxpayer;

c. signed by the Non-resident Taxpayer;

d. certified by the competent tax authority in the tax treaty partner country (or a separate Certificate of Residence/"CoR" shall be provided by the foreign tax authority as was used prior to the application of DGT REG No. 25/2018); and

e. the form must be provided to the Indonesian tax withholder before the end of the deadline to submit the monthly tax returns for the relevant tax payable period.

The certified first page of DGT Form or the separate CoR used in lieu thereof, has a validity based on the period specified on the document, to a maximum of 12 months, and may be reused during this time for other payments to that Non-resident Taxpayer.

The Non-resident Taxpayer should provide the original COD form to the tax withholder (if this is the first transaction with an Indonesian tax withholder that is utilizing the COD); otherwise the Non-resident Taxpayer shall provide to the tax withholder a copy of the electronic receipt of the lodgment of the original COD for the first transaction. The tax withholder is required to submit the COD (if it is the first transaction using the COD) or electronic lodgment receipt (for future transactions) in the relevant monthly tax return via e-filing.

In the case that there is income received or earned by a Non-resident Taxpayer, but no tax is withheld in Indonesia according to the tax treaty, the tax withholder is still obliged to arrange reporting of the COD.

Tax residency

With regard to the tax residency country of the recipient of certain income (including interest income), Article 26 paragraph (1a) of the Income Tax Law (and its elucidation), states that the domicile country of a Non-resident Taxpayer (that does not conduct business activities through a permanent establishment in Indonesia), is defined as the country where the Non-resident Taxpayer who truly receives the benefits of such income, resides or domiciles. The law also includes further requirements about the country of domicile as follows:

- that the domicile country of the Non-resident Taxpayer who derives income from Indonesia (not through a permanent establishment in Indonesia) is determined based on the domicile country of the Non-resident Taxpayer that actually receives the benefits of the income (hereinafter referred to as the beneficial owner). Accordingly, the country of domicile shall not only be determined based on COD, but also on residence or domicile of the beneficiary of the income;

- in the event that the beneficial owner is an individual, his/her country of domicile shall be the country where the individual resides or lives; and

- if the beneficial owner is a company (corporate or enterprise), its country of domicile shall be the country in which the owner or the shareholders with more than 50.0% ownership (either individually or commonly) of the company domiciles or where "effective management" is.

Stamp duty

In Indonesia, nominal stamp duty applies per document basis, and is not related to the value of the transaction. Stamp duty applies to certain documents made, executed or brought into Indonesia or intended to be used as evidence for civil proceedings. Documents subject to stamp duty include notarial deeds, documents evidencing or recording the receipt of money, and securities instruments. Under the new Stamp Duty Law, commencing January 1, 2021, the nominal amount of the Indonesian stamp duty for any kind of securities transaction having a value greater than IDR 5,000,000 is IDR10,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party who benefits from the executed document unless all parties involved decided otherwise.

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposal of the Notes. There are no Indonesian registrations or similar taxes payable by the Holders of the Notes.

Singapore Taxation

The statements made herein regarding Singapore taxation are general in nature and based on certain aspects of the current tax laws of Singapore, administrative guidelines and circulars issued by the Monetary Authority of Singapore ("MAS") in force as of the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of these laws, guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the

explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective investors are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasized that none of the Company, the Initial Purchasers and any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("ITA"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the issue of the Notes is jointly lead-managed by Deutsche Bank AG, Singapore Branch and Mandiri Securities Pte. Ltd., and on the basis that each of them is a Financial Sector Incentive (Capital Market) or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, and the Notes are issued as debt securities prior to December 31, 2023, the Notes would be qualifying debt securities ("QDS") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require and subject to the Company including in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Notes by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Notes paid by the Company and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the submission by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes paid by the Company and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to Singapore income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

(I) the Company including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(II) the submission by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Qualifying Income derived from the Notes are not subject to withholding of Singapore tax (if applicable) by the Company.

Notwithstanding the foregoing:

(a) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50% or more of the issue of the Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, the Notes would not qualify as QDS; and

(b) even though the Notes are QDS, if, at any time during the tenure of the Notes, 50.0% or more of the Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Qualifying Income derived from the Notes held by:

(I) any related party of the Company; or

(II) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

All foreign-sourced income received in Singapore by Singapore tax resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Notes using funds and profits of such person's operations through a permanent

establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

Gains on Disposal of the Notes

Any gains considered to be in the nature of capital made from the disposal of the Notes will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of Notes who apply or are required to apply Singapore Financial Reporting Standard ("FRS") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("SFRS(I) 9") (as the case may be) may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Certain U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Treasury regulations issued thereunder,

and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Except to the extent set forth below, the discussion addresses only holders (as defined below) that purchase Notes in the original offering, hold the Notes as capital assets within the meaning of Section 1221 of the Code, and use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, U.S. expatriates, persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction), and those persons required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE FEDERAL, STATE AND LOCAL LAWS OF THE UNITED STATES, INDONESIA AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a Note that for federal income tax purposes is a citizen or individual resident of the United States, a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any political subdivision thereof, a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a Note other than a U.S. Holder. The treatment of partners in a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that owns Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Company may be required to make payments on a Note that would change the yield of the Note. See "*Description of the Notes—Repurchase of Notes Upon a Change of Control Triggering Event*" and "*—Optional Redemption*." This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Company intends to take the position that the Notes are not CPDIs. This determination is binding on each holder of the Notes unless such holder discloses its contrary position in the manner required by the applicable Treasury regulations. This determination, however, is not binding on the IRS and if the IRS were to successfully challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized

on the taxable disposition of such Notes before the resolution of the contingency. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any Indonesian income taxes withheld on interest payments on the Notes. However, U.S. Holders will not be entitled to claim foreign tax credits for amounts withheld in excess of the 10% rate applicable to interest under the Convention for the Avoidance of Double Taxation of Income and the Prevention of Fiscal Evasion between the United States and Indonesia. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Original Issue Discount

If the Notes are issued at a discount from their stated principal amount, and such discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated principal amount of the Notes and the number of complete years from the Notes' issue date to their maturity, the Notes will have original issue discount ("OID") equal to such discount. The "issue price" of the Notes will be the first price at which a substantial amount of the Notes are sold to the public (*i.e.*, excluding sales of Notes to underwriters, placement agents, wholesalers, or similar persons).

In general, and regardless of whether a U.S. Holder uses the cash or the accrual method of tax accounting, such holder will be required to include in ordinary gross income the sum of the "daily portions" of OID on a Note for all days during the taxable year that the U.S. Holder owns such Note. The daily portions of OID on a Note will be determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that period. Accrual periods may be any length and may vary in length over the term of a Note, so long as no accrual period is longer than one year and each scheduled payment of principal or interest occurs on the first day or final day of an accrual period. The amount of OID allocable to each accrual period will be determined by (a) multiplying the "adjusted issue price" (as defined below) of the Note at the beginning of the accrual period by the "yield to maturity" of such Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of stated interest allocable to that accrual period.

The "adjusted issue price" of a Note at the beginning of any accrual period generally will be the sum of its issue price, including any accrued interest, and the amount of OID allocable to all

prior accrual periods. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. As a result of this "constant yield" method of including OID income, the amounts includable in income by a U.S. Holder in respect of a Note generally will be less in the early years, and greater in the later years, than amounts that would be includible on a straight-line basis.

A U.S. Holder may make an election, which may not be revoked without the consent of the IRS, to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of stated interest, over the amount paid by such U.S. Holder for the Note) under the constant-yield method described above.

The rules governing instruments with OID are complex, and prospective investors should consult with their own tax advisors about the application of such rules to the Notes.

Sale, Exchange, Retirement or Other Taxable Disposition

Upon the sale, exchange, retirement or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note reduced by any prior repayments of principal. Gain or loss with respect to a taxable disposition of a Note generally will be U.S. source capital gain or loss. Accordingly, in the event that gain with respect to a disposition of a Note is subject to Indonesian tax as described above under "Taxation — Indonesian Taxation" a U.S. Holder may only be able to claim a U.S. foreign tax credit for the amount of Indonesian tax to the extent such U.S. Holder has other income from foreign sources. Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange, retirement or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Subject to the discussion of backup withholding below, interest on a Note paid to a Non-U.S. Holder is not subject to U.S. withholding tax. A Non-U.S. Holder generally will not be subject to U.S. federal income tax on a net income basis on payments or upon or gain from the sale, exchange, retirement or other taxable disposition (including redemption) of a Note, unless that payment or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange, retirement or other taxable disposition (including redemption) of Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and

backup withholding. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch and Mandiri Securities Pte. Ltd. are acting as the Initial Purchasers. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum (the "Purchase Agreement"), each Initial Purchaser named below has severally and not jointly agreed to purchase, or procure purchasers for, and the Company has agreed to issue and sell to each such Initial Purchaser, the principal amount of the Notes set forth opposite the name of such Initial Purchaser.

Initial Purchaser	Principal Amount
Deutsche Bank AG, Singapore Branch	US$100,000,000
Mandiri Securities Pte. Ltd.	US$100,000,000
Total	US$200,000,000

The Purchase Agreement provides that the several and not joint obligations of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. The initial offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Notes is expected to occur on or about August 5, 2021.

The Company and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of such liabilities.

The Company and the Subsidiary Guarantors have agreed not to, for a period of 90 days after the date of this Offering Memorandum (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into such debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchasers. The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Notes will constitute a new class of securities with no established trading market. Approval-in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The Company does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States. However, there can be no assurance that the prices at which the Notes will sell in the market after the offering of the Notes will not be lower than the initial offering price

or that an active trading market for the Notes after the completion of the offering of the Notes will develop and continue after the offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with the offering of the Notes, Deutsche Bank AG, Singapore Branch, as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Company.

Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, certain commercial banking and lending, investment banking and advisory and other banking services for us, and/or our affiliates for which they have received or will receive customary fees and expenses. The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company or any of the Subsidiary Guarantors.

The Initial Purchasers and/or their respective affiliates may purchase the Notes for their own account and enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps and/or our other securities or those of our associates at the same time as the offer and sale of the Notes or in secondary market transactions, but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). As a result of such transactions, an Initial Purchaser or its affiliates may hold long or short positions relating to the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or our other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

While each Initial Purchaser and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Initial Purchaser or its affiliates or its

clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Initial Purchaser may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Company in such jurisdiction.

Delivery of the Notes is expected on or about August 5, 2021 which is the fifth business day following the date of this Offering Memorandum (such settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, because the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade the Notes on the pricing date or the next two succeeding business days should consult their own advisers.

In addition, the Company has appointed PT BNI Sekuritas to act as co-manager in the Offering.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Company, the Subsidiary Guarantors or the Initial Purchasers that would permit a public offering of Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or the offering of the Notes, in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "*Transfer Restrictions*" for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only (1) in the United States to "qualified institutional buyers" in reliance on Rule 144A and (2) outside the United States in offshore transactions in reliance on Regulation S. Resales of the Notes are restricted as described under "Transfer Restrictions."

As used herein, the term "United States" has the meaning given to it in Regulation S.

United Kingdom

This Offering Memorandum has been prepared on the basis that any offer of notes in the United Kingdom will be made pursuant to an exemption under the FSMA and the UK Prospectus Regulation

from the requirement to publish a prospectus for offers of notes. The expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any notes under, the offers to the public contemplated in this offering memorandum, or to whom the notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires notes is not a "retail investor" (as defined above).

Each of the Initial Purchasers has represented and warranted, and agreed, that:

- it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantor.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of notes in any member state of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (b) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any notes under, the offers to the public contemplated in this offering memorandum, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires notes is not a "retail investor" (as defined above).

Switzerland

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes.

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Singapore

Each of the Initial Purchasers has acknowledged that this Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each of the Initial Purchasers has represented and warranted, and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

Each of the Initial Purchasers has represented and warranted, and agreed, that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning ascribed to it in the SFO and any rules made under the SFO.

China

This Offering Memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in China. Other than to qualified domestic institutional investors in China, the Notes are not being offered and may not be offered or sold, directly or indirectly, in China to or for the benefit of, legal or natural persons of China. According to the laws and regulatory requirements of China, with the exception of qualified domestic institutional investors in China, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-Chinese natural or legal persons in any country other than China.

Indonesia

This offering does not constitute a public offering or private placement of debt securities in Indonesia under the Indonesia Capital Markets Law and OJK Regulation 30/2019. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizens or entities wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering or private placement under the laws and regulations of Indonesia, including OJK Regulation 30/2019.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Initial Purchaser has represented and warranted, and agreed, that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes under the Securities Act and the Notes may only be offered or sold (i) within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Memorandum have the meanings given to them by Regulation S and Rule 144A.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including resales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

You are not our "affiliate" (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

(a) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) purchasing Notes in an offshore transaction in accordance with Regulation S.

(2) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you. You represent that you are only relying on this Offering Memorandum in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(3) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for

which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us or any of our affiliates;

(b) pursuant to a registration statement which has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) outside the United States in offshore transactions meeting the requirements of Rule 904 under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

You acknowledge that we, the Trustee and the Registrar reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the trustee and the registrar.

(4) You acknowledge that each Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR (B) IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON WITHIN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144 UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY OF

ITS AFFILIATES THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(5) You acknowledge that the registrar will not be required to accept for registration or transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

(a) the Company and its subsidiaries, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

(9) The Notes may not be sold or transferred to, and you as a purchaser, by your purchase and holding of the Notes, shall be deemed to have represented and covenanted that you are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans accounts or arrangements (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor), unless such purchase and holding will not constitute a non-exempt prohibited transaction under Title I of ERISA and the Code.

RATINGS

The Notes are expected to be rated "B1" by Moody's and "B+" by Fitch. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any additional amounts and do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of the Company, or on the Company. See "*Risk Factors — Risks Relating to the Notes and the Subsidiary Guarantees — The ratings assigned to the Notes may be lowered or withdrawn*."

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Milbank LLP as to matters of United States federal and New York law and Assegaf Hamzah & Partners as to matters of Indonesian law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling LLP as to matters of United States federal and New York law, and Witara Cakra Advocates as to matters of Indonesian law. Certain legal matters will be passed upon for the Trustee by Allen & Overy as to matters of New York law.

INDEPENDENT MINING CONSULTANT

Our proved and probable coal reserves figures presented in this Offering Memorandum are estimates that have been prepared by RPM, an independent mining consultant. RPM has given and has not withdrawn its written consent to the issue of this Offering Memorandum with the inclusion herein of their name and all references thereto and to the inclusion of the Reserve Statements at Appendix A and Appendix B in this Offering Memorandum, in the form and context in which they appear in this Offering Memorandum and to act in such capacity in relation to this Offering Memorandum.

RPM has provided, and is expected to continue to provide, mining consulting services to us.

INDEPENDENT AUDITORS

This Offering Memorandum contains our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, and our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, all prepared by us in accordance with Indonesian Financial Accounting Standards and presented in United States Dollar (collectively referred to as the "Financial Statements"). Our audited consolidated financial statements as of December 31, 2018, 2019, and 2020, and for the years then ended, which are included elsewhere in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja ("PSS") (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), as stated in their audit reports included elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021, which are included elsewhere in this Offering Memorandum, have been reviewed by PSS (a member of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the IICPA, as stated in their review report included elsewhere in this Offering Memorandum. A review of interim financial information conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and accordingly, as stated in their review report appearing elsewhere in this Offering Memorandum, PSS (a member of Ernst & Young Global Limited), independent auditors, did not audit and do not express any opinion on our unaudited interim consolidated financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2020 and 2021 included elsewhere in this Offering Memorandum. Unless otherwise stated or the context otherwise requires, (i) all financial data as of and for the years ended December 31, 2018, 2019, and 2020 presented in this Offering Memorandum have been extracted from our audited consolidated financial statements for such dates and periods included elsewhere in this Offering Memorandum, and (ii) all financial data as of and for the three-month periods ended March 31, 2020 and 2021 have been extracted from our unaudited interim consolidated financial statements for such date and periods included elsewhere in this Offering Memorandum.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND U.S. GAAP

Our consolidated financial statements included elsewhere in this Offering Memorandum have been prepared and presented in accordance with Indonesian FAS. Significant differences exist between Indonesian FAS and U.S. GAAP, which might be material to the consolidated financial statements herein. The matters described below should not be expected to reveal all differences between Indonesian FAS and U.S. GAAP that are relevant to us.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain significant differences between Indonesian FAS and U.S. GAAP is complete.

Regulatory bodies that promulgate Indonesian FAS and U.S. GAAP have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between Indonesian FAS and U.S. GAAP as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between Indonesian FAS and U.S. GAAP that may affect the consolidated financial statements as a result of transactions or events that may occur in future.

Management believes that the application of U.S. GAAP to the consolidated financial statements could have a material and significant impact upon the consolidated financial statements reported under Indonesian FAS. In making an investment decision, investors must rely upon their own examination of us, terms of the offering, and the consolidated financial statements. Potential Investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and U.S. GAAP, and how those differences might affect the consolidated financial statements included herein.

Interim Financial Reporting

Under Indonesian FAS, each interim period is viewed as a discrete reporting period. A cost that does not meet the definition of an asset at the end of an interim period is not deferred, and a liability recognized at an interim reporting date must represent an existing obligation. Under U.S. GAAP, each interim period is viewed as an integral part of an annual period. As a result, certain costs that benefit more than one interim period may be allocated among those periods, resulting in deferral or accrual of certain costs.

Consolidation, Joint Venture Accounting, and Equity-Method Investment

Indonesian FAS provides a single control model for all entities, including structured entities. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under Indonesian FAS, potential voting rights and the notion of "de facto control" are considered. U.S. GAAP provides for primarily two consolidation models (variable interest model and voting model). The variable interest model evaluates control based on determining which party has power and benefits, while the voting model evaluates control based on existing voting rights. All

entities are first evaluated as potential variable interest entities ("**VIEs**"). If an entity is not a VIE, it is evaluated for control pursuant to the voting model. Under U.S. GAAP, potential voting rights are generally not included in either evaluation and the notion of "de factor control" is not considered.

Under Indonesian FAS, uniform accounting policies between parent and subsidiary are required. Under U.S. GAAP, uniform accounting policies between parent and subsidiary are not required.

Under Indonesian FAA, joint ventures are separate vehicles in which the parties that have joint control of the separate vehicle have rights to the net assets. In contrast with US GAAP, an entity can qualify as a joint venture if certain parties participate in decision-making through a means other than equity. Joint control is defined as existing when two or more parties must unanimously consent to each of the significant decisions of the entity. In a joint venture, the parties cannot have direct rights and obligations with respect to the underlying assets and liabilities of the entity. The investors generally account for their interests in joint ventures using the equity method of accounting. Investments in associates held by venture capital organizations, mutual funds, unit trusts and similar entities are exempt from using the equity method and the investor may elect to measure its investment at fair value. Proportionate consolidation is not permitted, regardless of industry. However, when a joint arrangement meets the definition of a joint operation instead of a joint venture, an investor would recognize its share of the entity's assets, liabilities, revenues, and expenses, and not apply the equity method. Under U.S. GAAP, whose operations and activities are jointly controlled by their equity investors and have certain other characteristics. The purpose of the entity should be consistent with the definition of a joint venture. Joint control is not defined, but it is commonly interpreted to exist when all of the equity investors unanimously consent to each of the significant decisions of the entity. An entity can be a joint venture, regardless of the rights and obligations the parties sharing joint control have with respect to the entity's underlying assets and liabilities. The investors generally account for their interests in joint ventures using the equity method of accounting. They also can elect to account for their interests at fair value. Proportionate consolidation may be permitted to account for interests in unincorporated entities in certain limited industries when it is an established practice (i.e. construction and extractive industries).

Under Indonesian FAS, when determining significant influence, potential voting rights are considered if currently exercisable. Under U.S. GAAP, when determining significant influence, potential voting rights are generally not considered.

Under Indonesian FAS, investments in associates held by venture capital organizations, mutual funds, unit trusts, or similar entities are exempt from using the equity method and the investor may elect to measure its investment at fair value. U.S. GAAP provides entities the option to account for certain equity method investments at fair value. If the entity does not elect to use the fair value option, the equity method of accounting is required.

Business Combinations

Under Indonesian FAS, non-controlling interest components that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be measured at: (i) fair value, or (ii) the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets, while all other components of non-controlling interest are measured at fair value unless another measurement basis is required. Accordingly, the choice is available on a transaction-by-transaction basis. Under U.S. GAAP, non-controlling interest is measured at fair value.

Under Indonesian FAS, the terms of the lease are taken into account in estimating the fair value of the asset subject to the lease. Separate recognition of an intangible asset or liability is not required. Under U.S. GAAP, if the terms of an acquiree's operating lease are favorable or unfavorable relative to market terms, the acquirer recognizes an intangible asset or liability, respectively, regardless of whether the acquire is the lessor or the lessee.

Under Indonesian FAS, liabilities arising from contingencies are recognized as of the acquisition date if there is a present obligation that arises from past events and the fair value can be measured reliably, even if it is not probable that an outflow of resources will be required to settle the obligation. If the fair value cannot be measured reliably, the contingent liability is not recognized. Contingent assets are not recognized. Liabilities subject to contingencies are subsequently measured at the higher of: (i) the amount that would be recognized in accordance with Indonesian Statement of Financial Accounting Standards (*Pernyataan Standar Akuntansi Keuangan* or "**PSAK**") 57, "Provisions, Contingent Liabilities, and Contingent Assets" ("**PSAK 57**"), or (ii) the amount initially recognized less, if appropriate, cumulative amount of income recognized in accordance with the principles in PSAK 72 "Revenue from Contracts With Customers". Under U.S. GAAP, assets and liabilities arising from contingencies are recognized at fair value, if the fair value can be determined during the measurement period; otherwise, those assets or liabilities are recognized at the acquisition date in accordance with Accounting Standards Codification 450, "Contingencies" ("**ASC 450**"), if the related criteria for recognition are met. If contingent assets and liabilities are initially recognized at fair value, an acquirer should develop a systematic and rational basis for subsequently measuring and accounting for those assets and liabilities depending on their nature. If amounts are initially recognized and measured in accordance with ASC 450, the subsequent accounting and measurement should be based on that guidance.

Under Indonesian FAS, no guidance exists for pushdown accounting. The general view is that entities may not use the hierarchy in PSAK 25, "Accounting Policies, Changes in Accounting Estimates, and Errors" to refer to U.S. GAAP and apply pushdown accounting in the separate financial statements of an acquired subsidiary, because the application of pushdown accounting will result in the recognition and measurement of assets and liabilities in a manner that conflicts with certain standards and interpretations under Indonesian FAS. Under U.S. GAAP, an acquired entity can choose to apply pushdown accounting in its separate financial statements when an acquirer obtains control of it. However, an entity's election to apply pushdown accounting is irrevocable.

Inventory

Under Indonesian FAS, the use of the Last-in, first-out ("**LIFO"**) method in determining the cost of inventory is not permitted. Further, same cost formula must be applied to all inventories similar in nature or use to the entity. Under U.S. GAAP, the use of the LIFO method in determining the cost of inventory is permitted. U.S. GAAP did not explicitly require a consistent cost formula for all inventories similar in nature.

Under Indonesian FAS, inventory is carried at the lower of cost and net realizable value under all permitted methods. Net realizable value is defined as the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Under U.S. GAAP, inventory other than that accounted for LIFO or RIM is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. LIFO and RIM are carried at the lower of cost or market. Market is defined as current replacement cost, but not greater than net realizable value (estimated selling price less reasonably predictable costs of completion, disposal and transportation) and not less than net realizable value reduced by a normal profit margin.

Under Indonesian FAS, Previously recognized write-downs are reversed up to the amount of the original write-down when the reasons for the write-down no longer exist. Under U.S. GAAP, Any write-down of inventory below cost creates a new cost basis that subsequently cannot be reversed, unless there is a recovery in value during the same annual reporting period that the write-down occurred.

Land Rights

In Indonesia, except for ownership rights granted to individuals, the title to land rests with the Government of the Republic of Indonesia under the Agrarian Law No. 5 of 1960. Land use is accomplished through land rights whereby the holder of the rights enjoys the full use of the land for a stated period of time, subject to extensions. Under Indonesian FAS, land right is not depreciated unless management believes that it is highly unlikely that extensions of the land right will not be granted by the Government. The predominant practice is to capitalize (and not to amortize) the costs of acquired land rights, as entities generally believe that extensions of land rights will be granted by the Government. Other expenses associated with the acquisition of government permits to use land, including legal fees, area survey and re-measurement fees, notary fees, and taxes, are capitalized and amortized over the period of the right to use the land. Under U.S. GAAP, the costs and other expenses associated with the acquisition of land rights are capitalized and amortized over the period of the right to use the land.

Long-Lived Assets

Under Indonesian FAS, revaluation of long-lived assets is a permitted accounting policy election whereby long-lived assets are revalued to their fair values on a regular basis. If a long-lived asset is revalued, then all long-lived assets within the same category are also required to be revalued. Under U.S. GAAP, revaluation of long-lived assets is not permitted.

Under Indonesian FAS, long-lived asset component depreciation is required if components of an asset have differing patterns of benefit. Under U.S. GAAP, long-lived asset component depreciation is permitted, but considered not common.

Under Indonesian FAS, eligible borrowing costs that are capitalized as part of a qualifying long-lived asset include exchange rate differences from foreign currency borrowings to the extent that such borrowing costs are regarded as an adjustment to interest costs. For borrowings associated with a specific qualifying long-lived asset, actual borrowing costs are capitalized and offset by investment income earned on those borrowings. Under U.S. GAAP, eligible borrowing costs do not include exchange rate differences. Interest earned on the investment of borrowed funds generally cannot offset interest costs incurred during the period. For borrowings associated with a specific qualifying asset, borrowing costs equal to the weighted-average accumulated expenditures times the borrowing rate are capitalized

Under Indonesian FAS, costs that represent a replacement of a previously identified component of an asset or costs of a major inspection are capitalized if the entity expects to use it during more than one period, future economic benefits are probable and the costs can be reliably measured. Otherwise, these costs are expensed as incurred. The carrying amount of the part was replaced or any remaining carrying amount of the cost of a previous inspection should be written off. U.S. GAAP, provides specific guidance on airframe and engine overhauls for the airline industry under ASC 908 “Airlines”, however U.S. GAAP does not provide guidance for other industries. As a result, repair and maintenance costs outside the scope of ASC 908 are generally expensed as incurred. ASC 908

permits the following accounting methods: (1) expensing overhaul costs as incurred, (2) capitalizing costs and amortizing through the date of the next overhaul or (3) following the built-in overhaul approach (i.e., an approach with certain similarities to composite depreciation).

Under Indonesian FAS, investment property is separately defined as property held to earn rent or for capital appreciation (or both) and may include property held by lessees under a finance or operating lease. After initial recognition, investment property may be accounted for on a historical cost or fair value basis as an accounting policy election. PSAK 16 requires a lessee to measure right-of-use assets arising from leased property in accordance with the fair value model of PSAK 13 if the leased property meets the definition of investment property and the lessee elects the fair value model in PSAK 13 as an accounting policy. Investment property, if carried at fair value, is not depreciated, and changes in fair value are reflected in income. Capitalized operating leases classified as investment property must be accounted for using the fair value model. Under U.S. GAAP, investment property is not separately defined, and therefore, is accounted for as held for use or held for sale.

Intangible Assets

Under Indonesian FAS, development costs are capitalized when technical and economic feasibility of a project can be demonstrated in accordance with specific criteria, including: (i) demonstrating technical feasibility, (ii) intent to complete the asset, and (iii) ability to sell the asset in the future. Although application of these principles may be largely consistent with those under U.S. GAAP, there is no separate guidance addressing development costs for computer software development costs. Under U.S. GAAP, development costs are expensed as incurred unless addressed by guidance in another ASC Topic. Development costs related to computer software developed or external use are capitalized once technological feasibility is established in accordance with specific criteria. In the case of software developed for internal use, only those costs incurred during the application development stage may be capitalized.

Under Indonesian FAS, advertising and promotional costs are expensed as incurred. A prepayment may be recognized as an asset only when payment for the goods or services is made in advance of the entity having access to the goods or receiving the services. Under U.S. GAAP, advertising and promotional costs are generally either expensed when the advertising takes place for the first time (policy choice), with limited exceptions.

Under Indonesian FAS, revaluation to fair value of intangible assets other than goodwill is a permitted accounting policy election for a class of intangible assets. However, because revaluation requires reference to an active market for the specific type of intangible, this is relatively uncommon in practice. Under U.S. GAAP, revaluation of to fair value of intangible assets other than goodwill is not permitted.

Impairment of Long-Lived Assets, Goodwill, and Intangible Assets

Under Indonesian FAS, impairment of long-lived assets is determined using the "one-step" approach, which requires that impairment loss calculation be performed if impairment indicators exist. An impairment loss is the amount by which the carrying amount of the asset (or cash-generating unit (CGU)) exceeds its recoverable amount, which is the higher of (1) fair value less costs to sell and (2) value in use (the present value of future cash flows expected to be derived from the asset's use and eventual disposal at the end of its useful life). Under U.S. GAAP, impairment of long-lived assets is determined using the "two-steps" approach, which requires that a recoverability test (i.e. carrying amount of the long-lived asset is compared with the sum of the future undiscounted

cash flows generated through use and eventual disposition) be performed first. If it is determined that the long-lived asset is not recoverable, an impairment loss calculation is required. Impairment loss is recognized when the carrying amount of the assets exceeds its fair value using market participant assumptions, as calculated in accordance with ASC 820.

Under Indonesian FAS, goodwill is allocated to a cash-generating unit ("**CGU**") or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and cannot be larger than an operating segment (before aggregation). The use of qualitative assessment in determining the impairment of goodwill (and indefinite-lived intangibles) is not permitted. Impairment of goodwill (and indefinite-lived intangibles) is determined using the "one-step" approach, which requires that an impairment test be performed at the CGU level by comparing the CGU's carrying amount (including goodwill) and its recoverable amount. Impairment loss on the CGU (amount by which the CGU's carrying amount (including goodwill) exceeds its recoverable amount) is allocated first to reduce goodwill to zero, then, the carrying amount of other assets in the CGU are reduced on a pro rata basis based on the carrying amount of each asset.

Under U.S. GAAP, goodwill is assigned to a reporting unit, which is defined as an operating segment or one level below an operating segment (component). Entities have the option to qualitatively assess whether it is more-likely-than-not that the fair value of a reporting unit is less than its' carrying amount. Impairment of goodwill (and indefinite-lived intangibles) is determined using the "two-steps" approach, which requires that a recoverability test be performed first at the reporting unit level (the carrying amount of the reporting unit is compared with its fair value). If the carrying amount of the reporting unit exceeds its fair value, then impairment testing must be performed.

Under Indonesian FAS, if the indefinite-lived intangible asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, then the indefinite-lived intangible asset should be tested for impairment as part of the CGU to which it belongs unless certain conditions are met. Under U.S. GAAP, indefinite-lived intangible assets separately recognized should be assessed for impairment individually unless they operate in concert with other indefinite-lived intangible assets as a single asset (i.e. the indefinite-lived intangible assets are essentially inseparable). Indefinite-live intangible assets may be combined with other assets (e.g. finite-lived intangible assets or goodwill) for purposes of an impairment test.

Under Indonesian FAS, the reversal of impairment loss previously recognized is prohibited for goodwill, while other assets must be reviewed at the end of each reporting period for reversal indicators. If appropriate, impairment loss should be reversed up to the newly estimated recoverable amount, not to exceed the initial carrying amount adjusted for depreciation. Under U.S. GAAP, the reversal of impairment loss previously recognized is prohibited for all assets to be held and used.

Financial Instruments

Under IFAS, prior to January 1, 2020, accounting for financial instruments are prescribed in various standards as follows

- SFAS 50 — Financial Instruments: Presentation
- SFAS 55 — Financial Instruments: Recognition and Measurement
- SFAS 60 — Financial Instruments: Disclosures

- Interpretation of Financial Accounting Standards 26 — Reassessment of Embedded Derivatives

- IFAS 28 — Extinguishing Financial Liabilities — with Equity Instruments

SFAS 71 — Financial Instruments has replaced SFAS 55 for the financial year beginning on or after January 1, 2020. However, for some entities, SFAS 55 is remain relevant (for example insurers that apply the SFAS 62 — Insurance contracts). On transition to SFAS 71, entities may also continue to apply SFAS 55 hedge accounting. The objective of the new standards is to establish requirements for all aspects of accounting for financial instruments, including distinguishing debt from equity, netting, recognition, derecognition, measurement, hedge accounting and disclosure.

Following are comparison between IFAS and US GAAP, prior to January 1, 2020.

Under Indonesian FAS, compound (hybrid) financial instruments are required to be split into a debt component and an equity component and, if applicable, a derivative component. The derivative component is accounted for using fair value accounting. Under U.S. GAAP, compound (hybrid) financial instruments are not split into debt and equity components unless certain specific requirements are met, but they may be bifurcated into debt and derivative components, with the derivate component accounted for using fair value accounting.

Under Indonesian FAS, only objective evidence of one or more credit loss events can generally result in an impairment being recognized in the statement of comprehensive income for an available-for-sale ("**AFS**") debt instrument. The impairment loss is measured as the difference between the debt instrument's amortized cost basis and its fair value. Impairment losses for AFS debt instruments may be reversed through the statement of other comprehensive income if the fair value of the instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized. Under U.S. GAAP, declines in fair value below cost may result in an impairment loss being recognized in the income statement on an AFS debt instrument due solely to a change in interest rates (risk free or otherwise) if the entity has the intent to sell the debt instrument or it is more likely than not that it will be required to sell the debt instrument before its anticipated recovery. In this circumstance, the impairment loss is measured as the difference between the debt instrument's amortized cost basis and its fair value. When a credit loss exits, but: (i) the entity does not intend to sell the debt instrument, or (ii) it is not more likely than not that the entity will be required to sell the debt instrument before the recovery of the remaining cost basis, the impairment is separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total impairment related to the credit loss is recognized in the income statement and the amount related to all other factors is recognized in other comprehensive income, net of applicable taxes. When an impairment loss is recognized in the income statement, a new cost basis in the instrument is established equal to the previous cost basis less the impairment recognized in earnings, and therefore, impairment losses recognized in the income statement cannot be reversed for any future recoveries.

Under Indonesian FAS, impairment of an AFS equity instrument is recognized in the statement of comprehensive income when there is objective evidence that the AFS equity instrument is impaired and the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an equity instrument below its cost is considered objective evidence of an impairment. Under U.S. GAAP, impairment of an AFS equity instrument is recognized in the income statement if the equity instrument's fair value is not expected to recover sufficiently in the near term to allow a full recovery of the entity's cost basis. An entity must have the intent and ability to hold an impaired equity instrument until such near-term recovery; otherwise, an impairment loss must be recognized in the income statement.

Under Indonesian FAS, the impairment loss of a held-to-maturity ("HTM") instrument is measured as the difference between the carrying amount of the instrument and the present value of estimated future cash flows discounted at the instrument's initial effective interest rate. The carrying amount of the instrument is reduced either directly or through the use of an allowance account. The amount of impairment loss is recognized in the statement of comprehensive income. Under U.S. GAAP, the impairment loss of a HTM instrument is measured as the difference between its fair value and amortized cost basis. The amount of the total impairment related to the credit loss is recognized in the income statement, and the amount related to all other factors is recognized in other comprehensive income. The carrying amount of an HTM investment after recognition of an impairment is the fair value of the debt instrument at the date of the impairment. The new cost basis of the debt instrument is equal to the previous cost basis less the impairment recognized in the income statement. The impairment recognized in other comprehensive income is accredited to the carrying amount of the HTM instrument through other comprehensive income over its remaining life.

Under Indonesian FAS, the definition of a derivative does not include a requirement that a notional amount be indicated, nor is net settlement a requirement. Certain of the scope exceptions under Indonesian FAS differ from those under U.S. GAAP. Under U.S. GAAP, to meet the definition of a derivative, an instrument must: (i) have one or more underlyings, one or more notional amounts or payment provisions, or both, (ii) require no initial net investment (as defined), and (iii) be able to be settled net (as defined). Certain scope exceptions exit for instruments that would otherwise meet these criteria.

Indonesian FAS allows risks associated with only a portion of the instrument's cash flows or fair value (such as one or more selected contractual cash flows or portions of them or a percentage of the fair value) when hedging a risk component of a financial instrument, provided that effectiveness can be measured, that is, the portion is separately identifiable and reliably measurable. Under U.S. GAAP, the risk components that may be hedged are specifically defined by the literature, with no additional flexibility. Under U.S. GAAP, the shortcut method for interest rate swaps hedging recognized debt instruments is permitted. The long-haul method of assessing and measuring hedge effectiveness for a fair value hedge of the benchmark interest rate component of a fixed rate debt instrument requires that all contractual cash flows be considered in calculating the change in the hedged item's fair value even though only a component of the contractual coupon payment is the designated hedged item.

Under Indonesian FAS, the use of the shortcut method for interest rate swaps hedging recognized debt is not permitted. Assessment and measurement of hedge effectiveness considers only the change in fair valued of the designated hedged portion of the instrument's cash flows, as long as the portion is separately identifiable and reliably measurable.

Under Indonesian FAS, the inclusion of an option's time value in assessing and measuring the hedge effectiveness is not permitted. Under U.S. GAAP, the inclusion of an option's time value in assessing and measuring the hedge effectiveness is permitted.

Under Indonesian FAS, derecognition of financial assets is based on a mixed model that considers transfer of risks and rewards and control. Transfer of control is considered only when the transfer of risks and rewards assessment is not conclusive. If the transferor has neither retained nor transferred substantially all of the risks and rewards, there is then an evaluation of the transfer of control. Control is considered to be surrendered if the transferee has the practical ability to unilaterally sell the transferred asset to a third party without restrictions. There is no legal isolation test required. The derecognition criteria may be applied to a portion of a financial asset if the cash flows are specifically identified or represent a pro rata share of the financial asset or a pro rata share

of specifically identified cash flows. Under U.S. GAAP, derecognition of financial assets (i.e. sales treatment) occurs when effective control over the financial asset has been surrendered whereby: (i) the transferred financial assets are legally isolated from the transferor, (ii) each transferee (or, if the transferee is a securitization entity or an entity whose sole purpose is to facilitate an asset-backed financing, each holder of its beneficial interests) has the right to pledge or exchange the transferred financial assets (or beneficial interests), and (iii) the transferor does not maintain effective control over the transferred financial assets or beneficial interests (e.g. through a call option or repurchase agreement). The derecognition criteria may be applied to a portion of a financial asset only if it mirrors the characteristics of the initial entire financial asset.

Indonesian FAS requires the initial effective interest rate to be used throughout the life of the instrument for all financial assets and liabilities, except for certain reclassified financial assets, in which case the effect of increases in cash flows are recognized as prospective adjustments to the effective interest rate. U.S. GAAP requires the use of catch-up approach, retrospective method, or prospective method of calculating the interest for amortized cost-based assets, depending on the type of instrument.

Under Indonesian FAS, loans and receivables are carried at amortized cost unless classified into the "fair value through profit or loss" category or the "available for sale" category, both of which are carried at fair value on the statement of financial position. Under U.S. GAAP, unless the fair value option is elected, loans and receivables are classified as either: (i) held for investment, which are measured at amortized cost, or (ii) held for sale, which are measured at the lower of cost or fair value.

Under Indonesian FAS, the day one gains and losses on financial instruments are recognized only when their fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. level or level 2 input) or based on a valuation technique that uses only data from observable markets. Under U.S. GAAP, entities are not precluded from recognizing day one gains and losses on financial instruments reported at fair value even when all inputs to the measurement model are not observable. Unlike Indonesian FAS, U.S. GAAP contains no specific requirements regarding the observability of inputs, thereby potentially allowing for the recognition of gains or losses at initial recognition of an asset or liability even when the fair value measurement is based on a valuation model with significant unobservable inputs (i.e. level 3 measurements).

Under Indonesian FAS, there is no practical expedient to assume that net asset value per share ("**NAV**") represents the fair value of certain alternative investments. Under U.S. GAAP, entities are provided a practical expedient to estimate the fair value of certain alternative investments (i.e. a limited partner interest in a Private Equity fund) using NAV or its equivalent.

Following are comparison between IFAS and US GAAP, effective from January 1, 2020.

Under IFAS, classification of certain instruments with characteristics of both debt and equity is largely based on the contractual obligation to deliver cash, assets or an entity's own shares. Contracts that are indexed to, and potentially settled in, an entity's own stock are classified as equity if settled only by delivering a fixed number of shares for a fixed amount of cash. Under U.S. GAAP specifically identifies certain instruments with characteristics of both debt and equity that must be classified as liabilities. Certain other contracts that are indexed to, and potentially settled in, an entity's own stock may be classified as equity if they either (1) require physical settlement or net-share settlement or (2) give the issuer a choice of net-cash settlement or settlement in its own shares. Classification of certain instruments with characteristics of both debt and equity is largely based on the contractual obligation to deliver cash, assets or an entity's own shares. Contracts that

are indexed to, and potentially settled in, an entity's own stock are classified as equity if settled only by delivering a fixed number of shares for a fixed amount of cash.

Under IFAS, compound (hybrid) financial instruments are required to be split into a debt and equity component or, if applicable, a derivative component. The derivative component is accounted for using fair value accounting. Under U.S. GAAP, compound (hybrid) financial instruments (e.g., convertible bonds) are not split into debt and equity components unless certain specific requirements are met, but they may be bifurcated into debt and derivative components, with the derivative component accounted for using fair value accounting.

Under IFAS, regardless of an instrument's legal form, its classification and measurement depend on its contractual cash flow (CCF) characteristics and the business model under which it is managed. The assessment of the CCF determines whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that pass the cash flow characteristics test are subsequently measured at amortized cost, FV-OCI or fair value, with changes in fair value recognized in profit or loss (FV-PL), based on the entity's business model for managing them, unless the fair value option is elected. Financial assets that fail the cash flow characteristics test are subsequently measured at FV-PL. Under U.S. GAAP, classification and measurement depend largely on the legal form of the instrument (i.e., whether the financial asset represents a security or a loan) and management's intent for the instrument. At acquisition, debt instruments that meet the definition of a security are classified in one of three categories and subsequently measured as follows: (i) held to maturity (HTM) - amortized cost; (ii) trading - fair value, with changes in fair value recognized in net income (FV-NI); (iii) available for sale (AFS) - fair value, with changes in fair value recognized in other comprehensive income (FV-OCI). Unless the fair value option is elected, loans and receivables are classified as either: (1) held for investment, and then measured at amortized cost, or (2) held for sale, and then measured at the lower of cost or fair value.

Under IFAS, equity investments are measured at FV-PL. An irrevocable FV-OCI election is available for non-derivative equity investments that are not held for trading. If the FV-OCI election is made, gains or losses recognized in OCI are not recycled (i.e., reclassified to profit or loss) upon derecognition of those investments. Under U.S. GAAP, equity investments are measured at FV-NI. A measurement alternative is available for equity investments that do not have readily determinable fair values and do not qualify for the net asset value (NAV) practical expedient under ASC 820. Under this alternative, investments may be measured at cost, less any impairment. If an entity identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, it must measure its equity investment at fair value in accordance with ASC 820 as of the date that the observable transaction occurred.

Under IFAS, the calculation of the effective interest rate is generally based on the estimated cash flows (without considering credit losses) over the expected life of the financial asset. IFAS generally requires the original effective interest rate to be used throughout the life of the financial instrument. When estimated cash flows change, an entity follows an approach that is analogous to the catch-up method under U.S. GAAP. Under U.S. GAAP, the effective interest method is generally applied on the basis of contractual cash flows for financial assets. However, in some instances, estimated cash flows are used. U.S. GAAP discusses three different approaches - catch-up, retrospective or prospective - to account for a change in estimated cash flows, depending on the type of instrument and the reason for the change.

Under IFAS, there is a single impairment model for all debt instruments not measured at FV-PL (i.e., measured at amortized cost or FV-OCI), including loans and debt securities. The guiding

principle is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit loss (ECL) recognized as a loss allowance depends on the extent of credit deterioration since initial recognition. Generally, there are two measurement bases: (i) in Stage 1, 12-month ECL, which applies to all items (on initial recognition and thereafter) as long as there is no significant deterioration in credit risk; and (ii) in Stages 2 and 3, lifetime ECL, which applies whenever there has been a significant increase in credit risk. In Stage 2, interest income is calculated on the asset's gross carrying amount. In Stage 3, a credit event has occurred, and interest income is calculated on the asset's amortized cost (i.e., net of the allowance). For financial assets that are debt instruments measured at FV-OCI, impairment gains and losses are recognized in profit or loss. However, the ECLs do not reduce the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, impairment gains and losses are accounted for as an adjustment to the revaluation reserve accumulated in OCI (the "accumulated impairment amount"), with a corresponding charge to profit or loss. When a debt instrument measured at FV-OCI is derecognized, IFAS requires the cumulative gains and losses previously recognized in OCI to be reclassified to profit or loss. If the amount of ECLs decreases, the accumulated impairment amount in OCI is reduced, with a corresponding adjustment to profit or loss.

Under U.S. GAAP, prior to the adoption of ASC 326, declines in fair value below cost may result in an impairment loss being recognized in the income statement on a debt instrument measured at FVOCI solely due to a change in interest rates if the entity has the intent to sell the debt instrument or it is more likely than not that it will be required to sell the debt instrument before its anticipated recovery. In this circumstance, the impairment loss is measured as the difference between the debt instrument's amortized cost basis and its fair value. When a credit loss exists, but (1) the entity does not intend to sell the debt instrument, or (2) it is not more likely than not that the entity will be required to sell the debt instrument before the recovery of the remaining cost basis, the impairment is separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total impairment related to the credit loss is recognized in the income statement and the amount related to all other factors is recognized in OCI, net of applicable taxes. When an impairment loss is recognized in the income statement, a new cost basis in the instrument is established, which is the previous cost basis less the impairment recognized in earnings. As a result, impairment losses recognized in the income statement cannot be reversed for any future recoveries. After the adoption of ASC 326 ,for debt securities that are measured at FV-OCI, if the amortized cost of a debt security exceeds its fair value, the security is impaired. When an entity intends to sell an impaired debt security (or it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis), the entire impairment (i.e., the difference between amortized cost and fair value) is recognized as a direct reduction in the security's amortized cost basis with the impairment loss reported in earnings. When an entity does not intend to sell an impaired debt security (and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis), the entity must determine whether any impairment is attributable to credit-related factors. When evaluating an impairment, entities may not use the length of time a security has been in an unrealized loss position as a factor, either by itself or in combination with other factors, to conclude that a credit loss does not exist. This determination should be performed at the individual security level. Credit-related impairment is measured as the difference between the debt security's amortized cost basis and the present value of expected cash flows and is recognized as an allowance on the balance sheet with a corresponding adjustment to earnings. The allowance should not exceed the amount by which the amortized cost basis exceeds fair value. Both the allowance and the adjustment to net income can be adjusted if conditions change. Impairment that isn't credit-related is recognized in OCI.

Under IFAS, equity instruments are measured at FV-PL or FVOCI. That is, no measurement alternative is available. For equity instruments measured at FVOCI, gains and losses recognized in OCI are never reclassified to profit or loss. Therefore, there is no impairment recognized for these instruments. Under U.S. GAAP, equity investments are generally measured at FV-NI and therefore not reviewed for impairment. However, an equity investment without a readily determinable fair value for which the measurement alternative has been elected is qualitatively assessed for impairment at each reporting date. If a qualitative assessment indicates that the investment is impaired, the entity will have to estimate the investment's fair value in accordance with ASC 820 and, if the fair value is less than the investment's carrying value, recognize an impairment loss in net income equal to the difference between carrying value and fair value.

Under IFAS, as discussed above, there is a single impairment model for debt instruments not measured at FV-PL (i.e., measured at amortized cost or FV-OCI), including loans and debt securities. Refer to "Impairment recognition - debt instruments measured at FV-OCI" above for a discussion of this model. Write-downs (charge-offs) of loans and other receivables are recorded when the entity has no reasonable expectation of recovering all or a portion of the CCFs of the asset. IFAS does not provide guidance on accounting for subsequent recoveries. Under U.S.GAAP, prior to the adoption of ASC 326 The impairment model for loans and other receivables measured at amortized cost is an incurred loss model. Losses from uncollectible receivables are recognized when (1) it is probable that a loss has been incurred (i.e., when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the receivable) and (2) the amount of the loss is reasonably estimable. The total allowance for credit losses should include amounts for financial assets that have been measured for impairment, whether individually under ASC 310-10 or collectively (in groups of receivables) under ASC 450-20. Changes in the allowance are recognized in earnings. Write-downs (charge-offs) of loans and other receivables are recorded when the asset is deemed uncollectible. Recoveries of loans and receivables previously written down are recorded when received. For HTM debt securities, the impairment analysis is the same as it is for debt securities measured at FV-OCI, except that an entity should not consider whether it intends to sell, or will more likely than not be required to sell, the debt security before the recovery of its amortized cost basis. This is because the entity has already asserted its intent and ability to hold an HTM debt security to maturity. When an investor does not expect to recover the entire amortized cost of the HTM debt security, the HTM debt security is written down to its fair value. The amount of the total impairment related to the credit loss is recognized in the income statement, and the amount related to all other factors is recognized in OCI. The carrying amount of an HTM debt security after the recognition of an impairment is the fair value of the debt instrument at the date of the impairment. The new cost basis of the debt instrument is equal to the previous cost basis less the impairment recognized in the income statement. The impairment recognized in OCI for an HTM debt security is accreted to the carrying amount of the HTM instrument over its remaining life. This accretion does not affect earnings. After the adoption of ASC 326, financial assets measured at amortized cost, including loans, receivables and HTM securities (including beneficial interests accounted for under ASC 325-40), follow the current expected credit loss (CECL) model. Under the CECL model, a lifetime expected credit loss is recorded upon initial recognition of assets in scope. The objective of the model is to recognize an allowance for credit losses that results in the financial statements reflecting the net amount expected to be collected. To determine the expected credit losses, entities must consider, among other things, available relevant information about the collectability of cash flows (including information about past events, current conditions and reasonable and supportable forecasts). An expected credit loss estimate requires entities to reflect the risk of loss, even when that risk is remote. This is accomplished by pooling assets with similar risk characteristics. As a result of using pool-based assumptions, an estimate of zero credit loss may be appropriate only in limited circumstances. Write-downs (charge-offs) of

loans and other receivables are recorded when the entity deems all or a portion of a financial asset to be uncollectible. Additionally, when measuring the allowance for credit losses, entities should incorporate an estimate of expected recoveries.

Under IFAS, definition of a derivative does not include a requirement that a notional amount be indicated, nor is net settlement a requirement. Certain of the scope exceptions under IFAS differ from those under U.S. GAAP. Under U.S. GAAP, to meet the definition of a derivative, an instrument must (1) have one or more underlyings, and, one or more notional amounts or payment provisions or both, (2) require no initial net investment, as defined, and (3) be able to be settled net, as defined. Certain scope exceptions exist for instruments that would otherwise meet these criteria.

Under IFAS, hedging of risk components of both financial and nonfinancial items is allowed, provided that the risk component is separately identifiable and reliably measurable. Under U.S. GAAP, hedging of risk components of both financial and nonfinancial items is allowed if certain criteria are met. Under U.S. GAAP, entities can separately hedge the foreign exchange risk, credit risk or interest rate risk associated with a financial instrument. However, interest rate components that may be hedged are specifically defined by the literature as benchmark interest rates for fixed-rate financial instruments, and contractually specified interest rates for variable-rate financial instruments. If the hedged transaction is the forecasted purchase or sale of a nonfinancial asset, entities may separately hedge foreign exchange risk or any risk component that is contractually specified.

Under IFAS, to qualify for hedge accounting, there must be an economic relationship between the hedged item and the hedging instrument, the value changes resulting from that economic relationship cannot be dominated by credit risk, and the hedge ratio should generally be the same as the ratio management actually uses to hedge the quantity of the hedged item. Ongoing prospective assessments of effectiveness are required to be performed, at a minimum, at the time an entity prepares its annual or interim financial statements or upon a significant change in the circumstances affecting hedge effectiveness requirements, whichever occurs first. Ineffectiveness is measured and recognized through profit or loss each reporting period. For cash flow hedges and net investment hedges, the ineffectiveness recorded is limited to overhedges. The shortcut method for interest rate swaps hedging recognized debt instruments is not permitted. Under U.S. GAAP, To qualify for hedge accounting the relationship must be "highly effective." Ongoing prospective and retrospective assessments of hedge effectiveness are required on a periodic basis (at least quarterly). There is no requirement to separately measure and recognize hedge ineffectiveness. For highly effective cash flow and net investment hedges, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in OCI (for cash flow hedges) or the CTA section of OCI (for net investment hedges) and reclassified to earnings when the hedged item affects earnings (or when it becomes probable that the forecasted transaction being hedged in a cash flow hedge will not occur in the required time period). The shortcut method for interest rate swaps hedging recognized debt instruments is permitted.

Under IFAS, there is no guidance specifying where the change in fair value of the hedging instrument included in the assessment of hedge effectiveness should be presented in the income statement. Under U.S. GAAP, the entire change in fair value of the hedging instruments included in the assessment of hedge effectiveness is presented in the same income statement line item as the earnings effect of the hedged item.

Under IFAS, a hedging instrument's time value and foreign currency basis spread can be excluded from the effectiveness assessment. The change in fair value of any excluded components is deferred in AOCI and reclassified based on the nature of the hedged item (i.e., transaction related or

time-period related). Under U.S. GAAP, a hedging instrument's time value and the foreign currency basis spread can be excluded from the effectiveness assessment. The initial value of the excluded component is recognized in earnings using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded components and the amounts recognized in earnings under the systematic and rational approach is deferred in OCI. Alternatively, an entity may make a policy election to record the changes in the fair value of components excluded from the assessment of hedge effectiveness immediately in earnings.

Under IFAS, derecognition of financial assets is based on a mixed model that considers both transfer of risks and rewards and control. Transfer of control is considered only when the transfer of risks and rewards assessment is not conclusive. If the transferor has neither retained nor transferred substantially all of the risks and rewards, there is then an evaluation of the transfer of control. Control is considered to be surrendered if the transferee has the practical ability to unilaterally sell the transferred asset to a third party without restrictions. There is no legal isolation test. The derecognition criteria may be applied to a portion of a financial asset if the cash flows are specifically identified or represent a pro rata share of the financial asset or a pro rata share of specifically identified cash flows.

Under, U.S. GAAP, derecognition of financial assets (i.e., sales treatment) occurs when effective control over the financial asset has been surrendered. That is, when all of the following conditions are met:

- The transferred financial assets are legally isolated from the transferor.

- Each transferee (or, if the transferee is a securitization entity or an entity whose sole purpose is to facilitate an asset-backed financing, each holder of its beneficial interests), has the right to pledge or exchange the transferred financial assets (or beneficial interests).

- The transferor does not maintain effective control over the transferred financial assets or beneficial interests (e.g., through a call option or repurchase agreement).

The derecognition criteria may be applied to a portion of a financial asset only if it meets the definition of a participating interest.

Leases

Prior to January 1, 2020, under SFAS 30 — Leases, a lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership otherwise it will be classified as operating lease (off balance sheet) by a lessee. Effective on January 1, 2020, the new lease standard, SFAS 73 — Leases requires the lessee to recognize almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low-value assets. For lessees that have entered into contracts classified as operating leases under existing accounting standard, this could have a huge impact on the financial statements.

Following are comparison between IFAS and US GAAP, prior to January 1, 2020.

Under IFAS, the land and building elements of the lease are considered separately when evaluating all indicators unless the amount that would initially be recognized for the land element is immaterial, in which case they would be treated as a single unit for purposes of lease classification. There is no 25% test to determine whether to consider the land and building separately when

evaluating certain indicators. Under U.S. GAAP, a lease of land and buildings that transfers ownership to the lessee or contains a bargain purchase option would be classified as a capital lease by the lessee, regardless of the relative value of the land. If the fair value of the land at inception represents less than 25% of the total fair value of the lease, the lessee accounts for the land and building elements as a single unit for purposes of evaluating the 75% and 90% tests noted above; otherwise, the lessee must consider the land and building elements separately for purposes of evaluating other lease classification criteria (i.e. only the building is subject to the 75% and 90% tests in this case).

Under Indonesian FAS, when the leaseback is classified as an operating leaseback, gain or loss on a sale-leaseback transaction is recognized immediately, subject to adjustment if the sales price differs from fair value. Under U.S. GAAP, when the leaseback is classified as an operating leaseback, if the seller-lessee retains only a minor use of the leased asset through the sale-leaseback, the sale and leaseback are accounted for as separate transactions based on their respective terms (unless rentals are unreasonable in relation to market conditions). If a seller-lessee retains more than a minor use of the leased asset but less than substantially all of it, and the profit on the sale exceeds the present value of the minimum lease payments due under the operating leaseback, such excess is recognized as profit at the date of sale. All other profit is deferred and generally amortized over the lease term.

Under Indonesian FAS, when the leaseback is classified as a capital leaseback, gain or loss on a sale-leaseback transaction is deferred and amortized over the lease term. Under U.S. GAAP, when the leaseback is classified as a capital leaseback, the seller-lessee is presumed to have retained substantially all of the remaining use of the leased asset, and therefore, the profit on sale is deferred.

Under IFAS, there is no specific accounting standard that governs the sale-and-leaseback of real estate. Under U.S. GAAP, if real estate is involved, while the above-mentioned model generally applies, the specialized rules also must be applied. Those rules are very restrictive with respect to the seller's continuing involvement, and they may not allow for recognition of the sale.

Following are comparison between IFAS and US GAAP, effective from January 1, 2020.

Under IFAS, lessees may elect, on a lease-by-lease basis, not to recognize leases when the value of the underlying asset is low (e.g., US$5,000 or less when new). Under US GAAP, there is no recognition exemption for leases based on the value of the underlying asset.

Under IFAS, changes in variable lease payments index or rate result in a remeasurement lease liability whenever there is a cash flows (i.e., when the adjustment lease payments takes effect). Under US GAAP, changes in variable lease payments based on an index or rate result in a remeasurement of the lease liability when the lease liability is remeasured for another reason (e.g., a change in the lease term).

Under IFAS, lessees determine the discount rate at lease commencement, but lessors determine the rate implicit in the lease at the lease inception date. Under US GAAP, lessees and lessors determine the discount rate at the lease commencement date.

Under IFAS, when determining lessee's incremental borrowing rate, SFAS 73 does not address whether a lessee may consider the effect of lease term options (e.g., purchase and renewal options) that are not included in the lease term. Under US GAAP, A lessee may consider the effect of lease term options (e.g., purchase and renewal options) that are not included in the lease term.

Under IFAS, Initial Direct Costs (IDCs) are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained. IDCs incurred by a manufacturer or dealer lessor in connection with a finance lease are expensed. Under US GAAP, IDCs are incremental costs that would not have been incurred if the lease had not been obtained. Lessors expense IDCs for sales-type leases if the fair value of the underlying asset is different from the carrying amount of the underlying asset at lease commencement.

Under IFAS, all recognized leases are accounted for similarly to finance leases under ASC 842. Under US GAAP, recognized leases are classified as either finance or operating. Lessees classify leases at the lease commencement date.

Under IFAS, a lease does not qualify as a short-term lease if it includes a purchase option, regardless of whether the lessee is reasonably certain to exercise the option. A change in the terms of a short-term lease creates a new lease. If that new lease has a lease term greater than 12 months, it cannot qualify as a short-term lease. Under US GAAP, a lease does not qualify as a short-term lease if it includes a purchase option that is reasonably certain to be exercised. A lease no longer qualifies as a short-term lease when there is a change in a lessee's assessment of either of the following: (i) the lease term so that, after the change, the remaining lease term extends more than 12 months from the end of the previously determined lease term, or (ii) whether the lessee is reasonably certain to exercise an option to purchase the underlying asset.

Under IFAS, lessees may allocate variable consideration not dependent on an index or rate entirely to a non-lease component of a contract. Under US GAAP, lessees allocate variable consideration not dependent on an index or rate (e.g., performance- or usage-based payments) to the lease and non-lease components of a contract.

Under IFAS, a lessee applies the depreciation requirements in SFAS 16 in depreciating right-of-use assets, which requires that each item of PP&E with a cost that is significant in relation to the total cost of the item be separately depreciated (i.e., a component approach). Under US GAAP, component depreciation is permitted, but not common.

Under IFAS, to determine whether the transfer of an asset is accounted for as a sale and purchase, a seller-lessee and a buyer-lessor apply the requirements for determining when a performance obligation is satisfied in SFAS 71. The seller-lessee recognizes only the amount of any gain or loss, adjusted for off-market terms, that relates to the rights transferred to the buyer-lessor. Under US GAAP, to determine whether an asset transfer is a sale and purchase, a seller-lessee and a buyer-lessor consider the following: (i) whether the transfer meets sale criteria under ASC 606 (however, certain fair value repurchase options would not result in a failed sale) and (ii) whether the leaseback would be classified as a sales-type lease by the buyer-lessor or a finance lease by the seller-lessee (i.e., a sale and purchase does not occur when the leaseback is classified as a sales-type lease by the buyer-lessor or as a finance lease by the seller-lessee). The seller-lessee recognizes any gain or loss, adjusted for off-market terms, immediately.

Under IFAS, transition guidance primarily addresses lessees' leases previously classified as operating leases under SFAS 73, Leases. Under US GAAP, specific transition guidance is provided for all leases depending on the lease classification before and after application of ASC 842.

Income Taxes

Indonesian FAS requires taxes paid on intercompany profits to be recognized as incurred and requires the recognition of deferred taxes on temporary differences between the tax-bases of assets transferred between entities/tax jurisdictions that remain within the consolidated group. U.S. GAAP

requires taxed paid on intercompany profits to be deferred in consolidation and prohibits the recognition of deferred taxes on temporary differences between the tax-bases of assets transferred between entities/tax jurisdictions that remain within the consolidated group.

Under Indonesian FAS, when it is probable (similar to "more likely than not" under US GAAP) that the taxation authority will accept an uncertain tax treatment, taxable profit or loss is determined consistent with the tax treatment used or planned to be used in the income tax filings. When it is not probable that a taxation authority will accept an uncertain tax treatment, an entity will reflect the effect of the uncertainty for each uncertain tax treatment by using either the expected value or the most likely amount, whichever method better predicts the resolution of the uncertainty. Uncertain tax treatments may be considered separately or together based on which approach better predicts the resolution of the uncertainty. Under U.S. GAAP, entities are required to recognize and measure their uncertain tax positions using a two-step process, separating recognition from measurement. First, a benefit is recognized when it is "more likely than not" to be sustained based on the technical merits of the position. Second, the amount of benefit to be recognized is based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The unit of account for uncertain tax positions is based on the level at which an entity prepares and supports the amounts claimed in the tax return and considers the approach the entity anticipates the taxation authority will take in an examination.

Under Indonesian FAS, deferred tax effects arising from the initial recognition of an asset or liability are not recognized when: (i) the amounts did not arise from a business combination, and (ii) upon occurrence, the transaction affects neither accounting nor taxable profit (e.g. acquisition of non-deductible assets). Under U.S. GAAP, there is no exemption for non-recognition of deferred tax effects for certain assets or liabilities. Deferred taxes are recognized for temporary differences arising on the initial recognition of an acquired asset or liability. If the amount paid when acquiring a single-asset differs from its tax basis, the consideration paid is allocated between the asset and deferred tax effect. In this case, a simultaneous equation is used to determine the amount of the deferred tax and the value of the asset acquired.

Under Indonesian FAS, deferred tax assets are recognized only to the extent that it is probable that they will be realized. Under U.S. GAAP, deferred tax assets are recognized in full (except for certain outside basis differences), but valuation allowance reduces deferred tax assets to the amounts that are "more likely than not" to be realized.

Under Indonesian FAS, enacted or "substantively enacted" tax rates as of the date of the statement of financial position must be used in computing deferred tax asset or liability. Under U.S. GAAP, enacted tax rates must be used in computing deferred tax asset or liability.

Under Indonesian FAS, recognition of deferred tax liabilities from investments in subsidiaries or joint ventures (often referred to as outside basis differences) is not required unless the reporting entity has control over the timing of the reversal of the temporary difference and it is probable that the difference will not reverse in the foreseeable future. Under U.S. GAAP, recognition of deferred tax liabilities from investments in subsidiaries or joint ventures (often referred to as outside basis differences) is not required for investment in a foreign subsidiary or foreign corporate joint venture that is essentially permanent in duration unless it becomes apparent that the difference will reverse in the foreseeable future. A deferred tax liability is recognized for investment in a domestic subsidiary unless an entity can recover the investment in a tax-free manner and expects to use that means.

Provisions and Contingencies

Under Indonesian FAS, a loss must be "probable" (in which "probable" is interpreted as "more likely than not") to be recognized. "More likely than not" refers to a probability of greater than 50%. Under U.S. GAAP, a loss must be "probable" (in which "probable" is interpreted as "the future event or events are likely to occur") to be recognized.

Under Indonesian FAS, provisions should be recorded at the estimated amount to settle or transfer the obligation taking into consideration the time value of money, if material. The discount rate to be used should be "a pre-tax rate (or rates) that reflects (or reflect) current market assessments of the time value of money and the risks specific to the liability." Under U.S. GAAP, provisions may be discounted only when the amount of the liability and the timing of the payments are fixed or reliably determinable or when the obligation is a fair value obligation. The discount rate to be used is dependent upon the nature of the provision. However, when a provision is measured at fair value, the time value of money and the risks specific to the liability should be considered.

Under Indonesian FAS, the best estimate of the amount to settle or transfer an obligation should be accrued. For a large population of items being measured, such a warranty costs, the best estimate is typically the expected value, although midpoint in the range may also be used when any point in a continuous range is as likely as another. The best estimate for a single obligation may be the most likely outcome, although other possible outcomes should still be considered. Under U.S. GAAP, most likely outcome within a range of possible outcomes should be accrued. When no one outcome is more likely than the others, the minimum amount in the range of outcomes should be accrued.

Under Indonesian FAS, once management has a legal or constructive obligation for a detailed exit plan, the general provisions under PSAK apply. Costs typically are recognized earlier than under U.S. GAAP because PSAK 57 focuses on the exit plan as a whole, rather than individual cost components of the plan. Under U.S. GAAP, once management has committed to a detailed exit plan, each type of cost is examined to determine when recognized. Involuntary employee termination costs under a one-time benefit arrangement are recognized over the future service period, or immediately if there is no future service required. Other exit costs are expensed when incurred.

Revenue Recognition

Following are comparison between IFAS and US GAAP, prior to January 1, 2020.

Under Indonesian FAS, revenue from sale of goods is recognized only when: (i) risks and rewards of ownership have been transferred, (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenues can be measured reliably, (iv) it is probable that the economic benefits will flow to the seller, and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services may be recognized in accordance with long-term contract accounting whenever revenues, costs, and the stage of completion can be measured reliably and it is probable that economic benefits will flow to the seller. Under U.S. GAAP, public companies must follow Staff Accounting Bulletin Topic 13, "Revenue Recognition" ("**SAB Topic 13**") when recognizing revenue from sale of goods, which requires that: (i) delivery has occurred (the risks and rewards of ownership have been transferred), (ii) there is a persuasive evidence of an arrangement, (iii) the fee is fixed or determinable, and (iv) collectability is reasonable assured. Revenue from rendering certain types of services, primarily relating to services sold with software, are addressed

separately in U.S. GAAP literature, while all other service revenue should follow SAB Topic 13. Application of long-term contract accounting generally is not permitted for non-construction services.

Under Indonesian FAS, construction contracts are accounted for using the percentage-of-completion method if certain criteria are met; otherwise, revenue recognition is limited to recoverable costs incurred. The use of completed contract method is not permitted. Construction contracts are combined or segmented if certain criteria are met. Under U.S. GAAP, construction contracts are accounted for using the percentage-of-completion method if certain criteria are met; otherwise, the completed contract method must be used. Construction contracts may be, but are not required to be, combined or segmented if certain criteria are met.

Indonesian FAS requires recognition of revenue for each separately identifiable component of a single transaction if separation reflects the substance of the transaction; conversely, two or more transactions may be grouped together when their commercial effects are linked. Indonesian FAS does not provide specific criteria for making the determination on how to identify separate components in a single transaction. Under U.S. GAAP, specific criteria are required in order for each element to be a separate unit of accounting, including delivered elements must have standalone value. If those criteria are met, revenue for each element of the transaction may be recognized when the element is delivered.

Under Indonesian FAS, deferred receipt of receivables is considered to be a financing agreement. Accordingly, the value of revenue to be recognized is determined by discounting all future receipts using an imputed rate of interest. Under U.S. GAAP, discounting the deferred receipt of receivables to present value is required only in limited situations.

Following are comparison between IFAS and US GAAP, after to January 1, 2020.

Under Indonesian FAAS, a completed contract is one in which the entity has fully transferred all of the goods and services identified in accordance with legacy IFRS and related interpretations. Under U.S. GAAP, a completed contract is one for which all (or substantially all) of the revenue was recognized in accordance with revenue guidance that is in effect before the date of initial application.

Indonesian FAAS allows an entity uses the full retrospective adoption method to apply PSAK 72 only to contracts that are not completed as of the beginning of the earliest period presented. Under U.S. GAAP, an entity electing the full retrospective adoption method must transition all of its contracts with customers to ASC 606, subject to practical expedients created to provide relief, not just those contracts that are not considered completed as of the beginning of the earliest period presented under the standard.

Indonesian FAAS provides similar practical expedient on contract modifications at transition with U.S. GAAP. However, an entity applying the full retrospective adoption method, the effect of this practical expedient depends on the number of comparative years included in the financial statements. When applying the modified retrospective adoption method, an entity can apply this practical expedient either to all contract modifications that occur before the beginning of the earliest period presented in the financial statements or to all contract modifications that occur before the date of initial application. Under U.S. GAAP, for contracts modified before the beginning of the earliest reporting period presented under ASC 606, an entity can reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented under ASC 606 when

identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations for the modified contract at transition.

Under Indonesian FAAS, an entity must assess whether it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Under U.S. GAAP, An entity must assess whether it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Employee Benefits other than Share-Based Payments

Under Indonesian FAS, the projected unit credit method is required in all cases when computing employee benefits liability in defined benefit plans. Under U.S. GAAP, the use of either the projected unit credit method or the traditional unit credit method is required depending on the characteristics of the plan's benefit formula.

Under Indonesian FAS, the concept of an expected return on plan assets does not exist. Instead, a "net interest" expense/(income) on the net defined benefit liability/(asset) is recognized as a component of defined benefit cost based on the discount rate used to determine the obligation. Under U.S. GAAP, the concept of an expected return on plan assets exists, which is calculated using the expected long-term rate of return on invested assets and the market related value of the assets (based on either the fair value of plan assets at the measurement date or a "calculated value" that smooths changes in fair value over a period not to exceed five years, at the employer's election).

Under Indonesian FAS, treatment of actuarial gains and losses must be recognized immediately in other comprehensive income. Gains and losses are not subsequently recognized in net income. Under U.S. GAAP, actuarial gains and losses may be recognized in net income as they occur or deferred in other comprehensive income and subsequently amortized to net income through a corridor approach.

Under Indonesian FAS, prior service costs or credits from plan amendments are immediately recognized in net income. Under U.S. GAAP, prior service costs or credits from plan amendments are initially deferred in other comprehensive income and subsequently recognized in net income over the average remaining service period of active employees or, when all or almost all participants are inactive, over the average remaining life expectancy of those participants.

Under Indonesian FAS, gain or loss from settlement is recognized in net income when it occurs. Change in the defined benefit obligation from a curtailment is recognized in net income at the earlier of when it occurs or when related restructuring costs or termination benefits are recognized. Under U.S. GAAP, settlement gain or loss is recognized in net income when the obligation is settled. Curtailment loss is recognized in net income when the curtailment is probable of occurring and the loss is estimable, while curtailment gain is recognized in net income only when the curtailment occurs.

Under Indonesian FAS, multi-employer post-retirement plans are accounted for as either a defined contribution plan or defined benefit plan based on the terms (contractual and constructive) of the plan. If a defined benefit plan, it must account for the proportionate share of the plan similar to any other defined benefit plan unless sufficient information is not available. Under U.S. GAAP, multi-employer post-retirement plans are accounted for similar to a defined contribution plan.

Earnings per Share

Under Indonesian FAS, contracts that may be settled in shares or cash at the issuer's option are always assumed to be settled in shares. Under U.S. GAAP, contracts that may be settled in shares or cash at the issuer's option are presumed to be settled in shares unless evidence is provided to the contrary (i.e. the issuer's past practice or stated policy is to settle in cash).

Under Indonesian FAS, in computing the year-to-date and annual diluted earnings per share ("**EPS**") for options and warrants (using the treasury stock method) and for contingently issuable shares, regardless of whether the period is profitable, the number of incremental shares is computed as if the entire year-to-date period were "the period" (i.e. not to average the current quarter with each of the prior quarters). Under U.S. GAAP, in computing the year-to-date and annual diluted EPS for options and warrants (using the treasury stock method) and for contingently issuable shares, for year-to-date and annual computations when each period is profitable, the number of incremental shares added to the denominator is the weighted average of the incremental shares that were added to the denominator in each of the quarterly computations.

Under Indonesian FAS, for options, warrants, and their equivalents, Indonesian FAS does not explicitly require assumed proceeds under the treasury stock method to include the income tax effects on additional paid-in capital. Under U.S. GAAP, assumed proceeds under the treasury stock method exclude the income tax effects of share-based payment awards because they are no longer recognized in additional paid-in capital.

Under Indonesian FAS, potentially issuable shares in contingently convertible debt are considered "contingently issuable" and are included in diluted EPS using the if-converted method only if the contingencies are satisfied at the end of the reporting period. Under U.S. GAAP, potentially issuable shares in contingently convertible debt are included in diluted EPS using the if-converted method if one or more contingencies relate to a market price trigger (e.g. the entity's share price), even if the market price trigger is not satisfied at the end of the reporting period.

Segment Reporting

Under Indonesian FAS, all entities determine segments based on the management approach, regardless of form of organization. Under U.S. GAAP, entities with a matrix form of organization must determine segments based on products and services.

Subsequent Events

Under Indonesian FAS, subsequent events are evaluated through the date that the financial statements are authorized for issuance. Depending on an entity's corporate governance structure and statutory requirements, authorization may come from management or a board of directors. Entities are required to disclose the date when the financial statements were authorized for issue (i.e., the date through which subsequent events were evaluated), who gave that authorization and if the owners of the entity or others have the power to amend them after issue. Under U.S. GAAP, subsequent events are evaluated through the date the financial statements are issued (United States Securities and Exchange Commission ("**SEC**")) registrants and conduit bond obligors or available to be issued (all entities other than SEC registrants and conduit bond obligors). Financial statements are considered issued when they are widely distributed to shareholders or other users in a form that complies with U.S. GAAP. Financial statements are considered available to be issued when they are in a form that complies with U.S. GAAP and all necessary approvals have been obtained.

Indonesian FAS does not specifically address the reissuance of financial statements and recognizes only one date through which subsequent events are evaluated, that is, the date that the financial statements are authorized for issuance, even if they are being reissued. As a result, only one date will be disclosed with respect to the evaluation of subsequent events, and an entity could have adjusting subsequent events in reissued financial statements. If financial statements are reissued as a result of adjusting subsequent events or an error correction, the date the reissued statements are authorized for reissuance disclosed. Indonesian FAS does not address the presentation of re-issued financial statements in an offering document when the originally issued financial statements have not been withdrawn, but the re-issued financial statements are provided either as supplementary information or as a representation of the originally issued financial statements in an offering document in accordance with regulatory requirements. Under U.S. GAAP, if the financial statements are reissued, events or transactions may have occurred that require disclosure in the reissued financial statements to keep them from being misleading. However, an entity should not recognize events occurring between the time the financial statements were issued or available to be issued and the time the financial statements were reissued unless the adjustment is required by U.S. GAAP or regulatory requirements (e.g. stock splits, discontinued operations, or the effect of adopting a new accounting standard retrospectively would give rise to an adjustment). An entity is required to disclosed in the revised financial statements the dates through which it evaluated subsequent events in both the issued or available-to-be-issued financial statements and the revised financial statements.

LISTING AND GENERAL INFORMATION

Listing

Approval-in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer or Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for notes in definitive form. In addition, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the notes in definitive form, including details of the paying agent in Singapore. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require.

GLOSSARY OF CERTAIN TERMS USED IN THE OFFERING MEMORANDUM

The explanations of certain terms used in this Offering Memorandum are not intended as technical definitions, but have been provided to assist the reader to understand certain terms as used in this Offering Memorandum. We have also included abbreviations and acronyms of certain units of measurement in this Offering Memorandum.

General

"Company Law"	Law No. 40 of 2007 of the Republic of Indonesia on Limited Liability Companies as amended by Job Creation Law.
"demurrage"	financial compensation paid by charterer to the vessel-owner for delays after the Laytime has expired at the load/discharge port.
"FAS"	an arrangement for the transfer of goods where the seller is responsible for the charges of transporting the goods to the named port of shipment, except for the charges of loading the goods onto the vessel, and the buyer is responsible for all shipping or handling charges after delivery at the port.
"FOB"	the price paid for coal excluding freight and insurance costs where the buyer pays and arranges for transportation (and insurance thereof) and the seller's responsibility stops at delivery over the rail of the ship at a named port of shipment.
"Government"	Government of the Republic of Indonesia.
"IDX"	Indonesia Stock Exchange.
"Indonesia"	Republic of Indonesia.
"Indonesian GAAP"	Indonesian Financial Accounting Standards.
"Laytime"	time allowed for the vessel's cargo to be loaded/discharged without incurring demurrage.
"MOLHR"	Minister of Law and Human Rights of the Republic of Indonesia.
"Offering Memorandum"	this offering memorandum.
"Regulation S"	Regulation S under the U.S. Securities Act.
Reserve Statement for TIA	Statement of Open Cut Coal Resources and Reserves as at December 31, 2020 for TIA's concession attached as Appendix A to this Offering Memorandum.
Reserve Statement for MIFA and BEL	Statement of Open Cut Coal Resources and Reserves as at December 31, 2020 for MIFA's and BEL's concessions attached as Appendix B to this Offering Memorandum.
"Rupiah" or "Rp."	the lawful currency of Indonesia.

"Rule 144A"	Rule 144A under the U.S. Securities Act.
"Trakindo"	PT Trakindo Utama.
"Trakindo Group"	PT Tiara Marga Trakindo and its subsidiaries.
"U.S. dollar," "U.S. dollars," "US$"	the lawful currency of the United States.
"U.S. GAAP"	accounting principles generally accepted in the United States.
"U.S. Securities Act"	United States Securities Act of 1933, as amended.

ABM Group

"ABM Group"	PT ABM Investama Tbk and its subsidiaries
"ATR"	PT Alfa Trans Raya
"BDD"	PT Baruna Dirga Dharma
"BEL"	PT Bara Energi Lestari
"CK"	PT Cipta Kridatama
"CKB"	PT Cipta Krida Bahari
"Company" or "ABM"	PT ABM Investama Tbk
"DDE"	PT Dianta Daya Embara
"MDB"	PT Media Djaya Bersama
"MIFA"	PT MIFA Bersaudara
"PWP"	PT Prima Wiguna Parama
"Reswara"	PT Reswara Minergi Hartama
"SSB"	PT Sanggar Sarana Baja
"TIA"	PT Tunas Inti Abadi
"SS"	PT Sumberdaya Sewatama and its Subsidiaries

Coal Terms

"air dried basis"	an analysis expressed on the basis of a coal sample with moisture content in approximate equilibrium with the surrounding atmosphere.
"ash"	impurities consisting of iron, alumina and other incombustible matter that are contained in coal. Since ash increases the weight of coal, it adds to the cost of handling and can affect the characteristics of coal.
"barge"	a long and large, usually flat-bottomed, boat of between 180 to 300 feet in length that is towed by a tugboat.

"blasting"	the process of causing an explosion in the overburden/ interburden and/or coal of a mine in order to enable the heavy equipment to operate more efficiently.
"blending"	the process of mixing coal to obtain the desired coal quality.
"calorific value"	a coal sample's energy content measured as the heat released on complete combustion in air or oxygen, usually expressed as the amount of heat (measured in kilo calories) per unit weight of coal (measured in kilograms) or (Kcal/kg).
"coal"	a readily combustible black or brownish-black graphite-like material with a composition, including inherent moisture, which consists of more than 50.0% by weight and more than 70.0% by volume of carbonaceous material. It is formed from plant remains that have been compacted, hardened, chemically altered and metamorphosed by heat and pressure over time.
"coal seam" or "seam"	coal deposits occur in layers in a bed of coal lying between a roof and floor with each layer called a "coal seam" or "seam."
"coke"	a hard, dry primarily carbon substance produced by heating coal to a very high temperature in the absence of air and used in the manufacture of iron and steel.
"contour"	a line that connects all points on a surface having the same elevation.
"Exploration IUP"	a mining business license that is granted in order that general surveys, explorations and feasibility studies can be undertaken.
"high wall"	an unexcavated face of exposed overburden and coal in a surface mine or bank on the uphill side of a contour mine excavation.
"indicated resources"	refers to that part of the coal deposit for which quality and quantity can be estimated with a reasonable level of confidence, as defined in the 2012 JORC Code. Indicated resources have a lower level of geological confidence than measured resources.
"IUP"	*Izin Usaha Pertambangan*, mining business license.
"JORC"	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
"2012 JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition, prepared by the JORC, which sets out the minimum standards, recommendations and guidelines for public reporting of exploration results, mineral resources and ore reserves in Australasia.

"marketable reserves"	an estimate of the quantity of coal that could be profitably sold under expected market conditions.
"measured resources"	that part of the coal deposit for which quality and quantity can be estimated with a high level of confidence, as defined in the 2012 JORC Code.
"open cut mining"	a form of mining designed to extract coal from seams that generally lie near the surface. Overburden is removed to expose the coal seam for mining. Overburden covering the minerals is blasted and removed by excavators and trucks.
"overburden"	any material, consolidated or unconsolidated, such as layers of earth and rock, that overlies a coal seam or lies in between a number of coal seams (typically called interburden). In surface mining operations, overburden is removed prior to coal extraction.
"probable reserves"	is the economically mineable part of an indicated, and in some circumstances, a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments indicate at the time of reporting that extraction could reasonably be justified (as defined in the 2012 JORC Code).
"Production Operation IUP"	a mining business license that is granted upon the completion of the exploration activities under the respective Exploration IUP to commence the construction, mining, processing and refining, transportation and sales activities.
"proved reserves"	is the economically mineable part of a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments indicate at the time of reporting that extraction could reasonably be justified (as defined in the 2012 JORC Code).
"rank"	vitronite reflectance value calculated on a "Ro Max" basis (typically in Australia) or a "Ro Mean" basis (typically in Asian markets).
"reclamation"	the process of restoring the environment to close to its original state following mining activities. The process commonly includes "recontouring" or reshaping the land to its approximate original appearance. Reclamation operations are usually underway before the mining of a particular site is completed. Reclamation is regulated by applicable local law.

"rehabilitation"	the process of restoring topsoil and planting vegetation. The process commonly includes planting native grass and ground covers.
"reserve"	coal, about which size, form, distribution, quantity and quality are known to a certain degree of confidence, and which is mineable considering the economic, technical, legal and environmental aspects at the time of measurement.
"run-of-mine" or "ROM"	Usually the typical quality of coal that is extracted prior to any act of beneficiation such as washing, crushing or screening. The term is used loosely and can be applied on a pit-by-pit basis and is typically also used to refer to the processing and raw stockpile areas.
"strip" or "strip ratio"	a strip ratio is the number of bank cubic meters of overburden needing removal to access one ton of coal, e.g. a strip ratio of 4:1 means that four bank cubic meters of overburden must be stripped to produce one ton of ROM coal.
"sulfur"	one of the elements present, in varying quantities in coal. Sulfur dioxide is produced as a gaseous by-product of coal combustion.
"sulfur content"	coking coal is commonly described by its sulfur content due to the importance of sulfur to customers concerned about the quality of steel. "Low sulfur" coal has a variety of definitions, but typically is used to describe coking coal consisting of 0.8% or less sulfur.
"surface mine"	a mine in which the coal lies near the surface and can be extracted by removing the overburden.
"thermal coal"	coal used in thermal plants to generate electricity or heat in cement plants.
"washing"	the removal or reduction of impurities from coal.

Units of Measurement

"bank cubic meter" or "BCM"	a measure of the volume of overburden waste material.
"DWT"	deadweight tons, reflecting the deadweight capacity of vessel comprising cargo, fuel and other matters.
"hectare" or "ha"	a metric unit of square measurement of surface or land equal to 10,000 square meters, or approximately 2.471 acres.
"Kcal/kg"	kilocalorie per kilogram.
"km"	kilometer(s).
"kW"	Kilowatt, or one thousand watts, or 0.001 megawatts, or 0.000001 gigawatts.

"kWh"	Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour. One kilowatt-hour is 0.001 megawatt-hours, or 0.000001 gigawatt-hours.
"m"	meter.
"mtpa"	million metric tons per annum.
"MW"	megawatt, or one million watts, or one thousand kilowatts, or 0.001 gigawatts.
"sqm"	square meter(s).
"ton"	a metric ton or ton which is equivalent to 1,000 kilograms, or 2,204.60 pounds. The metric ton, and not the net ton or British ton, nor the short ton, is the unit of weight measure referred to in this Offering Memorandum.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Index **Page**

Unaudited interim consolidated financial statements as of March 31, 2020 and 2021 and for the three-month periods then ended with report on the review of interim financial information. Audited consolidated financial statements as of December 31, 2018, 2019, and 2020 and for the years then ended with independent auditors' reports.

Board of Directors' Statement F-3

Report on Review of Interim Financial Information F-5

Independent Auditors' Report F-7

Consolidated Statements of Financial Position F-11

Consolidated Statements of Profit or Loss and Other Comprehensive Income F-14

Consolidated Statements of Changes in Equity F-16

Consolidated Statements of Cash Flows F-17

Notes to the Consolidated Financial Statements F-19

PT ABM Investama Tbk and its subsidiaries

Unaudited interim consolidated financial statements
as of March 31, 2021
and for the three-month periods ended
March 31, 2021 and 2020
with report on review of interim financial information

Audited consolidated financial statements
as of December 31, 2020, 2019, and 2018
and for the years then ended
with independent auditors' reports

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A member of Tiara Marga Trakindo Group

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021 AND 2020 FOR THE THREE-MONTH PERIOD THEN ENDED AND AS OF DECEMBER 31, 2020, 2019 AND 2018 AND FOR THE YEARS THEN ENDED

We, the undersigned:

1.	*Name*	:	**Achmad Ananda Djajanegara**
	Office Address	:	Gedung TMT 1, 18th fl, Jl. Cilandak KKO No. 1 Jakarta Selatan 12560
	Domicile as stated in ID card.	:	Jl. Pejaten Barat I No. 4E, Pejaten Barat Pasar Minggu - Jakarta Selatan
	Office Phone number	:	+ 62-21-2997 6767
	Position	:	*President Director*
2.	*Name*	:	**Adrian Erlangga**
	Office address	:	Gedung TMT 1, 18th fl, Jl. Cilandak KKO No.1 Jakarta Selatan 12560
	Domicile as stated in ID card	:	Jl. Bangka VII No. 8, Pela Mampang, Mampang Prapatan, Jakarta Selatan
	Office Phone Number	:	+62-21-2997 6767
	Position	:	*Director*

Declare that:

1. *We are responsible for the preparation and presentation of the Consolidated Financial Statements of the Company and Subsidiaries;*
2. *The Consolidated Financial Statements of the Company and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;*
3. a. *All information in the Consolidated Financial Statements of the Company andSubsidiaries has been disclosed in a complete and truthful manner;*

   b. *the Consolidated Financial Statements of the Company and Subsidiaries do not contain any incorrect material information or facts, nor do they omit any material information and facts;*
4. *We are responsible for the Company's and Subsidiaries internal control system.*

The above statement are made truthfully

For and on behalf of the Board of Directors
Jakarta, July 16, 2021

Achmad Ananda Djajanegara
President Director

Adrian Erlangga
Director

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2021
AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
WITH REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, 2019, AND 2018
AND FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORTS

Table of Contents

	Page
Report on Review of Interim Financial Information	
Independent Auditors' Reports	
Consolidated Statements of Financial Position	1-3
Consolidated Statements of Profit or Loss and Other Comprehensive Income	4-5
Consolidated Statements of Changes in Equity	6
Consolidated Statements of Cash Flows	7-8
Notes to the Consolidated Financial Statements	9-173

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Purwantono, Sungkoro & Surja

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Report on Review of Interim Financial Information

Report No. 00444/2.1032/JL.0/10/0701-3/1/VII/2021

The Shareholders and the Boards of Commissioners and Directors
PT ABM Investama Tbk

Introduction

We have reviewed the accompanying interim consolidated financial statements of PT ABM Investama Tbk (the "Company") and its subsidiaries, which comprise the interim consolidated statement of financial position as of March 31, 2021, and the interim consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410"), established by the Indonesian Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

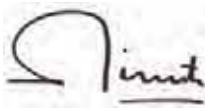
Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of PT ABM Investama Tbk and its subsidiaries as of March 31, 2021, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2021 and 2020, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja
Registered Public Accountants KMK No. 603/KM.1/2015
A member firm of Ernst & Young Global Limited

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, as amended, and is not intended to be, and should not be, used for any other purposes.

KAP Purwantono, Sungkoro & Surja



Sinarta
Public Accountant Registration No. AP.0701

July 16, 2021

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Independent Auditors' Report

Report No. 01801/2.1032/AU.1/10/0701-2/1/VII/2021

The Shareholders and the Boards of Commissioners and Directors
PT ABM Investama Tbk

We have audited the accompanying consolidated financial statements of PT ABM Investama Tbk (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audits. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

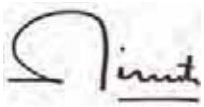
Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT ABM Investama Tbk and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, as amended, and is not intended to be, and should not be, used for any other purposes.

KAP Purwantono, Sungkoro & Surja



Sinarta
Public Accountant Registration No. AP. 0701

July 16, 2021

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Independent Auditors' Report

Report No. 01802/2.1032/AU.1/10/0686-2/1/VII/2021

The Shareholders and the Boards of Commissioners and Directors
PT ABM Investama Tbk

We have audited the accompanying consolidated financial statements of PT ABM Investama Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

Report No. 01802/2.1032/AU.1/10/0686-2/1/VII/2021 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT ABM Investama Tbk and its subsidiaries as of December 31, 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, as amended, and is not intended to be, and should not be, used for any other purposes.

KAP Purwantono, Sungkoro & Surja

Peter Surja, CPA
Public Accountant Registration No. AP. 0686

July 16, 2021

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2021, and December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2f,2v,4	117,326,710	109,212,396	101,923,463	144,052,684
Other current financial assets	2g,2v,5	137,344	125,224	3,992	13,050,953
Trade receivables	2v,6				
Third parties - net		100,524,389	105,289,651	77,698,053	106,527,452
Related parties - net	2h,30	55,535,388	33,325,201	29,475,505	17,072,536
Non-trade receivables	2v				
Third parties - net		165,189	842,974	3,241,655	3,034,349
Related parties - net	2h,30	6,234,092	5,805,689	2,481,358	464,038
Inventories - net	2j,7	35,812,421	37,715,417	29,733,968	30,602,252
Advances		10,842,030	10,075,154	6,112,679	3,099,016
Prepaid expenses	2k	3,938,767	3,116,907	5,980,554	4,264,216
Prepaid value added tax	2r	12,406,449	7,730,908	3,047,092	1,149,877
Non-current assets held for sale	2ac	-	-	-	494,771
Other current assets	2v	2,068,294	921,097	1,056,654	1,430,346
TOTAL CURRENT ASSETS		**344,991,073**	**314,160,618**	**260,754,973**	**325,242,490**
NON-CURRENT ASSETS					
Investment in shares	2v,8	20,384,598	20,028,870	60,139,480	139,480
Long-term trade receivables -	2v,6				
Third parties - net		-	-	-	1,704,763
Long-term non-trade receivables -	2v				
Third parties - net		-	7,090	763,605	-
Related parties - net	2h,30	-	-	1,019,612	-
Deferred tax assets - net	2r,2l 2m,21e	7,305,380	8,081,328	11,035,769	11,347,703
Fixed assets - net	2n,2o,9	321,606,489	330,689,753	369,711,104	401,024,694
Right of use assets - net	2l,2n,13	106,052,080	37,389,122	-	-
Estimated claims for tax refund - net	2r,21a	40,445,363	38,814,046	42,959,759	32,442,785
Mining properties - net	2n,2s,10	38,897,069	41,025,349	60,410,357	66,852,770
Intangible assets - net	2aa,2n,11	16,286,337	16,997,468	17,406,099	3,171,492
Other non-current assets - net	2v,2n,12	20,324,534	20,043,535	30,028,007	10,023,619
TOTAL NON-CURRENT ASSETS		**571,301,850**	**513,076,561**	**593,473,792**	**526,707,306**
TOTAL ASSETS		**916,292,923**	**827,237,179**	**854,228,765**	**851,949,796**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of March 31, 2021, and December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Short-term bank loans	15	40,000,000	40,000,000	35,000,000	-
Trade payables	2v,14				
Third parties		58,390,500	55,523,390	52,808,596	47,861,573
Related parties	2h,30	50,251,823	60,103,988	40,107,204	91,008,441
Non-trade payables	2v				
Third parties		5,798,148	5,214,333	4,620,967	2,552,533
Related parties	2h,30	4,758,573	4,939,349	6,891,058	7,591,477
Taxes payable	2r,21b	15,510,359	8,121,803	4,382,206	5,688,185
Accrued expenses	2v,16	51,352,954	54,903,937	51,919,397	56,862,299
Short-term employee benefits liability	2v,16	4,751,899	2,545,498	6,650,273	4,529,737
Advances from customers	2p,17				
Third parties		2,385,244	487,111	873,277	414,167
Related parties	2h,30	3,294,068	3,406,451	2,609,257	-
Current maturities of long-term liabilities:	2v				
Lease liabilities	2l,19				
Third parties		9,476,647	13,095,904	-	-
Related parties	2h,30	17,827,844	10,546,954	3,518,995	6,287,897
Long-term non-trade payables - third parties		2,819,831	3,802,768	7,221,406	-
TOTAL CURRENT LIABILITIES		**266,617,890**	**262,691,486**	**216,602,636**	**222,796,309**
NON-CURRENT LIABILITIES					
Provision for environmental restoration obligation	2t,18	4,320,349	4,409,960	3,810,326	3,037,393
Long-term liabilities - net of current maturities:	2v				
Bonds payable	2x,20	346,343,636	345,719,977	343,337,404	341,188,988
Lease liabilities	2l,19				
Third parties		5,757,846	6,963,989	-	-
Related parties	2h,30	73,389,539	9,074,786	8,424,081	14,155,035
Long-term non-trade payables - third parties		3,405,194	3,359,881	6,204,198	-
Deferred tax liabilities - net	2r,21e	9,548,788	9,590,491	11,686,550	9,722,681
Long-term employee benefits liability	2u,29	14,408,141	23,677,465	18,969,859	13,220,953
TOTAL NON-CURRENT LIABILITIES		**457,173,493**	**402,796,549**	**392,432,418**	**381,325,050**
TOTAL LIABILITIES		**723,791,383**	**665,488,035**	**609,035,054**	**604,121,359**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of March 31, 2021, and December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020	December 31, 2019	December 31, 2018
EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY					
Share capital - Rp500 par value per share Authorized capital - 9,360,000,000 shares Issued and fully paid capital - 2,753,165,000 shares	22	146,554,908	146,554,908	146,554,908	146,554,908
Additional paid-in capital - net	2x,23	115,087,198	115,087,198	115,087,198	115,087,198
Other components of equity	21f	19,855	19,855	19,855	19,855
Retained earnings (deficit)					
Appropriated		510,278	510,278	410,278	310,278
Unappropriated		1,466,242	(24,420,942)	15,105,471	14,556,057
Other comprehensive loss	2q,2u	(51,576,006)	(52,813,662)	(10,829,733)	(11,937,631)
Sub-total		212,062,475	184,937,635	266,347,977	264,590,665
Non-controlling interests	1c,2b,24	(19,560,935)	(23,188,491)	(21,154,266)	(16,762,228)
NET EQUITY		**192,501,540**	**161,749,144**	**245,193,711**	**247,828,437**
TOTAL LIABILITIES AND EQUITY		**916,292,923**	**827,237,179**	**854,228,765**	**851,949,796**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Three-Month Periods Ended March 31, 2021 and 2020, and the Years Ended December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	Three-Month Periods Ended March 31,		Years Ended December 31,		
		2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
REVENUE FROM CONTRACTS WITH CUSTOMERS	2h,2p,26,30	210,889,559	160,879,664	606,407,376	592,394,952	773,057,131
COST OF REVENUE	2h,2p,9,10,11 13,27,30,32	(152,358,852)	(134,729,119)	(504,892,363)	(484,564,191)	(598,842,999)
GROSS PROFIT		**58,530,707**	**26,150,545**	**101,515,013**	**107,830,761**	**174,214,132**
Selling, general and administrative expenses	2h,2p,6,9 11,13,28,30	(9,898,371)	(18,308,344)	(54,081,458)	(58,340,764)	(65,276,308)
Other income	2h,2n,2p 2q,9,10,30,32	4,096,737	4,399,790	12,653,252	10,598,315	9,234,783
Reversal of impairment loss (impairment loss) on mining properties	2n,10	-	-	(24,023,200)	-	45,448,413
Other expenses	9,10	(1,769,838)	(117,322)	(19,761,503)	(6,540,725)	(26,843,017)
PROFIT FROM OPERATIONS		**50,959,235**	**12,124,669**	**16,302,104**	**53,547,587**	**136,778,003**
Finance income - net	2p	291,481	411,254	3,676,911	2,988,439	3,559,476
Finance charges	2h,2p 2q,11,15,30	(10,838,752)	(9,615,419)	(43,910,233)	(36,576,834)	(46,711,791)
PROFIT (LOSS) BEFORE FINAL TAX AND INCOME TAX		**40,411,964**	**2,920,504**	**(23,931,218)**	**19,959,192**	**93,625,688**
Final tax expense	2r	(286,455)	(412,982)	(1,063,490)	(944,552)	(528,285)
PROFIT (LOSS) BEFORE INCOME TAX		**40,125,509**	**2,507,522**	**(24,994,708)**	**19,014,640**	**93,097,403**
Income tax expense - net	2r,21c, 21e	(10,627,510)	(3,587,181)	(12,745,356)	(15,120,676)	(25,869,745)
PROFIT (LOSS) FOR THE PERIOD		**29,497,999**	**(1,079,659)**	**(37,740,064)**	**3,893,964**	**67,227,658**
OTHER COMPREHENSIVE INCOME (LOSS)						
Item that will be reclassified to profit or loss:						
Exchange difference from financial statements translation	2q	(3,297,965)	(9,842,113)	(218,878)	2,359,932	(947,794)
Item that will not be reclassified to profit or loss:						
Gain (loss) on changes in fair value of financial assets through other comprehensive income	2v,8	355,728	(21,381,361)	(18,981,825)	-	-
Remeasurement of defined benefit plan	2u,29	5,245,793	1,553,280	(1,898,289)	(1,868,256)	2,630,711
Related income tax	2r	(1,049,159)	(310,656)	379,658	467,064	(657,678)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**30,752,396**	**(31,060,509)**	**(58,459,398)**	**4,852,704**	**68,252,897**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the Three-Month Periods Ended March 31, 2021 and 2020, and the Years Ended December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	Three-Month Periods Ended March 31,		Years Ended December 31,		
		2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Profit (loss) for the period attributable to:						
Owners of the parent company		25,887,184	(2,538,133)	(35,659,427)	7,556,445	65,492,582
Non-controlling interests	2b	3,610,815	1,458,474	(2,080,637)	(3,662,481)	1,735,076
TOTAL		**29,497,999**	**(1,079,659)**	**(37,740,064)**	**3,893,964**	**67,227,658**
Total comprehensive income (loss) for the period attributable to:						
Owners of the parent company		27,124,840	(32,625,701)	(56,514,571)	8,664,343	66,497,237
Non-controlling interests	2b,24	3,627,556	1,565,192	(1,944,827)	(3,811,639)	1,755,660
TOTAL		**30,752,396**	**(31,060,509)**	**(58,459,398)**	**4,852,704**	**68,252,897**
BASIC EARNING (LOSS) PER SHARE	2w	**0.00940**	**(0.00092)**	**(0.01295)**	**0.00274**	**0.02379**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three-Month Periods Ended March 31, 2021 and 2020, and the Years Ended December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

		Equity Attributable to Owners of the Parent Company										
							Other Comprehensive Loss					
	Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital - Net	Other Components of Equity	Retained Earnings (Deficit)		Exchange Difference from Translation of Financial Statements Translation	Remeasurement of Defined Benefit Plan	Gain (Loss) on Changes in Fair Value of Financial Assets	Sub-total	Non-controlling Interests	Net Equity
					Appropriated	Unappropriated						
Balance, January 1, 2018		**146,554,908**	**120,981,983**	**(440,204)**	**310,278**	**(50,936,525)**	**(35,442,458)**	**(1,427,698)**	**-**	**179,600,284**	**(17,277,259)**	**162,323,025**
Difference in value of transaction with entities under common control	1c	-	(5,894,785)	460,059	-	-	23,873,711	54,159	-	18,493,144	(1,240,629)	17,252,515
Total comprehensive income for the year		-	-	-	-	65,492,582	(947,794)	1,952,449	-	66,497,237	1,755,660	68,252,897
Balance, January 1, 2019		**146,554,908**	**115,087,198**	**19,855**	**310,278**	**14,556,057**	**(12,516,541)**	**578,910**	**-**	**264,590,665**	**(16,762,228)**	**247,828,437**
Deconsolidation of a subsidiary		-	-	-	-	-	-	-	-	-	(580,399)	(580,399)
Cash dividend	25	-	-	-	-	(6,907,031)	-	-	-	(6,907,031)	-	(6,907,031)
Appropriation for general reserve	25	-	-	-	100,000	(100,000)	-	-	-	-	-	-
Total comprehensive income (loss) for the year		-	-	-	-	7,556,445	2,359,932	(1,252,034)	-	8,664,343	(3,811,639)	4,852,704
Balance, January 1, 2020		**146,554,908**	**115,087,198**	**19,855**	**410,278**	**15,105,471**	**(10,156,609)**	**(673,124)**	**-**	**266,347,977**	**(21,154,266)**	**245,193,711**
Balance adjustment upon adoption of PSAK 71 - net of tax	2a	-	-	-	-	(1,244,195)	-	-	(21,128,785)	(22,372,980)	-	(22,372,980)
Deconsolidation of a subsidiary		-	-	-	-	-	-	-	-	-	(89,398)	(89,398)
Total comprehensive income (loss) for the period		-	-	-	-	(2,538,133)	(9,842,113)	1,135,906	(21,381,361)	(32,625,701)	1,565,192	(31,060,509)
Balance, March 31, 2020 (Unaudited)		**146,554,908**	**115,087,198**	**19,855**	**410,278**	**11,323,143**	**(19,998,722)**	**462,782**	**(42,510,146)**	**211,349,296**	**(19,678,472)**	**191,670,824**
Balance, January 1, 2020		**146,554,908**	**115,087,198**	**19,855**	**410,278**	**15,105,471**	**(10,156,609)**	**(673,124)**	**-**	**266,347,977**	**(21,154,266)**	**245,193,711**
Balance adjustment upon adoption of PSAK 71 - net of tax	2a	-	-	-	-	(1,244,195)	-	-	(21,128,785)	(22,372,980)	-	(22,372,980)
Deconsolidation of a subsidiary		-	-	-	-	-	-	-	-	-	(89,398)	(89,398)
Cash dividend	25	-	-	-	-	(2,522,791)	-	-	-	(2,522,791)	-	(2,522,791)
Appropriation for general reserve	25	-	-	-	100,000	(100,000)	-	-	-	-	-	-
Total comprehensive loss for the period		-	-	-	-	(35,659,427)	(218,878)	(1,654,441)	(18,981,825)	(56,514,571)	(1,944,827)	(58,459,398)
Balance, January 1, 2021		**146,554,908**	**115,087,198**	**19,855**	**510,278**	**(24,420,942)**	**(10,375,487)**	**(2,327,565)**	**(40,110,610)**	**184,937,635**	**(23,188,491)**	**161,749,144**
Total comprehensive income for the period		-	-	-	-	25,887,184	(3,297,965)	4,179,893	355,728	27,124,840	3,627,556	30,752,396
Balance, March 31, 2021 (Unaudited)		**146,554,908**	**115,087,198**	**19,855**	**510,278**	**1,466,242**	**(13,673,452)**	**1,852,328**	**(39,754,882)**	**212,062,475**	**(19,560,935)**	**192,501,540**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three-Month Periods Ended March 31, 2021 and 2020, and the Years Ended December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	Three-Month Periods Ended March 31,		Years Ended December 31,		
		2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers		193,594,201	155,339,093	573,153,138	608,883,285	775,133,765
Payments to suppliers and others		(108,316,436)	(81,801,740)	(326,028,879)	(419,725,260)	(495,232,104)
Payments to employees		(32,555,219)	(30,798,340)	(110,614,089)	(104,390,695)	(110,258,956)
Cash generated from operations		52,722,546	42,739,013	136,510,170	84,767,330	169,642,705
Receipts from:						
Tax refund		269,156	982,584	15,823,160	5,361,431	2,892,559
Interest income		291,482	415,619	3,681,276	3,004,620	3,538,930
Payments for income taxes		(5,222,327)	(7,040,521)	(23,666,071)	(33,018,536)	(40,234,630)
Net Cash Provided by Operating Activities		**48,060,857**	**37,096,695**	**132,348,535**	**60,114,845**	**135,839,564**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of fixed assets		304,654	387,783	8,126,122	2,020,267	1,788,921
Proceeds from sale of fixed assets through receivables		177,140	1,221,514	1,221,514	-	-
Acquisitions of fixed assets		(7,152,901)	(3,984,569)	(44,274,219)	(40,855,629)	(21,938,069)
Payment of payables related to the acquisition of fixed assets		(1,670,367)	(7,949,767)	(7,949,767)	(968,614)	(9,289,052)
Payment of payables related to the acquisition of intangible assets		(1,034,484)	(214,286)	(7,110,838)	-	-
(Increase) decrease in other non-current assets		(733,107)	474,279	(612,022)	2,428,859	-
Addition to advances for purchase of fixed assets		(506,623)	(501,390)	(494,316)	(458,077)	(395,755)
Expenditures for mining exploration and development costs	10	(48,909)	(883,975)	(10,139,340)	(2,545,619)	(829,480)
(Increase) decrease in other current financial assets		(12,120)	(2,863)	(121,232)	13,000,000	(13,000,000)
Acquisitions of intangible assets		(546)	(565,666)	(1,176,526)	(1,441,736)	(1,793,983)
Cash and cash equivalents Receipts from deconsolidation of a subsidiary		-	-	-	298,225	(9,139,018)
Proceeds from sale of non-current assets held for sale		-	-	-	218,284	7,397,876
Acquisition of investment in shares	8	-	-	-	(60,000,000)	-
Net Cash Used in Investing Activities		**(10,677,263)**	**(12,018,940)**	**(62,530,624)**	**(88,304,040)**	**(47,198,560)**

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

PT ABM INVESTAMA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the Three-Month Periods Ended March 31, 2021 and 2020, and the Years Ended December 31, 2020, 2019, and 2018
(Expressed in United States Dollar, Unless Otherwise Stated)

	Notes	Three-Month Periods Ended March 31,		Years Ended December 31,		
		2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from:						
Short-term bank loans		5,000,000	11,000,000	150,000,000	35,000,000	-
Lease liabilities	30l	1,175,193	-	-	-	-
Payments of:						
Interest		(19,070,095)	(17,716,598)	(41,309,438)	(34,218,695)	(41,861,327)
Lease liabilities		(10,011,244)	(6,472,412)	(23,217,837)	(8,499,856)	(10,407,808)
Short-term bank loans	15	(5,000,000)	-	(145,000,000)	-	-
Dividend		-	-	(2,522,791)	(6,907,031)	-
Loan from related party		-	-	-	-	(15,230,845)
Long-term loan from from shareholder		-	-	-	-	(15,000,000)
Bank and other financial institution loans		-	-	-	-	(435,631)
Bonds payable and sukuk ijarah		-	-	-	-	(411,133)
Net Cash Used in Financing Activities		**(27,906,146)**	**(13,189,010)**	**(62,050,066)**	**(14,625,582)**	**(83,346,744)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**9,477,448**	**11,888,745**	**7,767,845**	**(42,814,777)**	**5,294,260**
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		**(1,363,134)**	**(4,989,108)**	**(478,912)**	**685,556**	**(1,932,068)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**109,212,396**	**101,923,463**	**101,923,463**	**144,052,684**	**140,690,492**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	**117,326,710**	**108,823,100**	**109,212,396**	**101,923,463**	**144,052,684**

Supplementary cash flow information is presented in Note 38.

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

1. GENERAL

a. The Company's Establishment

PT ABM Investama Tbk (the "Company") was established based on Notarial Deed of Asih Wahyuni Martaningrum, S.H., No. 01 dated June 1, 2006 in Depok, Indonesia under the name PT Adiratna Bani Makmur. The Deed of Establishment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. C-22790.HT.01.01.TH.2006 dated August 3, 2006.

Based on Notarial Deed of Dwi Yulianti, S.H., No. 5 dated August 31, 2009, the Company's name was changed from PT Adiratna Bani Makmur to PT ABM Investama. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. AHU-50239.AH.01.02.Year 2009 dated October 16, 2009.

The Company's Articles of Association has been amended several times, the latest of which was based on Notarial Deed No. 9 dated June 5, 2015 of Jose Dima Satria, S.H., M.Kn., concerning the amendment of the Company's Articles of Association to comply with the regulation of Financial Services Authority ("Otoritas Jasa Keuangan" or "OJK"). The amendment was acknowledged by the Ministry of Law and Human Rights of the Republic of Indonesia through its Letter No. AHU-AH.01.03-0944984 and No. AHU-AH.01.03-0944983, both dated June 24, 2015.

The Company is domiciled in Tiara Marga Trakindo I building, 18th floor, Jl. Cilandak KKO No. 1, South Jakarta 12560, Indonesia. The Company started its operations in 2006.

In accordance with Article 3 of the Company's Articles of Association, the Company's scope of activities is conducting business management consultancy services, including planning and design for development of business management, and rental services.

AHK Holdings Pte. Ltd. incorporated in Singapore is the ultimate parent entity of the Company and its subsidiaries (collectively referred to as "the Group"). Valle Verde Pte. Ltd. incorporated in Singapore is the parent entity of the Group.

b. The Company's Public Offerings

The Company obtained the effective statement from the Capital Market and Financial Institution Supervisory Agency ("BAPEPAM-LK") in its letter No. S-12687/BL/2011 dated November 24, 2011 to conduct public offering of its 550,633,000 shares with nominal value of Rp500 per share at a price of Rp3,750 per share. On December 6, 2011, the Company listed all of its issued shares on the Indonesia Stock Exchange.

c. Structure of the Subsidiaries

The percentages of ownership, either directly or indirectly, of the Company in the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018 are as follows:

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Percentage of Ownership (Direct/Indirect)			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Direct ownership:							
PT Cipta Kridatama ("CK")	Mining contractor	Jakarta, April 8, 1997	1999	100%	100%	100%	100%
PT Reswara Minergi Hartama ("Reswara")	Trading	Jakarta, October 19, 2010	2010	100%	100%	100%	100%

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

The percentages of ownership, either directly or indirectly, of the Company in the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018, are as follows: (continued)

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Percentage of Ownership (Direct/Indirect)			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Direct ownership: (continued)							
PT Cipta Krida Bahari ("CKB")	Logistic services	Jakarta, May 9, 1997	1997	100%	100%	100%	100%
PT Sanggar Sarana Baja ("SSB")	Engineering, development and manufacture of heavy equipment attachment and materials handling products	Jakarta, March 19, 1977	1977	99.99%	99.99%	99.99%	99.99%
PT Anzara Janitra Nusantara ("AJN") formerly PT Pradipa Aceh Daya ("PAD")	Thermal energy IPP	Jakarta, December 31, 2014	-	100%	100%	100%	100%
PT Prima Wiguna Parama ("PWP")	General trading	Jakarta, June 20, 2011	2017	100%	100%	100%	100%
Indirect ownership:							
Through Reswara:							
PT Tunas Inti Abadi ("TIA")	Development and mining resources principally coal	Jakarta, November 11, 2003	2009	100%	100%	100%	100%
PT Agata Nugraha Nastari ("ANN") formerly PT Nagata Dinamika Hidro Buakayu ("NDHB")	Trading	Jakarta, 28 Oktober 2014/ October 28, 2014	2020	100%	100%	100%	-
PT Media Djaya Bersama ("MDB")	Trading, development, and industry	Jakarta, May 6, 2005	-	70%	70%	70%	70%
PT Mifa Bersaudara ("MIFA")	Coal mining	Nanggroe Aceh Darussalam, January 14, 2002	2012	70%	70%	70%	70%
PT Bara Energi Lestari ("BEL")	Coal mining	Nanggroe Aceh Darussalam, June 24, 2005	2011	70%	70%	70%	70%
Through CKB:							
PT Alfa Trans Raya ("ATR")	Sea transportation	Jakarta, November 28, 2006	2007	99.99%	99.99%	99.99%	99.99%
PT Baruna Dirga Dharma ("BDD")	Domestic sea transportation	Jakarta, May 24, 2011	2011	99.99%	99.99%	99.99%	99.99%
PT Dianta Daya Embara ("DDE")	Stevedoring and sea port services	Jakarta, June 15, 2015	2017	99.99%	99.99%	99.99%	99.99%
PT Pelabuhan Buana Reja ("PBR")	Ship operational services	Jakarta, December 2, 2010	2018	100%	100%	100%	100%

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

The percentages of ownership, either directly or indirectly, of the Company in the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018, are as follows: (continued)

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Percentage of Ownership (Direct/Indirect)			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Indirect ownership: (continued)							
Through SSB:							
PT SSB Sammitr Distribution ("Sammitr")	General trading and sole distributor for trading	Jakarta, November 16, 2017	2017	-	-	60%	60%
Through AJN:							
PT Nagata Dinamika ("ND")	Renewable energy IPP	Jakarta, January 18, 2012	-	99.5%	99.5%	99.5%	100%
PT Nagata Bio Energi ("NBE")	Renewable energy IPP	Jakarta, September 15, 2014	2020	98.8%	98.8%	98.8%	100%
PT Nagata Dinamika Hidro Madong ("NDHM")	Renewable energy IPP	Jakarta, April 29, 2013	-	-	-	-	51%
PT Nagata Dinamika Hidro Buakayu ("NDHB")	Renewable energy IPP	Jakarta, October 28, 2014	-	-	-	-	51%
PT Nagata Dinamika Hidro Buakayu Ulu ("NDHBU")	Renewable energy IPP	Jakarta, October 28, 2014	-	99%	99%	99%	51%
PT Nagata Dinamika Hidro Pongko ("NDHP")	Renewable energy IPP	Jakarta, October 28, 2014	-	99%	99%	99%	51%
PT Punggawa Nagata Dinamika Hidro ("PNDH")	Renewable energy IPP	Jakarta, January 22, 2014	-	42.8%	42.8%	42.8%	43%
PT Nagata Biogas Dwienergi ("NBD")	Renewable energy IPP	Jakarta, July 1, 2015	-	98.8%	98.8%	98.8%	100%
PT Andara Candria Energi ("ACE")	Renewable energy IPP	Jakarta, November 15, 2016	-	99.1%	99.1%	99.1%	100%

The total assets before elimination of the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018, are as follows:

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Total Assets Before Elimination			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Direct ownership:							
PT Cipta Kridatama ("CK")	Mining contractor	Jakarta, April 8, 1997	1999	395,095,483	320,232,400	297,378,010	327,294,254
PT Reswara Minergi Hartama ("Reswara")	Trading	Jakarta, October 19, 2010	2010	328,574,907	304,025,963	335,605,910	353,053,731
PT Cipta Krida Bahari ("CKB")	Logistic services	Jakarta, May 9, 1997	1997	135,339,514	135,345,471	94,033,300	79,060,843
PT Sanggar Sarana Baja ("SSB")	Engineering, development and manufacture of heavy equipment attachment and materials handling products	Jakarta, March 19, 1977	1977	63,814,678	67,758,628	71,329,709	60,918,460
PT Anzara Janitra Nusantara ("AJN") formerly PT Pradipa Aceh Daya ("PAD")	Thermal energy IPP	Jakarta, December 31, 2014	-	18,426,474	18,624,883	27,496,805	24,259,277
PT Prima Wiguna Parama ("PWP")	General trading	Jakarta, June 20, 2011	2017	33,040,483	28,133,886	20,273,668	17,300,502

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

The total assets before elimination of the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018, are as follows: (continued)

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Total Assets Before Elimination			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Indirect ownership:							
Through Reswara:							
PT Tunas Inti Abadi ("TIA")	Development and mining resources principally coal	Jakarta, November 11, 2003	2009	88,391,098	71,630,414	57,787,974	127,278,510
PT Agata Nugraha Nastari ("ANN") formerly PT Nagata Dinamika Hidro Buakayu ("NDHB")	Trading	Jakarta, October 28, 2014	2020	25,261,204	24,135,744	60,161,861	-
PT Media Djaya Bersama ("MDB")	Trading, development, and industry	Jakarta, May 6, 2005	-	195,065,725	189,171,507	167,825,264	163,678,786
PT Mifa Bersaudara ("MIFA")	Coal mining	Nanggroe Aceh Darussalam, January 14, 2002	2012	188,001,205	182,609,260	166,972,548	166,446,544
PT Bara Energi Lestari ("BEL")	Coal mining	Nanggroe Aceh Darussalam, June 24, 2005	2011	16,233,420	16,086,770	11,264,960	8,817,282
Through CKB:							
PT Alfa Trans Raya ("ATR")	Sea transportation	Jakarta, November 28, 2006	2007	7,530,499	6,594,892	9,154,291	12,904,932
PT Baruna Dirga Dharma ("BDD")	Domestic sea transportation	Jakarta, May 24, 2011	2011	28,886,518	27,174,545	25,178,326	22,355,925
PT Dianta Daya Embara ("DDE")	Stevedoring and sea port services	Jakarta, June 15, 2015	2017	6,997,495	5,868,810	76,313	154,570
PT Pelabuhan Buana Reja ("PBR")	Ship operational services	Jakarta, December 2, 2010	2018	21,499,578	22,793,543	3,281,565	2,796,343

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

The total assets before elimination of the subsidiaries as of March 31, 2021, and December 31, 2020, 2019, and 2018, are as follows: (continued)

Subsidiaries	Scope of Activities	Domicile, Date of Establishment	Start of Commercial Operations	Total Assets Before Elimination			
				March 31,	December 31,		
				2021 (Unaudited)	2020	2019	2018
Indirect ownership: (continued)							
Through SSB:							
PT SSB Sammitr Distribution ("Sammitr")	General trading and sole distributor for trading	Jakarta, November 16, 2017	2017	-	331,119	265,102	309,306
Through AJN:							
PT Nagata Dinamika ("ND")	Renewable energy IPP	Jakarta, January 18, 2012	-	1,813,137	1,906,983	2,214,486	4,962,179
PT Nagata Bio Energi ("NBE")	Renewable energy IPP	Jakarta, September 15, 2014	2020	4,716,400	4,429,489	2,087,475	2,031,322
PT Nagata Dinamika Hidro Madong ("NDHM")	Renewable energy IPP	Jakarta, April 29, 2013	-	-	-	-	1,848,285
PT Nagata Dinamika Hidro Buakayu ("NDHB")	Renewable energy IPP	Jakarta, October 28, 2014	-	-	-	-	65,019
PT Nagata Dinamika Hidro Buakayu Ulu ("NDHBU")	Renewable energy IPP	Jakarta, October 28, 2014	-	31,289	32,324	168,214	161,554
PT Nagata Dinamika Hidro Pongko ("NDHP")	Renewable energy IPP	Jakarta, October 28, 2014	-	19,391	20,033	171,349	164,563
PT Punggawa Nagata Dinamika Hidro ("PNDH")	Renewable energy IPP	Jakarta, January 22, 2014	-	621,706	642,348	1,103,716	1,230,289
PT Nagata Biogas Dwienergi ("NBD")	Renewable energy IPP	Jakarta, July 1, 2015	-	6,174	6,381	58,430	56,095
PT Andara Candria Energi ("ACE")	Renewable energy IPP	Jakarta, November 15, 2016	-	13,420,884	14,090,696	24,153,221	18,869,874

TIA

As of March 31, 2021, and December 31, 2020, 2019, and 2018, TIA has mining business rights ("Izin Usaha Pertambangan"/"IUP") as follows:

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Three-Month Period Ended March 31, 2021	Total Accumulated Production as of March 31, 2021	
Sub-district Kusan Hulu and Sungai Loba	TB.07 OKTPR 45	3,085	No. 503/53-IUP/DPMPTSP/IV/IV/2019 Valid until March 5, 2031	53.62	1.12	46.74	6.88

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2020	Total Accumulated Production as of December 31, 2020	
Sub-district Kusan Hulu and Sungai Loba	TB.07 OKTPR 45	3,085	No. 503/53-IUP/DPMPTSP/IV/IV/2019 Valid until March 5, 2031	54.05	3.35	45.62	8.43

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

TIA (continued)

As of March 31, 2021, and December 31, 2020, 2019, and 2018, TIA has mining business rights ("Izin Usaha Pertambangan"/"IUP") as follows: (continued)

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2019	Total Accumulated Production as of December 31, 2019	
Sub-district Kusan Hulu and Sungai Loba	TB.07 OKTPR 45	3,085	No. 503/53-IUP/ DPMPTSP/IV/IV/2019 Valid until March 5, 2031	55.82	4.03	42.27	13.55

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2018	Total Accumulated Production as of December 31, 2018	
Sub-district Kusan Hulu and Sungai Loba	TB.07 OKTPR 45	3,085	No. 188.45/255/ DISTAMBEN/2013 Valid until March 5, 2021	52.33	4.62	38.24	14.09

As of March 31, 2021, total reserves are based on the results of calculation as of December 31, 2020, performed by PT Runge Pinock Minarco, an external party, as described in its report dated July 9, 2021.

As of December 31, 2020, total reserves are based on the result of calculation as of December 31, 2020, performed by Syarifudin S.T (CPI Number: 1805321-178), Competent Person Indonesia, in December 2020.

As of December 31, 2019, total reserves are based on the result of calculation as of November 30, 2019, performed by Syarifudin S.T (CPI Number: 1805321-178), Competent Person Indonesia, in December 2019.

As of December 31, 2018, total reserves are based on the results of calculation as of December 31, 2016, performed by PT Runge Pincock Minarco, an external party, as described in its report dated July 7, 2017.

Based on Decision Letter of Tanah Bumbu Regent No. 188.45/255/DISTAMBEN/2013 dated April 29, 2013, TIA has obtained approval for merging its production operations IUP.

The Directorate General of Mineral and Coal at the Ministry of Energy and Mineral Resources announced on July 12, 2013 the "Clear and Clean" status for TIA's IUP. TIA has met the requirements set in Law No. 4/2009 and Government Regulation No. 23/2010 including no overlapping of IUP area with other party and the IUP documentations are in accordance with the regulation.

On April 1, 2019, based on letter number 503/53-IUP/DPMPTSP/IV/IV/2019, Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Kalimantan Selatan has approved the extension of phase two on the Company's IUP Operation Production which will be valid until March 5, 2031.

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

TIA (continued)

On April 11, 2019, based on letter No SK.284/Menlhk/Setjen/PLA.0/4/2019, Ministry of Forestry has approved the extention of TIA's "Izin Pinjam Pakai Kawasan Hutan" ("IPPKH") which will be valid from June 24, 2019 until March 5, 2031.

As of March 31, 2021, and December 31, 2020, TIA has obtained permit "Izin Pinjam Pakai Kawasan Hutan" ("IPPKH") from the Ministry of Forestry as follows:

Location	Area (ha)	IPPKH Number	Valid Until
Tanah Bumbu Regency, South Kalimantan Province	300	SK.284/Menlhk/Setjen/ PLA.0/4/2019	March 5, 2031
Tanah Bumbu Regency, South Kalimantan Province	142	SK.475/Menlhk/Setjen/ PLA.O/11/2018	December 18, 2022
Tanah Bumbu Regency, South Kalimantan Province	309	SK.206/1/KLHK/2021	March 5, 2031
Tanah Bumbu Regency, South Kalimantan Province	995	SK.212/1/KLHK/2021	March 5, 2031

As of December 31, 2019, TIA has obtained permit "Izin Pinjam Pakai Kawasan Hutan" ("IPPKH") from the Ministry of Forestry as follows:

Location	Area (ha)	IPPKH Number	Valid Until
Tanah Bumbu Regency, South Kalimantan Province	300	SK.284/Menlhk/Setjen/ PLA.0/4/2019	March 5, 2031
Tanah Bumbu Regency, South Kalimantan Province	142	SK.475/Menlhk/Setjen/ PLA.O/11/2018	December 18, 2022
Tanah Bumbu Regency, South Kalimantan Province	309	SK.719/Menhut-II/2014	March 5, 2021
Tanah Bumbu Regency, South Kalimantan Province	995	10/1/IPPKH/PMDN/2015	March 5, 2021

As of December 31, 2018, TIA has obtained permit "Izin Pinjam Pakai Kawasan Hutan" ("IPPKH") from the Ministry of Forestry as follows:

Location	Area (ha)	IPPKH Number	Valid Until
Tanah Bumbu Regency, South Kalimantan Province	300	SK.370/Menhut-II/2009	June 23, 2019
Tanah Bumbu Regency, South Kalimantan Province	142	SK.742/Menhut-II/2012	December 17, 2017 (in the process of renewal)
Tanah Bumbu Regency, South Kalimantan Province	309	SK.719/Menhut-II/2014	March 5, 2021
Tanah Bumbu Regency, South Kalimantan Province	995	10/1/IPPKH/PMDN/2015	March 5, 2021

Based on a decision from Minister of Transportation No. 483 Tahun 2010, TIA obtained an approval to operate special port for internal use as long as the usage of such port is to support TIA's main business activities.

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

MIFA

As of March 31, 2021, and December 31, 2020, 2019, and 2018, Mifa has IUP, as follows:

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Three-Month Period Ended March 31, 2021	Total Accumulated Production as of March 31, 2021	
Meureubo, West Aceh	KW 020505/MB	3,134	No. 117.b Tahun 2011 Valid until April 13, 2025	198.86	2.11	26.97	171.89

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2020	Total Accumulated Production as of December 31, 2020	
Meureubo, West Aceh	KW 020505/MB	3,134	No. 117.b Tahun 2011 Valid until April 13, 2025	228.36	7.88	24.86	203.50

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2019	Total Accumulated Production as of December 31, 2019	
Meureubo, West Aceh	KW 020505/MB	3,134	No. 117.b Tahun 2011 Valid until April 13, 2025	228.87	7.13	16.98	211.89

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2018	Total Accumulated Production as of December 31, 2018	
Meureubo, West Aceh	KW 020505/MB	3,134	No. 117.b Tahun 2011 Valid until April 13, 2025	223.15	4.88	9.85	213.30

As of March 31, 2021, total reserves are based on the result of calculation as of December 31, 2020, performed by PT Runge Pinock Minarco, an external party, as described in its report dated July 9, 2021.

As of December 31, 2020, total reserves are based on the result of calculation as of November 30, 2020, performed by Hadi Firmansah S.T (CPI Number: 1604300-089), Competent Person Indonesia, in January 2021.

As of December 31, 2019, total reserves are based on the result of calculation as of October 31, 2019, performed by Hadi Firmansah S.T (CPI Number: 1604300-089), Competent Person Indonesia, in January 2020.

As of December 31, 2018, total reserves are based on the results of calculation as of December 31, 2016, performed by PT Runge Pincock Minarco, an external party, as described in its report dated July 10, 2017.

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

MIFA (continued)

Mifa holds Mining Exploration Permit No. 157 dated August 30, 2003 for a mining area of 3,000 hectares at Meureubo and Kaway XVI Sub-districts, West Aceh Regency, Aceh Province, Mining Exploitation Right No. 96 dated August 1, 2005 and Mining Right for Loading and Selling for Mining No. 95 dated August 1, 2005 from the Regent of West Aceh.

Mifa also has a location permit for coal mining area of 3,134 hectares in Meureubo and Kaway XVI Sub-districts, West Aceh Regency, Aceh Province which was last amended based on Decision Letter No. 179 Year 2008, dated May 31, 2008 of the Regent of West Aceh.

Those licenses last amended by IUP No. 117.b Tahun 2011 dated March 30, 2011 for a mining area of 3,134 hectares at Meureubo Sub-districts, West Aceh Regency, Aceh Province.

Based on Decision Letter No. 117.b Year 2011 dated March 30, 2011 from the District Head ("Bupati") of West Aceh, Mifa has rights for construction, production, hauling and selling which included coal processing and refining which are valid until April 13, 2025, and could be extended twice by 10 years each, which already included 2 (two) years of construction plans.

The Directorate General of Mineral and Coal at the Ministry of Energy and Mineral Resources stipulate the Clear and Clean ("CnC") status No. 234/Bb/03/2014 for MIFA's IUP OP on July 18, 2014. MIFA has met the requirements set in Law No. 4/2009 and Government Regulation No. 23/2010 including no overlapping of IUP area and the IUP documentations are in accordance with the regulation.

BEL

As of March 31, 2021, and December 31, 2020, 2019, and 2018, BEL has IUP, as follows:

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Three-Month Period Ended March 31, 2021	Total Accumulated Production as of March 31, 2021	
Seunagan and Suka Makmue, Nagan Raya	KW Sng 01 Ep 2007	1,495	No. 545/DPMPTSP/ 1355/IUP-OP/2017 Valid until September 26, 2027	38.77	0.40	3.17	35.60

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2020	Total Accumulated Production as of December 31, 2020	
Seunagan and Suka Makmue, Nagan Raya	KW Sng 01 Ep 2007	1,495	No. 545/DPMPTSP/ 1355/IUP-OP/2017 Valid until September 26, 2027	35.17	1.33	2.77	32.40

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2019	Total Accumulated Production as of December 31, 2019	
Seunagan and Suka Makmue, Nagan Raya	KW Sng 01 Ep 2007	1,495	No. 545/DPMPTSP/ 1355/IUP-OP/2017 Valid until September 26, 2027	35.63	0.62	1.44	34.19

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

BEL (continued)

As of March 31, 2021, and December 31, 2020, 2019, and 2018, BEL has IUP, as follows: (continued)

Location	Area Code	Area (ha)	IUP Production Operations	Total Reserves (Million Tonnes)	Total Production (Million Tonnes) - Unaudited		Remaining Reserves (Million Tonnes)
					For the Year Ended December 31, 2018	Total Accumulated Production as of December 31, 2018	
Seunagan and Suka Makmue, Nagan Raya	KW Sng 01 Ep 2007	1,495	No. 545/DPMPTSP/ 1355/IUP-OP/2017 Valid until September 26, 2027	37.53	0.28	0.82	36.71

As of March 31, 2021, total reserves are based on the result of calculation as of December 31, 2020, performed PT Runge Pincock Minarco, as external party, as described in its report dated July 9, 2021.

As of December 31, 2020, total reserves are based on the result of calculation as of November 30, 2020, performed by Hadi Firmansah S.T (CPI Number:1604300-089), Competent Person Indonesia, in January 2021.

As of December 31, 2019, total reserves are based on the result of calculation as of October 31, 2019, performed by Hadi Firmansah S.T (CPI Number:1604300-089), Competent Person Indonesia, in January 2020.

As of December 31, 2018, total reserves are based on the results of calculation as of December 31, 2016, performed by PT Runge Pincock Minarco, an external party, as described in its report dated July 10, 2017.

Based on Nagan Raya Regency Decree No. 545/41/SK/IUP-OP/2010 dated March 18, 2010, BEL has obtained an approval for a change of its mining exploitation right to become IUP and BEL has rights for construction, production, hauling and selling which included coal processing and refining are valid until September 26, 2027, and could be extended twice by 10 years each, which already included 2 (two) years of construction plans.

The license was last amended by Aceh Governor Decree No. 545/DPMPTSP/1355/IUP-OP/2017 dated June 9, 2017 for business right extension of 1,495 hectares which would expire on September 26, 2027 at Seunagan Sub-districts, Nagan Raya Regency, Aceh Province.

The Directorate General of Mineral and Coal at the Ministry of Energy and Mineral Resources stipulate on the Clear and Clean (“CnC”) status no. 255/Bb/03/2014 for BEL’s IUP OP on August 28, 2014. BEL has met the requirements set in Law No. 4/2009 and Government Regulation No. 23/2010 including no overlapping of IUP area and the IUP documentations are in accordance with the regulation.

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

Sammitr

Based on Notarial Deed of Jose Dima Satria, S.H., M.Kn., No. 24 dated November 7, 2017, SSB and PT Sammitr Motor Indonesia, a third party, established PT SSB Sammitr Distribution, with a total initially paid-up capital of Rp5 billion, with ownership percentage of 60% and 40%, respectively.

Based on the Sammitr's Statement of Shareholders Resolution which has been notarized by the Notarial Deed No. 5 of of Bayu Nirwana Sari, S.H., M.Kn., dated January 16, 2020, the shareholders of Sammitr agreed to increase the issued and fully paid capital from Rp5,000,000,000 to become Rp7,500,000,000 whereby the increase in issued and fully paid capital amounting to Rp2,500,000,000 has been subscribed by PT Sammitr Motor Indonesia, a third party. The latest amendment of the Articles of Association was acknowledged and recorded by the Ministry of Law and Human Rights of the Republic of Indonesia in its Letter No. AHU-AH.01.03-0037577 dated January 22, 2020.

This transaction caused SSB' share ownership to be diluted from 60% to 40%, resulting in a shift of control from SSB to PT Sammitr Motor Indonesia. Accordingly, effective as of January 13, 2020, SSB has deconsolidated Sammitr.

NDHM

Based on Notarial Deed of Bayu Nirwana Sari S.H., M.Kn., No. 12 dated March 22, 2019, the shareholders of NDHM approved the transfer of shares amounting to 8,142,692 shares owned by ND to PT Bangun Hidro Energi amounting Rp5.7 billion. Accordingly, effective as of March 22, 2019, the Group has deconsolidated NDHM.

The Deed was approved by the Minister of Law and Human Rights of the Republic Indonesia with letter No. AHU-AH.01.03-0164398 dated March 22, 2019.

NDHB/ANN

Based on Notarial Deed of Bayu Nirwana Sari, S.H., No. 09 dated August 14, 2019, NDHB, a subsidiary changed its name to PT Agata Nugraha Nastari.

On October 16, 2019 through a share purchase agreement, the composition of ANN shareholders changed to 99% owned Reswara and 1% owned by SSB which was previously owned by ND 99% and 1% owned by PT Nagata Bisma Shakti, a related party.

Based on ANN shareholder's decision letter, the shareholders of ANN approved the issuance of new shares consisting of 1,695,120 shares worth Rp847,560,000,000 (equivalent to US$60,000,000) which will be taken entirely by Reswara. The issuance of new shares caused change in the composition of shareholders to Reswara 99.99% and SSB 0.01%.

1. GENERAL (continued)

c. Structure of the Subsidiaries (continued)

SS

Based on SS's Annual General Meeting of Shareholders dated November 30, 2018, which was notarized by Notarial Deed of Hasbullah Abdul Rasyid, S.H., M.Kn., No. 188 dated December 12, 2018, the shareholders of SS approved the increase of the issued and fully paid share capital amounting to Rp200,000,000,000 by issuing new Class B shares with par value Rp10 per share, which were fully taken by PT Godra Investama Mandiri ("GIM"), an entity under common control.

This transaction resulting a dillution of the Company's ownership in SS from 100% to 0.99%. Accordingly, effective as of November 30, 2018, the Company has deconsolidated SS and accounted for its remaining investment at fair value of US$139,480, which was presented as part of "Investment in shares" on the consolidated statement of financial position as of December 31, 2018.

The difference between the carrying amount of net assets transferred and fair value of remaining investment is accounted as equity transaction in accordance with PSAK No. 38 (Revised 2012), "Business Combination Under Common Control" and presented as part of "Additional Paid-in Capital" in the consolidated statement of financial position.

The details calculation of difference in value of transaction with entities under common control related to the deconsolidation of SS is as follows:

Carrying amount of net assets transferred	(18,353,664)
Fair value of remaining investment	139,480
Total aset	**18,493,144**
Add reclassification of:	
Other comprehensive loss	(23,927,870)
Other components of equity	(460,059)
Total	**(5,894,785)**

1. GENERAL (continued)

d. The Boards of Commissioners and Directors, Audit Committee and Employees

As of March 31, 2021 and December 31, 2020, the composition of the Boards of Commissioners and Directors and Audit Commitee of the Company are as follows:

Board of Commissioners:	
President Commissioner	: Rachmat Mulyana Hamami
Commissioner	: Mivida Hamami
Independent Commissioner	: Arief Tarunakarya Surowidjojo
Board of Directors:	
President Director	: Achmad Ananda Djajanegara
Director	: Adrian Erlangga
Director	: Haris Mustarto
Audit Committee:	
Chairman	: Arief Tarunakarya Surowidjojo
Member	: Andradiet I.J Alis
Member	: Setiawan Kriswanto

As of December 31, 2019, the composition of the Boards of Commissioners and Directors and Audit Commitee of the Company is as follows:

Board of Commissioners:	
President Commissioner	: Rachmat Mulyana Hamami
Commissioner	: Mivida Hamami
Independent Commissioner	: Arief Tarunakarya Surowidjojo
Board of Directors:	
President Director	: Achmad Ananda Djajanegara
Director	: Adrian Erlangga
Audit Committee:	
Chairman	: Arief Tarunakarya Surowidjojo
Member	: Andradiet I.J Alis
Member	: Setiawan Kriswanto

1. GENERAL (continued)

d. The Boards of Commissioners and Directors, Audit Committee and Employees (continued)

As of December 31, 2018, the composition of the Boards of Commissioners and Directors and Audit Commitee of the Company is as follows:

Board of Commissioners:

President Commissioner	: Rachmat Mulyana Hamami
Commissioner	: Mivida Hamami
Independent Commissioner	: Arief Tarunakarya Surowidjojo

Board of Directors:

President Director	: Achmad Ananda Djajanegara
Director	: Adrian Erlangga
Independent Director	: Syahnan Poerba

Audit Committee:

Chairman	: Arief Tarunakarya Surowidjojo
Member	: Andradiet I.J Alis
Member	: Setiawan Kriswanto

The establishment of the Company's Audit Committee is in compliance with Otoritas Jasa Keuangan ("OJK") Regulation No. 55/POJK.04/2015.

As of March 31, 2021, December 31, 2020, 2019, and 2018, the Group had a total of 5,859, 5,615, 5,214, and 5,046 permanent employees (unaudited), respectively.

e. Completion of the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which were completed and authorized for issuance by the Board of Directors of the Company on July 16, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations to Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Sharia Accounting Standards Board of the Indonesian Institute of Accountants, and Rule No. VIII.G.7 regarding "Financial Statement Presentation and Disclosures of Listed or Public Company" issued by Indonesian Financial Services Authority ("OJK").

The consolidated financial statements have been prepared using the accrual basis and the measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the relevant Notes herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

The consolidated statement of cash flows presents cash receipts and payments of cash and cash equivalents classified into operating, investing and financing activities, with cash flows from operating activities presented using the direct method.

The Group uses United States dollar ("US$") as the presentation currency, which is also the functional currency except for certain subsidiaries.

Accounts included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency").

The change of reporting currency of the Company and certain subsidiaries has been approved by the Directorate General of Tax.

Changes of Accounting Principles

On January 1, 2020, the Group adopted new and revised statements of Indonesia Financial Accounting Standards and Interpretations to Statements of Financial Accounting Standards that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretations.

The Group applied PSAK 71: Financial Instruments, PSAK 72: Revenue from Contracts with Customers, and PSAK 73: Leases for the first time by recognizing the cumulative effect of initially applying the new standards as an adjustment to the beginning balance of retained earnings and non-controlling interest. The nature and effect of the changes as a result of these new accounting standards are describe below.

Adoption of PSAK 71, 72 and 73

- PSAK 71: Financial Instruments

PSAK 71: Financial Instruments replaces PSAK 55: Financial Instruments: Recognition and Measurements for annual periods beginning on or after January 1, 2020, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated corresponding information for 2019 for financial instruments in the scope of PSAK 71. Therefore, the corresponding information for 2019 is reported under PSAK 55 and is not comparable with the information presented for 2020. Differences, if any, arising from the adoption of PSAK 71 have been recognized directly in retained earnings as of January 1, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 71: Financial Instruments (continued)

The effect of adoption PSAK 71 as at January 1, 2020 is as follows:

	January 1, 2020		
	Before adjustment	PSAK 71 adjustments	After adjustment
Asset			
Trade receivables			
Third parties - net	77,698,053	(752,855)	76,945,198
Related parties - net	29.475.505	(537,262)	28,938,243
Non-trade receivables			
Third parties - net	3,241,655	(187,093)	3,054,562
Investments in shares	60,139,480	(21,128,785)	39,010,695
Deferred tax assets - net	11,035,769	222,754	11,258,523
Total Assets	**181,590,462**	**(22,383,241)**	**159,207,221**
Liabilities			
Deferred tax liabilities - net	11,686,650	(10,261)	11,676,389
Total Liabilities	**11,686,650**	**(10,261)**	**11.676.389**
Equity			
Retained earnings			
Unappropriated	15,105,471	(1,244,195)	13,861,276
Non-controlling interest	(10,829,733)	(21,128,785)	(31,958,518)
Net Equity	**4,275,738**	**(22,372,980)**	**(18,097,242)**

The nature of these adjustments is described below:

(a) Classification and measurements

Under PSAK 71, debt instruments are subsequently measured at fair value through profit or loss, amortized costs, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest (SPPI)" on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2020. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 71: Financial Instruments (continued)

The nature of these adjustments is described below: (continued)

(a) Classification and measurements (continued)

The classification and measurement requirements of PSAK 71 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PSAK 55. The following are the changes in the classification of the Group's financial assets:

- Loans and receivables as at December 31, 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortized cost beginning January 1, 2020.

- Investment in shares classified as AFS financial assets as at December 31, 2019 are classified and measured as equity instruments designated at fair value through OCI beginning January 1, 2020. There were no impairment losses recognized in profit or loss for these investments in prior periods.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of PSAK 71, the Company had the following required or elected reclassifications as at January 1, 2020:

Notes	Classification based on PSAK 55 December 31, 2019	Classification based on PSAK 71 January 1, 2020	Balance based on PSAK 55 December 31, 2019	Balance based on PSAK 71 January 1, 2020
Financial assets				
Cash and cash equivalent	Loans and receivables	Amortized cost	101,923,463	101,923,463
Other current financial assets	Loans and receivables	Amortized cost	3,992	3,992
Trade receivables	Loans and receivables	Amortized cost	107,173,558	105,883,441
Non-trade receivables	Loans and receivables	Amortized cost	5,723,013	5,535,920
Other current assets	Loans and receivables	Amortized cost	573,227	573,227
Long-term non-trade receivables	Loans and receivables	Amortized cost	1,783,217	1,783,217
Other non-current assets	Loans and receivables	Amortized cost	5,016,136	5,016,136
Investment in shares	Available-for-sale financial asset	Fair value through OCI	60,139,480	39,010,695

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 71: Financial Instruments (continued)

The nature of these adjustments is described below: (continued)

(b) Impairment

The adoption of PSAK 71 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PSAK 55's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PSAK 71 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of PSAK 71 the Group recognized additional impairment on the Group's trade receivables and non-trade receivable - third parties of US$1,290,117 and US$187,093, respectively, which resulted in a decrease in retained earnings of US$1,244,195 as at January 1, 2020. The Group also recognized loss on changes in fair value of financial assets through OCI amounting to US$21,128,785.

Set out below is the reconciliation of the ending impairment allowances in accordance with PSAK 55 to the opening loss allowances determined in accordance with PSAK 71:

	Allowance for Impairment under PSAK 55 as of December 31, 2019	Remeasurement	ECL under PSAK 71 January 1, 2020
Loans and receivables under PSAK 55/Financial assets at amortized cost under PSAK 71	49,164,569	1,477,210	50,641,779

- PSAK 72: Revenue from Contracts with Customers

PSAK 72 supersedes PSAK 34: Construction Contracts, PSAK 23: Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PSAK 72 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

PSAK 72 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PSAK 72 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as of January 1, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 73: Leases

PSAK 73 supersedes PSAK 30: Leases, ISAK 8: Determining whether an Arrangement contains a Lease, ISAK 23: Operating Leases-Incentives and ISAK 24: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PSAK 73 is substantially unchanged from PSAK 30. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PSAK 30. Therefore, PSAK 73 did not have an impact for leases where the Group is the lessor.

The Group adopted PSAK 73 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at January 1, 2020. Instead, the Group applied the standard only to contracts that were previously identified as leases applying PSAK 30 and ISAK 8 at the date of initial application.

The effect of adoption PSAK 73 as at January 1, 2020 are, as follows:

	January 1, 2020
Assets	
Right of use assets	44,192,508
Fixed assets	(11,712,981)
Prepaid expenses	(2,780,784)
Total aset	**29,698,743**
Liabilities	
Lease liabilities	(29,698,743)
Total	**(29,698,743)**

The Group has lease contracts for various items of fixed assets. Before the adoption of PSAK 73, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of PSAK 73, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

- Leases previously classified as finance lease

  The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the lease assets and liabilities recognized under PSAK 30). The requirements of PSAK 73 were applied to these leases from January 1, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 73: Leases (continued)

  - Leases previously accounted for as operating lease

    The Group recognized right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right of use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

    The Group also applied the available practical expedients wherein it:

    - Used a single discount rate to a portfolio of leases with reasonably similar characteristics
    - Relied on its assessment of whether leases are onerous immediately before the date of initial application
    - Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
    - Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application
    - Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

    Based on the above, as of January 1, 2020:

    - Right of use assets of US$44,192,508 were recognized and presented separately in the consolidated statement of financial position. This includes the lease assets recognized previously under finance leases of US$11,712,981 that were reclassified from Fixed Assets.
    - Additional lease liabilities of US$29,698,743 were recognized.
    - Prepaid expenses of US$2,780,784 related to previous operating leases were derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

Adoption of PSAK 71, 72 and 73 (continued)

- PSAK 73: Leases (continued)

The lease liabilities as at January 1, 2020 can be reconciled to the operating lease commitments as of December 31, 2019, as follows:

	Amount
Operating lease commitments as of December 31, 2019	**45,168,697**
Weighted average incremental borrowing rate as of January 1, 2020	10%
Discounted operating lease commitments as of January 1, 2020	**40,753,459**
Less:	
Commitments relating to short-term leases	(11,054,716)
Add:	
Commitments relating to leases previously classified as finance leases	11,943,076
Lease liabilities as of January 1, 2020	**41,641,819**

The adoption of the following new and revised standard and interpretation did not result in substantial changes to Group's accounting policies and had no material effect on the amounts reported for the current or prior financial year:

- Amendments to PSAK 71: Prepayment Features with Negative Compensation

Under PSAK 71, a debt instrument can be measured at amortized cost or at fair value through OCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PSAK 71 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

The adoption of the following new and revised standard and interpretation did not result in substantial changes to Group's accounting policies and had no material effect on the amounts reported for the current or prior financial year: (continued)

- Amendments to PSAK 1 and PSAK 25: Definition of Material

  The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

- Amendments to PSAK 1: Presentation of Financial Statements on the title of financial statements

  The amendments to PSAK 1 are several paragraphs in PSAK 1: Presentation of Financial Statements which were not previously adopted from IAS 1 Presentation of Financial Statements to be adopted. This amendment opens an option that allows entities to use report titles other than those used in PSAK 1. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

- Amendments to PSAK 15: Long-term interests in associates and joint ventures

  The amendments clarify that an entity applies PSAK 71 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PSAK 71 applies to such long-term interests.

  The amendments also clarified that, in applying PSAK 71, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PSAK 15: Investments in Associates and Joint Ventures.

  These amendments had no impact on the financial statements as the Group does not have long-term interests in its associate and joint venture.

- Amendments to PSAK 73: Covid-19 Related Rent Concessions

  On May 30, 2020, the DSAK IAI published Covid-19 Related Rent Concessions - amendment to PSAK 73: Leases. The amendments provide relief to lessees from applying PSAK 73 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Consolidated Financial Statements (continued)

Changes of Accounting Principles (continued)

The adoption of the following new and revised standard and interpretation did not result in substantial changes to Group's accounting policies and had no material effect on the amounts reported for the current or prior financial year: (continued)

- Amendments to PSAK 73: Covid-19 Related Rent Concessions (continued)

  A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under PSAK 73, if the change were not a lease modification.

  The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

- Amendments to PSAK 71: Financial Instruments, Amendments to PSAK 55: Financial Instruments: Recognition and Measurement, Amendments to PSAK 60: Financial Instruments: Disclosures, Amendments to PSAK 62: Insurance Contracts and Amendments to PSAK 73: Leases on Interest Rate Reference Reform - Stage 2, effective from January 1, 2021

  Interest Rate Reference Reform - Stage 2 addresses issues that may affect financial reporting during the benchmark interest rate reform, including the impact of changes in contractual cash flows or hedging relationships that arise from replacing the benchmark interest rate with a new alternative reference. These amendments amend the requirements of PSAK 71: Financial Instruments , PSAK 55: Financial Instruments: Recognition and Measurement , PSAK 60: Financial Instruments: Disclosures, PSAK 62: Insurance Contracts and PSAK 73: Leases related to:

  - changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities;
  - hedge accounting; and
  - disclosure

- Amendments to PSAK No. 22: Definition of Business, effective from January 1, 2021

  These amendments were issued to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, mentioned in Note 1c.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

(a) power over the investee (i.e., existing rights that give them current ability to direct the relevant activities of the investee);
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the Group's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee,
(b) rights arising from other contractual arrangements, and
(c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during a certain year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Total comprehensive income within a subsidiary is attributed to the owners of the parent and to the non-controlling interests ("NCI") even if that results in a deficit balance of NCI. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intra and inter-group balances, transactions, income and expenses, and unrealized profits and losses resulting from intra-group transactions and dividends have been eliminated.

Subsidiaries are fully consolidated from the date of acquisitions, being the date on which the Company obtained control, and continue to be consolidated until the date when such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through subsidiaries, more than half of the voting right of an entity.

A change in the parent's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other component of equity, while the difference is recognized in the profit or loss. Any investment retained is recognized at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on the acquisition date and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is restated to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. As of March 31, 2021, contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PSAK 71: Financial Instruments (2019: PSAK 55: Financial Instruments: Recognition and Measurement) is measured at fair value with the changes in fair value recognized in the profit or loss in accordance with PSAK 71 (2019: PSAK 55).

Other contingent consideration that is not within the scope of PSAK 71 (2019: PSAK 55) is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash generating unit ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those CGUs. Where goodwill forms part of a CGU and part of the operations within that CGU is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in this circumstance is measured based on the relative values of the operations disposed of and the portion of the CGU retained.

d. Restructuring Transactions of Entities under Common Control

Business combination transaction under common control, in the form of transfer of business within the framework of reorganization of entities under the same business group is not a change of ownership in economic substance, therefore it would not result in a gain or loss for the group as a whole or to the individual entity within the same group, therefore the transactions are recorded using the pooling-of-interests method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Restructuring Transactions of Entities under Common Control (continued)

In applying the pooling-of-interests method, the components of the financial statements for the period during which the business combination occurred and for other periods presented for comparison purposes, are presented in such a manner as if the combination has already occurred since the beginning of the period in which the entities were under common control. The entity that disposed and received business records the difference between the consideration received/transferred and the carrying amount of the disposed business/carrying amount of any business combination transaction in equity and presents it in "Additional Paid-in Capital".

e. Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

i) expected to be realized, or intended to be sold or consumed in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) expected to be realized within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

i) expected to be settled in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) due to be settled within 12 months after the reporting period, or
iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

f. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and in banks and short-term deposits with an original maturity of 3 (three) months or less at the time of placements and not restricted to use, and which are subject to an insignificant risk of changes in value.

g. Other Current Financial Assets

Other current financial assets consist of:

- Time deposits with maturities of more than 3 (three) months but not exceeding 1 (one) year at the time of placements.
- Restricted cash relating to customer deposits which are restricted for the payments of tax clearance in accordance with goods handling activities in ports.

h. Transactions with Related Parties

A related party is a person or entity that is related to the Group as follows:

a. A person or close member that person's family as follows:

i. has control or joint control over the Group;
ii. has a significant influence over the Group; and
iii. is a member of the key management personnel of the Group or of a parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Transactions with Related Parties (continued)

A related party is a person or entity that is related to the Group as follows: (continued)

b. An entity with following conditions applies:

i. is a member of the same Group with the Company (which means that each parent, subsidiary and fellow subsidiary is related to each other);
ii. is an associate or joint venture of the Group (or an associate or joint venture of a member of a Group of which the Group is a member);
iii. is a joint venture of a third entity and the Group is an associate of the third entity;
iv. is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
v. is controlled or jointly controlled by the person identified above; and
vi. a person identified as in a(i) has significant influence over the Company or is a member of the key management personnel of the Group (or of a parent of the Group).

Transactions with related parties are made based on terms agreed by the parties, in which such terms may not be the same as those of the transactions between unrelated parties.

All significant transactions and balances with related parties are disclosed in the relevant Notes to the financial statements.

i. Events after the Reporting Period

Post period-end events that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the Notes to the financial statements, when material.

j. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i) Raw materials, spare parts and factory supplies: purchase cost;
ii) Finished goods and work in-process: cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

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

k. Prepaid Expenses

Prepaid expenses are amortized and charged to operations over the periods benefited, and are presented as current asset or non-current asset based on their nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases

Effective beginning January 1, 2020

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i. Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Direct ownership	
Building and improvements	2 - 6
Vehicles	2 - 5
Office furniture, fixtures and equipment	2 - 4
Vessels	3 - 5
Machinery and equipment	2 - 10

Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 12,000 hours to 34,500 hours.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment. Refer to the accounting policies in Notes 2n - Impairment of non-financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases

Effective beginning January 1, 2020 (continued)

The Group as Lessee (continued)

ii. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease for those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Effective prior to January 1, 2020

The Group classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract.

Lease which includes both land and building elements are classified for each element separately whether as a finance or an operating lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases (continued)

Effective prior to January 1, 2020 (continued)

i. The Group as Lessee

Finance Lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments. Minimum lease payments are apportioned between the finance charges and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged directly to current year operations.

Capitalized finance lease assets are depreciated over the shorter of the estimated useful life of the finance lease asset or the lease term, if there is no reasonable certainty that lessee will obtain ownership by the end of the lease term. Any excess of sales proceeds over the carrying amount of an asset in a sale-and-leaseback transaction is deferred and amortized over the lease term.

Operating Lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the related lease payments are recognized as expense on a straight-line basis over the lease term.

ii. The Group as Lessor

Operating Lease

Leases where the Group do not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Lease income from operating leases are recognized as income on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation (except for land that is not depreciated) and impairment losses, if any. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation starts when the fixed assets are ready for their intended use which is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Road and infrastructure	10
Building and improvements	5 - 20
Vehicles	3 - 8
Office furniture, fixtures and equipment	3 - 5
Vessels	3 -16
Machinery and equipment	3 - 8

Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 6,000 hours to 150,000 hours.

Construction in-progress is stated at cost and presented as part of “Fixed Assets - Net” in the consolidated statement of financial position. The accumulated costs of construction in-progress will be reclassified to the appropriate fixed asset account when the construction is substantially completed and the constructed asset is ready for its intended use.

Carrying amount of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (computed as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

Residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

Land are stated at cost and not depreciated.

Legal cost of land rights when the land was initially acquired are recognized as part of the cost of the land. The extension or the legal renewal costs of land rights are recognized as part of “Other Non-current Assets - Net” account in the consolidated statements of financial position and are amortized over the shorter of the rights’ legal life and land’s economic life.

Specific costs associated with the renewal of land titles may be deferred and amortized over the legal term of the landrights or economic life of the land, whichever is shorter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Impairment of Non-financial Assets

At the end of reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its CGU's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statements of profit or loss and other comprehensive income as "Impairment Losses".

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

In measurement of fair value less costs of disposal, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the consolidated statements of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Capitalization of Borrowing Costs

The Group capitalizes interest charges incurred on borrowings and other related costs to finance the construction or installation of major facilities. Capitalization of these borrowing costs ceases when the construction or installation is completed and the related asset constructed or installed are ready for their intended use.

p. Revenue and Expense Recognition

Revenue Recognition

Effective beginning January 1, 2020

On January 1, 2020, the Group has adopted PSAK 72, "Revenue from Contracts with Customers", which requires revenue recognition to fulfill 5 (five) steps of assessment as follows:

1. Identify contract(s) with a customer.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
3. Determine the transaction price, net of discounts, returns, sales incentives and value added tax, which an entity expects to be entitled in exchange for transferring the promised goods or services to a customer.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promised in the contract. When these are not directly observable, the relative standalone selling price are estimated based on expected cost plus margin.
5. Recognise revenue when performance obligation is satisfied by transferring a promised goods or services to a customer (which is when the customer obtains control of those goods or services).

For sale of goods, performance obligation is typically satisfied, and revenue is recognized, when the control of goods has been transferred to the customer (a point in time).

For revenue from services, performance obligation is typically satisfied, and revenue is recognized, when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs its performance obligation (over time).

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and Expense Recognition (continued)

Revenue Recognition (continued)

Effective beginning January 1, 2020 (continued)

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2v Financial instruments - initial recognition and subsequent measurement.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Effective prior to January 1, 2020

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Grup and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and Value Added Tax ("VAT"). The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangement.

The following specific recognition criteria must also be met before revenue is recognized:

Sales of Goods

Revenue from sales arising from physical delivery of the Group's products is recognized at the time when the significant risks and rewards of ownership of the products have passed to the buyer, which time generally coincides with their delivery and acceptance.

Revenues from Services

- Revenues from mining services and rental of power engine are recognized when the services are rendered.
- Revenues from logistic services, container equipment and cargo handling services, and from agency and terminal activities are recognized when the services are rendered.
- Time charter revenue is recognized over the life of the time charter agreement. Revenue from coal affreightment is recognized based on metric ton measurement.
- Revenues from rendering sea freight forwarding services are recognized when the services are rendered.
- Revenues from and cost of construction activities, such as from fabrication work, are recognized based on the percentage of completion method. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.
- Payments received for the uncompleted portion of services are recognized as unearned revenues and recorded as part of "Advances from Customers".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and Expense Recognition (continued)

Revenue Recognition (continued)

Interest Income and Expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate ("EIR") method which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Expenses Recognition

Expenses are recognized when they are incurred.

q. Foreign Currency Transactions and Translation

The Group considers the primary indicators and other indicators in determining its functional currency, if indicators are mixed and the functional currency is not obvious, management uses its judgments to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

For consolidation purpose, assets and liabilities of certain subsidiaries which are recorded in Rupiah as the functional currency, are translated into United States dollar (US$) using the prevailing exchange rates at such statement of financial position date. Income and expenses accounts are translated using prevailing average exchange rate for the period. Differences arise from such exchange rates are presented as part of other comprehensive income.

Transactions involving other currencies other than US$ are recorded in US$ at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in currencies other than US$ are adjusted to US$ using the middle rates published by Bank Indonesia at that date. The resulting gains or losses are credited or charged to current year.

The exchange rates used to translate the monetary assets and liabilities as of March 31, 2021, and December 31, 2020, 2019, and 2018 are as follows:

	March 31, 2021	December 31, 2020	2019	2018
1 European Euro (EUR)/US$1	1.171012	1.228650	1.1214006	1.143567
1 Australian dollar (AUD)/US$1	0.760294	0.763650	0.7006008	0.705131
1,000 Indonesian Rupiah(Rp)/US$1	0.006862	0.070897	0.0719372	0.069056

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Taxation

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction are recognizing losses.

The difference between the carrying amount of a revaluated asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset, except for certain asset such as land, which realization is taxed with final tax on gross value of transaction.

Based on Government Regulation No. 51 Tahun 2008 dated July 20, 2008 which was amended by Government Regulation No. 40 Tahun 2009 dated June 4, 2009, income derived from construction services is subject to final income tax. This regulation is effective on August 1, 2008.

Based on the Decision Letters No. 416/KMK.04/1996 and No. 417/KMK.04/1996 dated June 14, 1996 of the Ministry of Finance of the Republic of Indonesia and Circular Letter No. 29/PJ.4/1996 dated August 13, 1996 of the Directorate General of Taxation, revenues from freight operations and charted of vessels are subject to final income tax computed at 1.20% and 2.64% of the revenues for domestic and foreign companies, respectively, and the related costs and expenses are considered non-deductible for income tax purposes.

Certain subsidiaries' revenues are subject to final income tax at 1.20% since those subsidiaries are domestic shipping companies.

Current tax expense related to income subject to final income tax is recognized in proportion to total income recognized during the current year for accounting purposes and is recorded as "Final Tax Expense" in the statement of profit or loss and other comprehensive income.

The difference between the final income tax paid and the final income tax expense for the current year is recognized as prepaid tax or tax payable.

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

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

Underpayment/overpayment of income tax are presented as part of "Current Tax Expense" in the statement of profit or loss and other comprehensive income. The Group also presented interest/penalty, if any, as part of "Other expenses".

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Taxation (continued)

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Group reassesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is computed using the prevailing tax rates or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current year operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are presented offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on purchase of assets or services is not recoverable according to tax regulations. In which case the VAT is recognized as the part of the cost of acquisition of the asset or as the part of the related expense item.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Mining Properties

Pre-license Costs

Pre-license costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are capitalized and recognized as "exploration and evaluation assets" for each area of interest when mining rights are obtained and still valid and: (i) the costs are expected to be recouped through successful development and exploitation of the area of interest, or (ii) where activities in the area of interest have not reached the stage that allow a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

These expenditures include materials and fuel used, surveying costs, drilling and stripping costs before the commencement of production stage and payments made to contractors. Exploration and evaluation assets are subsequently measured using the cost model and classified as tangible assets, unless they are qualified to be recognized as intangible asset.

The ultimate recoupment of deferred exploration expenditure is dependent upon successful development and commercial exploitation of the related area of interest. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. In such a case, an entity shall measure, present and disclose any resulting impairment loss in accordance with PSAK No. 48 (Revised 2014), "Impairment of Assets".

Exploration and evaluation assets are transferred to "Mines under Construction" in the "Mining Properties" account after the mines are determined to be economically viable to be developed.

Expenditures for Mines under Construction

Expenditures for mines under construction and incorporated costs in developing an area of interest subsequent to the transfer from exploration and evaluation assets but prior to the commencement of production stage in the respective area, are capitalized to "Mines under Construction" as long as they meet the capitalization criteria.

Producing Mines

Upon completion of mines under construction and the production stage is commenced, the mines under construction are transferred into "Producing Mines" in the "Mining Properties" account, which are stated at cost, less depletion and accumulated impairment losses.

Depletion of producing mines are based on "unit-of-production" method from the date of commercial production of the respective area of interest over the lesser of the life of the mine and the remaining terms of IUP.

Stripping Activities

The Group applied ISAK No. 29, "Stripping Costs in the Production Phase of a Surface Mining", which prescribes the treatment for costs of waste removal incurred in the production phase of a surface mines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Mining Properties (continued)

Stripping Activities (continued)

Stripping costs in the production phase are capitalised as stripping activity asset where all of the following criteria are met:

a) it is probable that the future economic benefit (improved access to the coal seam) associated with the stripping activity will flow to the Group;

b) the Group can identify the component of the coal seam for which access has been improved; and

c) the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset should be initially measured at cost, which are costs directly incurred to perform the stripping activity that improve access to the identified component of coal, plus an allocation of directly attributable overhead costs.

After initial recognition, the asset is depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the coal seam that becomes more accessible as a result of the stripping activity.

Changes in the estimated technical and/or other economic parameters that impact coal reserves will also have an impact upon capitalisation and subsequent amortization of the deferred stripping costs. These changes in estimates are accounted for prospectively from the date of change.

Mining Properties from Business Combination

Mining properties represent the fair value adjustment of mining properties acquired at the date of acquisition and are stated at cost. Mining properties are amortized over the life of the property using the “unit-of-production” method from the date of the acquisition based on estimated reserves. The useful life of mining properties pertaining to contractual rights is not longer than the validity period of such rights, except if the contractual rights can be renewed upon expiration without incurring significant costs for such renewal. Changes in estimated reserves are accounted for on a prospective basis, from the beginning of the period in which the change occurs.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

The Group recognizes the deferred tax arising from mining properties.

t. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions for asset dismantling costs is estimated based on certain assumptions and carried at fair value based on applicable discount rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Provisions

Restoration, rehabilitation and other environmental expenditures incurred during the production phase of operations are charged as part of the cost of production.

The Group has certain obligations to restore and rehabilitate mining areas following the completion of production. Such obligations are being accrued using the "unit-of-production" method over the life of the mine so that the accrual will be adequate to meet those obligations once production from the resource is completed. Charges in estimated restoration and environmental costs to be incurred are accounted for on a prospective basis over the remaining life of the mine.

u. Long-term Employee Benefits Liability

Long-term employee benefits of the Group comprise the following:

Defined Contribution Pension Plan

The Group has a defined contribution pension plan for all of its eligible permanent employees.

Contributions for the defined contribution pension plan are charged to current period operations.

Defined Benefit Pension Plan, Labor Law No. 13/2003 and Other Post-employment Benefits

The Group has a defined benefit pension plan covering substantially all of its eligible employees and an unfunded liability for employee benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Law No. 13").

The provision for the Law No. 13 has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plan with the benefit as stipulated under the Law No. 13 after deduction of accumulated employee contributions and the related investment results. If the employer-funded portion of the Pension Plan benefit is less than the benefit as required by the Law No. 13, the Group will provide for such shortage.

On February 2, 2021, the Government promulgated Government Regulation Number 35 Year 2021 (PP 35/2021) to implement the provisions of Article 81 and Article 185 (b) of Law no. 11/2020 concerning Job Creation (Cipta Kerja), which aims to create the widest possible employment opportunities.

PP 35/2021 regulates the work agreement for a certain period (non-permanent employees), outsourcing, working time, rest time and termination of employment, which can affect the minimum benefits that must be provided to employees.

The Group also provides long-term employee benefits other than pension named unfunded jubilee.

Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date. The Group recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan with a low possibility of withdrawal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Effective beginning January 1, 2020

i. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Group only have financial assets at amortized cost (debt instruments) and financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial Assets (continued)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes are cash and cash equivalents, other current financial assets, trade receivables, non-trade receivables, certain other current assets, long-term trade receivables - third parties, long-term non-trade receivables and certain other non-current assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PSAK 50: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

The Group Financial assets designated at fair value through OCI (equity instruments) is investment in shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial Assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

i. The rights to receive cash flows from the asset have expired; or

ii. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and non-trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial Assets (continued)

Impairment of Financial Assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include short-term bank loans, trade payables, non-trade payables, accrued expenses, short-term employee benefits liability, bonds payable and lease liabilities.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PSAK 71 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

ii. Financial Liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Effective prior to January 1, 2020

PSAK No. 50 (Revised 2014), "Financial Instruments: Presentation", provides deeper criterion on legally enforceable right to set off the recognized amounts and criterion to settle on a net basis.

PSAK No. 55 (Revised 2014), "Financial Instruments: Recognition and Measurement", among others, provides additional provision for the criteria of non-expiration or non-termination of hedging instrument, and provision to account financial instruments at the measurement date and after initial recognition.

PSAK No. 60 (2014), "Financial Instruments: Disclosures", among others, provides additional provision on offsetting disclosures with quantitative and qualitative information, and disclosures on transfers of financial instruments.

i. Financial Assets

Initial Recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Group's financial assets are cash and cash equivalents, other current financial assets, trade receivables, non-trade receivables, certain other current assets, long-term trade receivables - third parties, long-term non-trade receivables and certain other non-current assets classified as loans and receivables, and investment in shares classified as available-for-sale financial asset.

Financial assets are recognized initially at fair value, in the case of financial assets not at fair value through profit or loss, the fair value plus directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial Assets (continued)

Subsequent Measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the EIR method, which is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity will be reclassified to profit or loss.

Group has other financial assets investment in shares under this category.

Such Investment does not have quoted market prices in an active market and carried at costs since their fair values cannot be reliably measured.

Derecognition of Financial Assets

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

i. the contractual rights to receive cash flows from the asset have expired; or
ii. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and (a) substantially transferred all the risks and rewards of the asset, or (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial Assets (continued)

Derecognition of Financial Assets (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new assets obtained less any new liabilities assumed; and (ii) any cumulative gain or loss which had been recognized in the equity, should be recognized in profit or loss.

Impairment of Financial Assets

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

If "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current EIR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial Assets (continued)

Impairment of Financial Assets (continued)

Financial Assets Carried at Amortized Cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group.

If in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced (reversed) by adjusting the allowance account.

The recovery should not lead to the carrying amount of the asset exceeding its amortized cost that would have been determined had no impairment loss been recognized for the asset at the reversal date. The amount of reversal is recognized in the profit or loss. If a future write-off is later recovered, the recovery is recognized in profit or loss.

Financial Assets Carried at Cost

When there is objective evidence that an impairment loss has been incurred on financial asset carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed in the subsequent period/year.

ii. Financial Liabilities

Initial Recognition

The Group determines the classification of its financial liabilities at initial recognition. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

ii. Financial Liabilities (continued)

Initial Recognition (continued)

The Group's financial liabilities include short-term bank loans, trade payables, non-trade payables, accrued expenses, short-term employee benefits liability, bonds payable and lease liabilities.

Subsequent Measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. At consolidated statement of financial position date, the accrued interest is recorded separately from the respective principal loans as part of current liabilities. Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process using the EIR method.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques.

Such techniques may include using recent arm's length market transaction; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

v. Amortized Cost of Financial Instruments

Amortized cost of financial instruments are presented using EIR method less any allowance for impairment losses and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the EIR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Earnings (Loss) per Share

The amount of earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to owners of the parent company by the weighted-average number of shares outstanding during the current period of 2,753,165,000 shares.

x. Shares and Bond Issuance Costs

Shares issuance costs are presented as a reduction to "Additional Paid-in Capital - Net" under the equity section of the consolidated statement of financial position.

Bonds issuance costs are directly deducted from the issue proceeds in the consolidated statement of financial position as a discount and are amortized using the EIR method over the period of the bonds.

Issuance costs of mandatory convertible bond are accounted for as a deduction from equity.

y. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated as part of consolidation process.

The Group did not disclose information related to geographical segment since the Group believes that the Group operates in the same economic environment, which is subject to the same risks and benefits.

z. Contingencies

Unless the possibility of an outflow of resources embodying economic benefits is remote, contingent liabilities are disclosed. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

aa. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Intangible Assets (continued)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets are as follows:

	Software
Useful lifes	5 years
Amortization method	Straight-line
Acquired by	Acquisition

Certain subsidiary computed amortization for intangible assets based on "unit-of-production" method.

ab. Ijarah

Ijarah is a lease agreement between mu'jir (lessor) with musta'jir (lessee) on ma'jur (lease object) to get rewards or leasing goods.

The Group as musta'jir recognizes ijarah expenses on a straight-line basis when the benefits of the assets or services have been received until the end of the lease agreement.

ac. Non-current Assets Held for Sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell, and depreciation on such assets to cease. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Accounting Standards Issued but not yet Effective

The following are several accounting standards issued by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Group but are not yet effective for consolidated financial statements as of March 31, 2021 and for the three-month period then ended:

- Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs, effective from January 1, 2022

  This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract

  The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:

  - incremental costs to fulfill the contract, and
  - allocation of other costs that are directly related to fulfilling the contract.

  An entity shall apply those amendments to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Earlier application is permitted.

- 2020 Annual Improvements - PSAK 71: Financial Instruments, effective from January 1, 2022

  These improvements clarify the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

  An entity applies the improvements to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

- Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective from January 1, 2023

  The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. Earlier application is permitted.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future years.

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income, could necessitate future adjustments to tax income and expense already recorded.

Judgment is also involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due. Further details regarding taxation are disclosed in Note 21.

Claims for Tax Refund and Tax Assessments Under Appeal

Based on the tax regulations currently enacted, the management judged if the amounts recorded under the above account are recoverable and refundable by the Tax Office. Further explanations regarding this account are provided in Note 21.

Determination of Functional Currency

The functional currency of the Group is the currency of the primary economic environment in which each entity operates. Management determined that the functional currency of the Group is US dollar, except for certain subsidiaries. It is the currency that mainly influences the revenue and cost of rendering services.

Contingencies

The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. Further details are disclosed in Note 32.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables

Effective beginning January 1, 2020

The Group estimates impairment allowance for trade receivables using simplified approach of ECL. A provision matrix is used to determine ECL for trade and other receivables, where the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 6.

Effective prior to January 1, 2020

Individual Assessment

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect.

These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables.

Collective Assessment

If the Group determines that no objective evidence of impairment exists for an individually assessed trade receivables, whether significant or not, it includes the asset in a Group of trade receivables with similar credit risk characteristics, based on geographical location of the customers, and collectively assesses them for impairment in accordance with their respective age. The characteristics chosen are relevant to the estimation of future cash flows for group of such trade receivables by being indicative of the customers' ability to pay all amounts due.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Allowance for Decline in Value of Inventories

Allowance for net realizable value of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories before allowance for net realizable value as of March 31, 2021 was US$39,224,704 (December 31, 2020: US$41,126,284, December 31, 2019: US$32,081,467, December 31, 2018: US$33,586,905). Further details regarding inventories are disclosed in Note 7.

Depreciation of Fixed Assets

The costs of fixed assets are depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 3 to 15 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

The net carrying amount of the Group's fixed assets as of March 31, 2021 was US$340,485,643 (December 31, 2020: US$349,568,907, December 31, 2019: US$384,993,988, December 31, 2018: US$417,503,122). Further details on fixed assets are disclosed in Note 9.

Amortization of intangible assets

The Group performed review of the useful lives of the intangible assets periodically, based on relevant factors, among others, technical condition and technological development in the future. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future amortization charges could be revised.

Depreciation of right of use assets

The costs of right of use assets are depreciated on a straight-line basis over their estimated useful lives. Certain subsidiaries computed depreciation for certain machinery and equipment, based on duration of use method. Estimated duration of use for certain machinery and equipment range from 12,000 hours to 34,500 hours. Management estimates the useful lives of these leased assets to be within 2 (two) to 10 (ten) years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due. The carrying amounts of the Group's income taxes payable under Articles 25 and 29 amounted to US$11,191,343 and US$3,099,113, US$2,226,970 and US$2,532,618 as of March 31, 2021, and December 31, 2020, 2019, and 2018 respectively. Further details are disclosed in Note 21.

Realization of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces these to the extent that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods.

The forecast of taxable income is based on the Group's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. The carrying amounts of the Group's deferred tax assets as of March 31, 2021, and December 31, 2020, 2019, and 2018 amounted to US$7,305,380 and US$8,081,328, US$11,035,769 and US$11,347,703, respectively. Further details are disclosed in Note 21.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Uncertain Tax Liabilities

In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by the taxation authority.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets". The Group makes an analysis of all tax positions related to income taxes to determine whether a tax liability of unrecognized tax expense should be recognized.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Mines under Construction

TIA, MIFA and BEL's ("Coal Mining Group") accounting policy for exploration expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the capitalized amount will be charged to the consolidated statement of profit or loss and other comprehensive income.

Development activities commence after project acknowledgement by the appropriate level of management. Judgment is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgment is made that a development asset is impaired, the appropriate amount will be charged to the consolidated statement of profit or loss and other comprehensive income. Further details are disclosed in Note 10.

Reserve Estimates

Reserves are estimates of the quantity of coal that can be economically and legally extracted from the Coal Mining Group's mining authorization areas.

The Coal Mining Group determines and reports its coal reserves under the principles incorporated in the "Standar Nasional Indonesia". In order to estimate coal reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Due to the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Coal Mining Group's financial results and positions in a number of ways, including the following:

- Depreciation and amortization charged in the consolidated statement of profit or loss and other comprehensive income may change where such charges are determined on the units-of-production basis.
- Provision for environmental and reclamation costs may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Provision for Environmental and Reclamation Costs

The Coal Mining Group's accounting policy for the recognition of provision for environmental and reclamation costs requires significant estimates and assumptions, such as requirements of the relevant legal and regulatory framework, and the timing, extent and costs of required environmental and reclamation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognized for each location is periodically reviewed and updated based on the facts and circumstances available at that time. The balance of the provision is recorded as part of "Provision for Environmental Restoration Obligation". Further details are disclosed in Note 18.

Deferred Stripping Costs

Stripping costs are amortized over the life of the mine on a units of production basis. Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping costs are accounted for separately by reference to the coal seam from each separate pit. If, however, the pits are highly integrated, the initial stripping of the second and subsequent pits is considered to be production phase stripping. The Group's determination of whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

Production Start Date

The Coal Mining Group assesses the stage of each mine under development to determine when a mine moves into the production stage, being the time when the mine is substantially developed and ready for commercial production. The criteria used to assess the start date of production are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from "Deferred Mining Exploration and Development Costs Related to Area of Interest which have not yet Reached the Commercial Production Stage" to "Deferred Mining Exploration and Development Costs related to Areas of Interest which have Reached the Commercial Production Stage".

Some of the criteria used will include, but are not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimates;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain ongoing production.

When a mine development/construction project moves into the production stage, the capitalization of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of revenue, except for costs that qualify for capitalization relating to mining asset additions or improvements or mineable reserve development. It is also at this point that depreciation/amortization commences.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Pension and Employee Benefits

The determination of the Group's obligations and cost for pension and liability for employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries I calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yields (at the end of the reporting period) on government bonds and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The currency and term of the government bonds are consistent with the post-employment benefit obligations.

The mortality rate is based on Indonesian Mortality Table ("TMI") 2019. Those mortality tables tend to change only at intervals in response to demographic changes. Salary growth rate is based on expected future inflation, productivity and normal progress of employees within a given group and promotions.

The net carrying amount of the Group's employee benefits liability as of March 31, 2021 was US$14,408,141 (December 31, 2020: US$23,677,465, December 31, 2019: US$18,969,859, December 31, 2018: US$13,220,953). Further details on employee benefits are disclosed in Note 29.

Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows data are derived from budget for the next five years and do not include restructuring activities that the Group are not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Other than certain fixed assets, mining properties, intangible assets, certain other non-current assets, and right of use assets deemed to be impaired (Notes 9, 10, 11, 12 and 13), as of March 31, 2021 and December 31, 2020 and 2019, management believes that there are no events or changes in circumstances that may indicate any impairment of non-financial assets value.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Leases - Determining the lease term of contracts with renewal and termination options - the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operational if a replacement asset is not readily available.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Cash on hand				
Rupiah	49,871	50,995	40,112	48,911
United States dollar	-	145	133	10
Sub-total	**49,871**	**51,140**	**40,245**	**48,921**
Cash in banks				
United States dollar				
PT Bank OCBC NISP Tbk	25,032,503	30,040,206	20,251,142	267,797
PT Bank Mandiri (Persero) Tbk	20,622,262	6,767,179	7,138,965	4,434,302
Standard Chartered Bank, Indonesia	10,035,488	34,362	5,074,705	57,381
PT Bank ANZ Indonesia	9.528,438	19,180,963	25,602,074	18,432,868
The Bank of New York Mellon, USA	4,162,482	10,396,748	10,462,922	10,422,596
PT Bank DBS Indonesia	17,642	37,762	85,155	78,982
PT Bank Permata Tbk	3,263	3,298	3,435	3,565
Citibank N.A., Indonesia	1,846	1,846	1,850	1,481
PT Bank UOB Indonesia	993	997	-	-
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	39,539	999
PT Bank ICBC Indonesia	-	-	-	8,661
Others	477	491	7,012	7,082
Rupiah				
PT Bank Mandiri (Persero) Tbk	17,343,994	17,550,470	5,539,068	13,214,671
PT Bank ANZ Indonesia	12,080,792	4,795,731	5,460,900	21,538,416
PT Bank DBS Indonesia	703,491	365,290	777,640	817,774
PT Bank Permata Tbk	368,900	219,014	260,242	184,849
PT Bank Mandiri Syariah Tbk	56,956	56,631	-	-
PT Bank Negara Indonesia (Persero) Tbk	41,307	728,173	814,968	7,377
Citibank N.A., Indonesia	35,656	243,017	95,160	20,661
Standard Chartered Bank, Indonesia	15,552	16,140	11,214	17,969
PT Bank OCBC NISP Tbk	3,321	3,443	3,523	814,833
PT Bank Rakyat Indonesia (Persero) Tbk	796	850	3,756	11,200
PT Bank UOB Indonesia	655	698	-	-
PT Bank Tabungan Pensiunan Nasional Tbk	139	149	184	134
PT Bank ICBC Indonesia	-	-	-	5,313
Others	280	233	14,236	6,419
Singapore Dollar				
PT Bank Mandiri (Persero) Tbk	68,989	207,698	137,614	31,351
Euro				
PT Bank Mandiri (Persero) Tbk	3,543	3,735	3,478	3,618
Citibank N.A., Indonesia	267	280	262	871
Other foreign currencies	2,139	2,243	2,145	2,576
Sub-total	**100,132,171**	**90,657,647**	**81,791,189**	**70,393,746**
Time deposits				
United States dollar				
PT Bank Negara Indonesia (Persero) Tbk	600,300	-	-	-
PT Bank ANZ Indonesia	-	-	-	3,000,000
PT Bank Permata Tbk	-	-	-	26,200,000
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	-	21,000,000
Standard Chartered Bank, Indonesia	-	-	-	17,000,000
PT Bank Mandiri (Persero) Tbk	-	-	-	3,000,000
Rupiah				
PT Bank Tabungan Pensiunan Nasional Tbk	14,795,273	18,153,373	10,620,085	3,039,202
PT Bank Maybank Indonesia Tbk	1,715,619	-	-	-
PT Bank OCBC NISP Tbk	33,476	27,825	36,524	33,687
PT Bank Mandiri (Persero) Tbk	-	111,612	115,475	265,866
PT Bank Negara Indonesia (Persero) Tbk	-	210,799	9,245,710	-
PT Bank Permata Tbk	-	-	74,235	71,262
Sub-total	**17,144,668**	**18,503,609**	**20,092,029**	**73,610,017**
Total	**117,326,710**	**109,212,396**	**101,923,463**	**144,052,684**

4. CASH AND CASH EQUIVALENTS (continued)

The ranges of interest rates on time deposits per annum are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
United States dollar	0.75%	-	1.80% - 3.30%	0.75% - 3.25%
Rupiah	2.85% - 4.00%	3.50% - 8.00%	5.30% - 8.25%	3.20% - 8.00%

As of March 31, 2021, and December 31, 2020, 2019, and 2018, there are no cash and cash equivalents balances placed to any related party.

As of March 31, 2021, and December 31, 2020, 2019, and 2018, certain funds placed in The Bank of New York Mellon, USA ("BNYM"), represents minimum funds that should be maintain in connection with Group's bonds payable (Note 20).

5. OTHER CURRENT FINANCIAL ASSETS

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Time deposits				
Third parties				
Rupiah				
PT Bank Permata Tbk	70,817	73,161	-	-
United States dollar				
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	-	10,000,000
Standard Chartered Bank, Indonesia	-	-	-	3,000,000
Restricted cash in bank				
Third Party				
Rupiah				
PT Bank Mandiri (Persero) Tbk	66,527	52,063	3,992	50,953
Total	**137,344**	**125,224**	**3,992**	**13,050,953**

The ranges of interest rates on time deposits per annum are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Rupiah	5.50%	5.50%	-	1.75% - 3.10%

Time deposits which are placed represents time deposits with maturity more than 3 (three) months.

As of March 31, 2021, December 31, 2020, 2019, and 2018, CKB's cash balance in PT Bank Mandiri (Persero) Tbk amounting to Rp969 million (equivalent to US$66,527), and Rp734 million (equivalent to US$52,063), Rp55 million (equivalent to US$3,992), and Rp738 million (equivalent to US$50,953), respectively, are restricted and solely used for the payments of tax clearance in connection with goods handling activities in port.

6. TRADE RECEIVABLES - NET

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Trade receivables				
Third parties	152,242,934	156,818,333	125,491,113	158,505,609
Allowance for expected credit losses	(51,718,545)	(51,528,682)	(47,793,060)	(50,273,394)
Net	100,524,389	105,289,651	77,698,053	108,232,215
Less current portion	(100,524,389)	(105,289,651)	(77,698,053)	(106,527,452)
Non-current portion	-	-	-	1,704,763
Related parties (Note 30)	56,451,568	34,223,351	30,277,899	20,948,001
Allowance for expected credit losses	(916,180)	(898,150)	(802,394)	(3,875,465)
Net	55,535,388	33,325,201	29,475,505	17,072,536
Trade receivables - net	**156,059,777**	**138,614,852**	**107,173,558**	**125,304,751**

The details of trade receivables from third parties based on customers are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
PT Binuang Mitra Bersama Blok Dua	27,523,343	26,670,640	2,996,508	-
PT Tunas Muda Jaya	21,338,042	21,394,157	21,419,855	21,906,847
PT Rinjani Kartanegara	19,443,220	19,594,995	19,664,500	19,472,028
Mulia Green Resources Pte. Ltd., Singapore	13,367,429	14,823,247	9,873,689	2,157,552
PT Bungo Bara Utama	7,926,586	6,901,801	3,863,314	-
PT Energi Batubara Lestari	5,525,719	6,020,094	-	-
PT Dizamatra Powerindo	4,702,291	6,670,456	1,710,205	5,297,022
PT Bangun Olahsarana Sukses	4,171,592	4,174,921	4,212,412	5,375,410
PT Freeport Indonesia	3,964,409	5,927,758	7,668,110	1,908,277
PT PLN Batubara	3,538,898	1,142,632	3,027	-
PT Realita Jaya Mandiri	3,404,708	3,426,506	3,436,488	3,408,845
PT Kaltim Prima Coal	2,425,524	2,585,499	6,131,751	3,662,397
PT Mahaguna Karya Indonesia	2,318,862	2,734,947	-	-
PT Karya Cemerlang Persada	2,141,001	2,426,896	542,248	-
PT Amman Mineral Nusa Tenggara	1,661,786	1,476,256	1,389,478	1,289,879
PT Semen Tonasa	1,645,450	1,223,119	1,682,623	6,132,972
China Coal Solution Pte. Ltd., Singapore	1,621,443	1,782,438	-	-
PT Berkat Murah Rejeki	1,447,388	904,032	-	-
Swiss Singapore Overseas Enterprises Pte. Ltd., Singapore	1,441,131	1,289,767	-	1,171,516
PT Solusi Bangun Indonesia Tbk	1,430,205	1,793,751	873,290	-
PT Vale Indonesia Tbk	1,051,369	1,366,907	1,713,599	706,342
Leyland International Pte. Ltd., Hong Kong	180,061	180,061	180,061	1,265,433
PT Pembangunan Perumahan (Persero) Tbk	134,271	165,811	-	1,570,766
CNBM International Corporation, China	52,769	52,769	52,769	3,842,800
Agarwal Coal Corporation Pvt. Ltd., Singapore	8,106	16,982	16,982	2,300,505
China Bai Gui International Trade Ltd., Hong Kong	-	3,704,564	4,849,083	-
PT Antang Gunung Meratus	-	1,320,965	4,897,090	6,591,363
Agro Energy Trading Pte. Ltd., Singapore	-	1,164,218	-	-
Adani Global Pte. Ltd., Singapore	-	126,438	126,438	3,848,268
PT PLN (Persero)	-	72,101	3,353,582	2,443,346
Sky Trade FZE., UEA	-	28,153	1,140,013	-
PT Muara Alam Sejahtera	-	-	3,847,648	-
PT Bukit Baiduri Energi	-	-	1,680,327	5,408,984
PT Adimitra Baratama Nusantara	-	-	-	26,087,115
PT Indomining	-	-	-	4,933,880
PT Trisensa Mineral Utama	-	-	-	3,192,422
PT Holcim Indonesia Tbk	-	-	-	2,611,374
PT Nooter Eriksen Indonesia	-	-	-	2,185,000
PT Mandau Wiraniaga	-	-	-	1,895,628
Xiamen C&D Energy Resources Co. Ltd., China	-	-	-	1,171,376
Others (below US$1,000,000 each)	19,777,331	15,655,452	18,166,023	16,668,262
Total	**152,242,934**	**156,818,333**	**125,491,113**	**158,505,609**

6. TRADE RECEIVABLES - NET (continued)

The details of trade receivables based on currencies are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Rupiah	112,710,441	99,062,029	77,954,703	94,347,718
United States dollar	95,984,061	91,979,655	77,781,908	84,303,498
Others	-	-	32,401	-
Total	**208,694,502**	**191,041,684**	**155,769,012**	**178,651,216**
Allowance for expected credit losses	(52,634,725)	(52,426,832)	(48,595,454)	(53,346,465)
Less non-current portion	-	-	-	(1,704,763)
Current portion	**156,059,777**	**138,614,852**	**107,173,558**	**123,599,988**

The aging analysis of trade receivables are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Not past due	122,076,820	118,148,809	93,860,732	109,479,385
Overdue:				
1 - 30 days	19,046,278	9,372,837	9,817,953	7,306,458
31 - 60 days	3,294,051	9,431,625	2,371,613	4,231,359
61 - 90 days	5,819,769	2,305,431	1,329,248	814,482
More than 90 days	58,457,584	51,782,982	48,389,466	56,819,532
Total	**208,694,502**	**191,041,684**	**155,769,012**	**178,651,216**
Allowance for expected credit losses	(52,634,725)	(52,426,832)	(48,595,454)	(53,346,465)
Less non-current portion	-	-	-	(1,704,763)
Current portion	**156,059,777**	**138,614,852**	**107,173,558**	**123,599,988**

Set out below is the information about the credit risk exposure on the Group's trade receivables as of March 31, 2021 and December 31, 2020 using a provision matrix:

	Three-Month Period Ended March 31, 2021 (Unaudited)		
	Expected credit loss rate	Carrying amount at default	Expected credit loss
Not past due	4.72%	122,076,820	5,759,493
Overdue:			
1 - 30 days	0.98%	19,046,278	187,173
31 - 60 days	1.96%	3,294,051	64,422
61 - 90 days	6.15%	5,819,769	357,860
More than 90 days	79.14%	58,457,584	46,265,777
Total		**208,694,502**	**52,634,725**

6. TRADE RECEIVABLES - NET (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables as of March 31, 2021 and December 31, 2020 using a provision matrix: (continued)

	Year Ended December 31, 2020		
	Expected credit loss rate	Carrying amount at default	Expected credit loss
Not past due	4.50%	118,148,809	5,316,696
Overdue:			
1 - 30 days	6.62%	9,372,837	620,405
31 - 60 days	0.81%	9,431,625	76,209
61 - 90 days	2.00%	2,305,431	46,223
More than 90 days	89.54%	51,782,982	46,367,299
Total		**191,041,684**	**52,426,832**

The changes in the allowance for expected credit losses on trade receivables are as follows:

	Three-Month Period Ended March 31, 2021 (Unaudited)		
	Individual	Collective	Total
Beginning balance	52,360,159	66,673	52,426,832
Provision during the period (Note 28)	1,005,866	16,534	1,022,400
Reversal during the period (Note 28)	(540,576)	-	(540,576)
Translation difference	(272,235)	(1,696)	(273,931)
Ending Balance	**52,553,214**	**81,511**	**52,634,725**

	Year Ended December 31, 2020		
	Individual	Collective	Total
Beginning balance	48,470,069	125,385	48,595,454
Adoption of PSAK 71	1,290,117	-	1,290,117
Provision during the year (Note 28)	4,886,494	37,796	4,924,290
Reversal during the year (Note 28)	(2,091,205)	(92,546)	(2,183,751)
Translation difference	(195,316)	(3,962)	(199,278)
Ending Balance	**52,360,159**	**66,673**	**52,426,832**

	Year Ended December 31, 2019		
	Individual	Collective	Total
Beginning balance	53,163,973	182,492	53,346,465
Provision during the year (Note 28)	153,043	-	153,043
Reversal during the year (Note 28)	(2,172,702)	(56,503)	(2,229,205)
Write-off	(3,009,342)	-	(3,009,342)
Translation difference	335,097	(604)	334,493
Ending Balance	**48,470,069**	**125,385**	**48,595,454**

	Year Ended December 31, 2018		
	Individual	Collective	Total
Beginning balance	56,390,704	185,379	56,576,083
Provision during the year (Note 28)	2,584,055	64,759	2,648,814
Reversal during the year (Note 28)	(2,411,195)	(58,530)	(2,469,725)
Write-off	(542,992)	-	(542,992)
Translation difference	(556,605)	(9,116)	(565,721)
Deconsolidation of SS	(2,299,994)	-	(2,299,994)
Ending Balance	**53,163,973**	**182,492**	**53,346,465**

6. TRADE RECEIVABLES - NET (continued)

CK has signed a "Debt Settlement Agreement" with several customers regarding the restructuring of trade receivables. As of December 31, 2019, and 2018, the balance of such receivables amounted to US$4,892,004 and US$9,507,307, respectively.

Based on the individual and collective assessment on the outstanding receivables as of March 31, 2021, and December 31, 2020, 2019, and 2018, the Group's management believes that the allowance for expected credit losses of trade receivables is adequate to cover possible losses from uncollectible accounts.

7. INVENTORIES - NET

This account consists of:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Raw materials and semi-finished goods	14,456,271	14,500,345	14,238,081	14,236,507
Coal	11,127,457	14,020,908	5,069,846	5,294,195
Spare parts	7,394,383	7,731,212	8,792,535	8,262,435
Work in process	4,560,111	3,793,743	3,742,720	5,184,183
Others	1,686,482	1,080,076	238,285	609,585
Total	**39,224,704**	**41,126,284**	**32,081,467**	**33,586,905**
Allowance for decline in value of inventories	(3,412,283)	(3,410,867)	(2,347,499)	(2,984,653)
Inventories - net	**35,812,421**	**37,715,417**	**29,733,968**	**30,602,252**

The movements in the allowance for decline in value of inventories are as follows:

	Three-Month Period Ended March 31, 2021 (Unaudited)	Years Ended December 31,		
		2020	2019	2018
Beginning balance	3,410,867	2,347,499	2,984,653	3,262,995
Provision during the period	146,476	1,451,582	942,105	826,871
Reversal during the period	-	(381,559)	(1,689,670)	(896,478)
Translation difference	(145,060)	(6,655)	110,411	(208,735)
Ending balance	**3,412,283**	**3,410,867**	**2,347,499**	**2,984,653**

Reversal during the period is due to the obsolete inventories that are already used and sold.

Based on the assessment of the condition of inventories at the end of each periods, the Group's management believes that the allowance for obsolescence of inventories is adequate to cover possible losses that may arise from non-recoverability of slow-moving inventories.

As of March 31, 2021, and December 31, 2020, 2019, and 2018, the Group's inventories are covered by insurance against losses by fire and other risks under blanket policies totalling to US$22,127,870, US$22,127,870, US$22,571,006, and US$16,864,437, respectively. The Group's management believes that the above coverage is sufficient to cover possible losses arising from those risks.

8. INVESTMENT IN SHARES

The details of investments in shares are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
PT Multi Harapan Utama	20,245,118	19,889,390	60,000,000	-
PT Sumberdaya Sewatama	139,480	139,480	139,480	139,480
Total	**20,384,598**	**20,028,870**	**60,139,480**	**139,480**

PT Multi Harapan Utama ("MHU")

On October 31, 2019, ANN made a strategic investment of US$60,000,000 in MHU, a related party, which has a coal concession located in the Province of East Kalimantan. ANN has 10% ownership with total of 551 shares consisting of 1 share Series B and 550 shares Series C. In relation with ANN's Investment to MHU, ANN and CK also signed the Consultation Fee Agreement and Amendment I of Mining Services Contract with MHU (Note 30).

The above transaction has been appraised for its fairness by KJPP Syarif, Endang & Partner, an independent appraiser, dated October 31, 2019.

On November 6, 2019, the Company submitted a letter No. ABM-CSC/032/RDN/XI/2019 to OJK for the disclosure of information that the public needs to know in accordance with BAPEPAM-LK No. X.K.1.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated June 18, 2021, which using a discounted cash flow model to estimate the fair value of investment in ANN, the Group recognized gain (loss) on investment in shares on MHU for the three-month periods ended March 31, 2021 and 2020 amounting to US$355,728 and (US$21,381,361), respectively, and recorded as "Gain (loss) on changes in fair value of financial assets through other comprehensive income" in the consolidated statement of profit or loss and other comprehensive income.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated March 19, 2021, which using a discounted cash flow model to estimate the fair value of investment in ANN, the Group recognized losses on investment in shares on MHU amounting to US$18,981,825 and recorded as "Gain (loss) on changes in fair value of financial assets through other comprehensive income" in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020.

A summary of key assumptions used is as follows:

	March 31, 2021	December 31, 2020
Projected coal price	59.00 - 67.79	59.00 - 67.79
Pre-tax discount rate	9.29% - 9.33%	8.80% - 8.84%

9. FIXED ASSETS - NET

The details of fixed assets are as follows:

	Three-Month Period Ended March 31, 2021 (Unaudited)					
	Beginning Balances	Additions	Deductions	Reclassifications	Translation Difference	Ending Balances
Acquisition cost						
Direct ownership						
Land	27,157,139	233,663	-	-	(239,445)	27,151,357
Road and infrastructure	154,437,436	-	-	-	-	154,437,436
Building and improvements	60,335,233	46,316	-	378,538	(637,333)	60,122,754
Office furniture, fixtures and equipment	18,976,892	248,334	(416,820)	12,279	(381,345)	18,439,340
Vehicles	52,464,785	36,528	(718,383)	24,744	(372,902)	51,434,772
Vessels	41,935,146	-	-	22,439	(911,061)	41,046,524
Machinery and equipment	512,583,303	4,133,859	(7,014,728)	(1,101,782)	(1,096,371)	507,504,281
Sub-total	867,889,934	4,698,700	(8,149,931)	(663,782)	(3,638,457)	860,136,464
Construction in-progress	8,567,274	4,260,854	-	(765,755)	(42,505)	12,019,868
Total acquisition cost	876,457,208	8,959,554	(8,149,931)	(1,429,537)	(3,680,962)	872,156,332
Accumulated depreciation						
Direct ownership						
Road and infrastructure	72,976,931	2,052,863	-	-	-	75,029,794
Building and improvements	30,204,062	1,262,062	-	-	(342,331)	31,123,793
Office furniture, fixtures and equipment	18,053,310	226,495	(416,400)	-	(352,984)	17,510,421
Vehicles	42,340,814	531,755	(718,383)	-	(352,338)	41,801,848
Vessels	30,006,168	857,976	-	-	(660,046)	30,204,098
Machinery and equipment	333,307,016	9,187,795	(5,800,408)	(55,593)	(638,075)	336,000,735
Total accumulated depreciation	526,888,301	14,118,946	(6,935,191)	(55,593)	(2,345,774)	531,670,689
Impairment loss						
Vessels	1,058,649	-	-	-	-	1,058,649
Machinery and equipment	17,820,505	-	-	-	-	17,820,505
Net carrying amount	**330,689,753**					**321,606,489**

9. FIXED ASSETS - NET (continued)

The details of fixed assets are as follows: (continued)

	Year Ended December 31, 2020						
	Beginning Balances	Adoption of PSAK 73	Additions	Deductions	Reclassifications	Translation Difference	Ending Balances
Acquisition cost							
Direct ownership							
Land	24,895,844	-	2,171,376	-	-	89,919	27,157,139
Road and infrastructure	150,458,442	-	646,862	-	3,332,132	-	154,437,436
Building and improvements	53,765,386	-	1,094,896	(379,587)	6,063,194	(208,656)	60,335,233
Office furniture, fixtures and equipment	19,096,328	-	801,230	(832,611)	-	(88,055)	18,976,892
Vehicles	36,046,240	-	4,604,686	(5,462,345)	17,226,620	49,584	52,464,785
Vessels	35,712,393	-	2,616,917	(9,204,994)	12,810,830	-	41,935,146
Machinery and equipment	503,595,082	-	18,790,554	(21,333,677)	11,847,079	(315,735)	512,583,303
Sub-total	823,569,715	-	30,726,521	(37,213,214)	51,279,855	(472,943)	867,889,934
Construction in-progress	15,802,492	-	15,676,142	(153,523)	(22,672,975)	(84,862)	8,567,274
Finance lease							
Vehicles	13,184,890	(13,184,890)	-	-	-	-	-
Vessels	21,964,888	(21,964,888)	-	-	-	-	-
Machinery and equipment	9,132,133	(9,132,133)	-	-	-	-	-
Sub-total	44,281,911	(44,281,911)	-	-	-	-	-
Total acquisition cost	883,654,118	(44,281,911)	46,402,663	(37,366,737)	28,606,880	(557,805)	876,457,208
Accumulated depreciation							
Direct ownership							
Road and infrastructure	61,391,962	-	11,584,969	-	-	-	72,976,931
Building and improvements	26,576,922	-	4,180,061	(320,226)	1,570	(234,265)	30,204,062
Office furniture, fixtures and equipment	18,053,158	-	884,624	(810,749)	-	(73,723)	18,053,310
Vehicles	29,105,314	-	1,862,288	(1,271,631)	12,593,473	51,370	42,340,814
Vessels	24,202,008	-	3,155,444	(5,053,545)	7,702,261	-	30,006,168
Machinery and equipment	313,159,880	-	34,916,611	(15,588,967)	1,266,887	(447,395)	333,307,016
Sub-total	472,489,244	-	56,583,997	(23,045,118)	21,564,191	(704,013)	526,888,301
Finance lease							
Vehicles	12,121,595	(12,121,595)	-	-	-	-	-
Vessels	10,749,344	(10,749,344)	-	-	-	-	-
Machinery and equipment	3,299,947	(3,299,947)	-	-	-	-	-
Sub-total	26,170,886	(26,170,886)	-	-	-	-	-
Total accumulated depreciation	498,660,130	(26,170,886)	56,583,997	(23,045,118)	21,564,191	(704,013)	526,888,301
Impairment losses							
Vessels	7,252,460	(6,398,044)	366,214	(2,460,323)	2,298,342	-	1,058,649
Machinery and equipment	8,030,424	-	10,007,725	(217,644)	-	-	17,820,505
Net carrying amount	**369,711,104**						**330,689,753**

9. FIXED ASSETS - NET (continued)

The details of fixed assets are as follows: (continued)

	Year Ended December 31, 2019					
	Beginning Balances	Additions	Deductions	Reclassifications	Translation Difference	Ending Balances
Acquisition cost						
Direct ownership						
Land	24,453,454	457,206	(226,687)	-	211,871	24,895,844
Road and infrastructure	148,657,835	1,439,899	-	360,708	-	150,458,442
Building and improvements	50,711,906	1,958,978	(647,834)	878,929	863,407	53,765,386
Office furniture, fixtures and equipment	19,477,713	858,827	(1,360,816)	(100,842)	221,446	19,096,328
Vehicles	31,363,316	1,440,549	(1,512,358)	4,394,577	360,156	36,046,240
Vessels	34,957,538	33,086	-	721,769	-	35,712,393
Machinery and equipment	493,639,139	12,478,814	(25,237,352)	22,055,094	659,387	503,595,082
Sub-total	803,260,901	18,667,359	(28,985,047)	28,310,235	2,316,267	823,569,715
Construction in-progress	22,809,461	30,760,458	-	(38,636,485)	869,058	15,802,492
Finance lease						
Vehicles	14,735,979	-	-	(1,552,500)	1,411	13,184,890
Vessels	26,044,379	62,391	(4,736,386)	594,504	-	21,964,888
Machinery and equipment	23,921,797	-	-	(14,789,664)	-	9,132,133
Sub-total	64,702,155	62,391	(4,736,386)	(15,747,660)	1,411	44,281,911
Total acquisition cost	890,772,517	49,490,208	(33,721,433)	(26,073,910)	3,186,736	883,654,118
Accumulated depreciation						
Direct ownership						
Road and infrastructure	48,519,947	12,872,015	-	-	-	61,391,962
Building and improvements	22,555,201	4,076,242	(538,794)	(8,887)	493,160	26,576,922
Office furniture, fixtures and equipment	18,294,965	1,026,404	(1,327,650)	(131,100)	190,539	18,053,158
Vehicles	28,111,145	792,401	(1,465,755)	1,438,705	228,818	29,105,314
Vessels	21,003,995	3,198,013	-	-	-	24,202,008
Machinery and equipment	302,743,781	23,786,836	(20,835,744)	6,993,572	471,435	313,159,880
Sub-total	441,229,034	45,751,911	(24,167,943)	8,292,290	1,383,952	472,489,244
Finance lease						
Vehicles	11,293,557	2,265,365	-	(1,438,705)	1,378	12,121,595
Vessels	11,332,139	1,197,975	(1,780,770)	-	-	10,749,344
Machinery and equipment	9,414,665	738,867	-	(6,853,585)	-	3,299,947
Sub-total	32,040,361	4,202,207	(1,780,770)	(8,292,290)	1,378	26,170,886
Total accumulated depreciation	473,269,395	49,954,118	(25,948,713)	-	1,385,330	498,660,130
Impairment losses						
Vessels	8,302,067	1,906,009	(2,955,616)	-	-	7,252,460
Machinery and equipment	8,176,361	149,901	(295,838)	-	-	8,030,424
Net carrying amount	**401,024,694**					**369,711,104**

9. FIXED ASSETS - NET (continued)

The details of fixed assets are as follows: (continued)

	Year Ended December 31, 2018						
	Beginning Balances	Additions	Deductions	Reclassifications	Translation Difference	Deconsolidation of SS	Ending Balances
Acquisition cost							
Direct ownership							
Land	24,320,801	910,873	-	-	(373,380)	(404,840)	24,453,454
Road and infrastructure	146,279,538	1,640,093	-	738,204	-	-	148,657,835
Building and improvements	52,129,701	792,912	(119,782)	307,497	(1,256,292)	(1,142,130)	50,711,906
Office furniture, fixtures and equipment	21,956,660	1,222,230	(84,796)	128,515	(513,530)	(3,231,366)	19,477,713
Vehicles	22,411,753	2,133,633	(1,023,858)	8,372,122	(481,356)	(48,978)	31,363,316
Vessels	34,823,043	134,495	-	-	-	-	34,957,538
Machinery and equipment	720,828,853	8,088,451	(6,801,215)	93,729,083	(19,384,952)	(302,821,081)	493,639,139
Sub-total	1,022,750,349	14,922,687	(8,029,651)	103,275,421	(22,009,510)	(307,648,395)	803,260,901
Construction in-progress	25,242,041	7,125,922	-	(7,975,837)	(1,480,387)	(102,278)	22,809,461
Finance lease							
Vehicles	23,043,986	-	-	(8,305,678)	(2,329)	-	14,735,979
Vessels	25,186,305	858,074	-	-	-	-	26,044,379
Machinery and equipment	111,858,728	-	-	(87,936,931)	-	-	23,921,797
Sub-total	160,089,019	858,074	-	(96,242,609)	(2,329)	-	64,702,155
Total acquisition cost	1,208,081,409	22,906,683	(8,029,651)	(943,025)	(23,492,226)	(307,750,673)	890,772,517
Accumulated depreciation							
Direct ownership							
Road and infrastructure	37,231,012	11,288,935	-	-	-	-	48,519,947
Building and improvements	20,160,794	3,965,140	(68,854)	-	(479,818)	(1,022,061)	22,555,201
Office furniture, fixtures and equipment	19,850,076	1,985,690	(60,378)	-	(446,324)	(3,034,099)	18,294,965
Vehicles	20,639,548	652,841	(967,561)	8,208,874	(376,899)	(45,658)	28,111,145
Vessels	17,988,582	3,312,413	-	(297,000)	-	-	21,003,995
Machinery and equipment	393,434,298	49,791,603	(5,499,324)	55,596,523	(11,623,985)	(178,955,334)	302,743,781
Sub-total	509,304,310	70,996,622	(6,596,117)	63,508,397	(12,927,026)	(183,057,152)	441,229,034
Finance lease							
Vehicles	16,813,157	2,691,043	-	(8,208,874)	(1,769)	-	11,293,557
Vessels	9,538,795	1,793,344	-	-	-	-	11,332,139
Machinery and equipment	61,278,817	3,435,371	-	(55,299,523)	-	-	9,414,665
Sub-total	87,630,769	7,919,758	-	(63,508,397)	(1,769)	-	32,040,361
Total accumulated depreciation	596,935,079	78,916,380	(6,596,117)	-	(12,928,795)	(183,057,152)	473,269,395
Impairment losses							
Office furniture, fixtures and equipment	4,403	-	-	-	(219)	(4,184)	-
Vessels	2,047,887	6,254,180	-	-	-	-	8,302,067
Machinery and equipment	6,283,387	6,248,179	(71,310)	-	(236,332)	(4,047,563)	8,176,361
Net carrying amount	**602,810,653**						**401,024,694**

9. FIXED ASSETS - NET (continued)

The details of gain on sale of fixed assets are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Proceeds from sale of fixed assets	304,654	460,187	8,303,262	3,241,781	1,788,921
Net carrying amounts of fixed assets	(221,129)	(401,708)	(7,022,803)	(2,183,442)	(1,252,490)
Gain on sale of fixed assets - net	**83,525**	**58,479**	**1,280,459**	**1,058,339**	**536,431**

Gain on sale of fixed assets is recorded as part of "Other Income" in the consolidated statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018.

Carrying amounts of fixed assets that were written-off for the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018 amounted to US$993,611, US$25,423, US$4,620,849, US$2,111,137 and US$109,734, respectively.

Deduction of land for the year ended December 31, 2019 includes deduction of land amounted to US$226,687 related to deconsolidation of NDHM (Note 1c) .

Construction in-progress

Construction in-progress consists of the following:

March 31, 2021 (Unaudited)	Percentage of Completion	Acquisition Cost	Estimated Time of Completion
Building and improvements	71% - 95%	644,980	April 2021 - May 2021
Machinery and equipment	25% - 99%	9,932,752	April 2021 - September 2021
Road and infrastructure	76% - 95%	1,386,268	April 2021 - August 2021
Vessels	40%	55,868	October 2021
Total		**12,019,868**	

December 31, 2020	Percentage of Completion	Acquisition Cost	Estimated Time of Completion
Building and improvements	1% - 99%	6,813,241	January 2021 - December 2021
Machinery and equipment	83% - 98%	1,292,928	February 2021 - August 2021
Office furniture, fixtures and equipment	8% - 95%	393,334	January 2021 - May 2021
Road and infrastructure	15% - 55%	65,573	February 2021
Vessels	1%	2,198	April 2021
Total		**8,567,274**	

9. FIXED ASSETS - NET (continued)

Construction in-progress (continued)

Construction in-progress consists of the following: (continued)

December 31, 2019	Percentage of Completion	Acquisition Cost	Estimated Time of Completion
Machinery and equipment	15% - 95%	14,255,247	February 2020 - June 2020
Office furniture, fixtures and equipment	80% - 90%	672,213	January 2020 - March 2020
Building and improvements	30% - 95%	424,377	January 2020 - November 2020
Road and infrastructure	15% - 55%	264,104	February 2020
Vessels	7%	186,551	June 2020
Total		**15,802,492**	

December 31, 2018	Percentage of Completion	Acquisition Cost	Estimated Time of Completion
Machinery and equipment	15% - 85%	21,451,644	January 2019 - June 2020
Building and improvements	5% - 95%	577,801	January 2019 - March 2019
Office furniture, fixtures and equipment	40%	446,805	March 2019
Road and infrastructure	15% - 55%	293,444	March 2019
Vessels	11%	39,767	June 2019
Total		**22,809,461**	

As of March 31, 2021, and December 31, 2020, 2019, and 2018, there were no significant obstacles in the completion of the construction in-progress.

Allocation of depreciation expense is as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Cost of revenue	14,028,037	12,580,553	55,828,628	49.438.440	77,828,934
Selling, general and administrative expenses	90,909	80,021	755,369	515,678	1,087,446
Total	**14,118,946**	**12,660,574**	**56,583,997**	**49,954,118**	**78,916,380**

For the three-month periods ended March 31, 2021 and 2020, the Group recognized impairment losses on unused fixed assets value amounting to US$Nil and US$Nil, respectively. For the years ended December 31, 2020, 2019, and 2018, the Group recognized impairment losses on unused fixed assets value amounting to US$10,373,939, US$2,055,910 and US$12,502,359, respectively, and are presented as part of “Other Expenses” in the consolidated statements of profit or loss and other comprehensive income.

The Group’s vessels are covered by insurance against damage of hull and machinery and increased value under blanket policies amounting to US$16,168,652 as of March 31, 2021, US$16,168,652 as of December 31, 2020, US$24,347,738 as of December 31, 2019, and US$35,690,036 as of December 31, 2018.

9. FIXED ASSETS - NET (continued)

As of March 31, 2021 and December 31, 2020, 2019, and 2018, the Group has insured its fixed assets, except land and vessels as stated above, against losses by fire and other risks with a total insurance coverage Rp85.15 billion (equivalent to US$5,843,398) and US$592,324,265, Rp85.15 billion (equivalent to US$6,036,866) and US$592,324,265, Rp85.15 billion (equivalent to US$6,125,662) and US$550,545,145, and Rp39.25 billion (equivalent to US$2,710,151) and US$550,545,145. Management believes that the insurance coverage is adequate to cover possible losses that may arise from such risks.

Certain subsidiaries have parcels of land with Hak Guna Bangunan ("HGB"), which will expire on various dates from 2023 until 2040. Management believes that the landrights can be extended on their respective expiration dates.

For the period ended March 31, 2021, certain fixed assets has been reclassified to right of use assets amounting to US$1,373,944 (Note 13).

For the year ended December 31, 2020, certain fixed assets has been reclassified to intangible assets amounting to US$703,434 (Note 11).

For the year ended December 31, 2019, certain fixed assets has been reclassified to other non-current assets (Note 12).

10. MINING PROPERTIES - NET

The details of mining properties are as follows:

	Mines Under Construction	Producing Mines	Deferred Stripping Cost	Mining Properties from Business Combination	Total
Cost as of December 31, 2017	**5,924,732**	**18,149,294**	**40,504,050**	**69,180,188**	**133,758,264**
Addition during the year	-	-	829,480	-	829,480
Reclassification	943,025	-	-	-	943,025
Cost as of December 31, 2018	**6,867,757**	**18,149,294**	**41,333,530**	**69,180,188**	**135,530,769**
Addition during the year	-	-	2,545,619	-	2,545,619
Cost as of December 31, 2019	**6,867,757**	**18,149,294**	**43,879,149**	**69,180,188**	**138,076,388**
Addition during the year	56,418	-	10,082,922	-	10,139,340
Transfer to producing mines	(1,389,864)	1,389,864	-	-	-
Cost as of December 31, 2020	**5,534,311**	**19,539,158**	**53,962,071**	**69,180,188**	**148,215,728**
Addition during the period	-	-	48,909	-	48,909
Cost as of March 31, 2021	**5,534,311**	**19,539,158**	**54,010,980**	**69,180,188**	**148,264,637**

10. MINING PROPERTIES - NET (continued)

The details of mining properties are as follows: (continued)

	Mines Under Construction	Producing Mines	Deferred Stripping Cost	Mining Properties from Business Combination	Total
Accumulated amortization as of December 31, 2017	**-**	**(10,861,566)**	**(23,171,968)**	**(324,768)**	**(34,358,302)**
Amortization during the year	-	(1,196,644)	(6,144,902)	-	(7,341,546)
Accumulated amortization as of December 31, 2018	**-**	**(12,058,210)**	**(29,316,870)**	**(324,768)**	**(41,699,848)**
Amortization during the year	-	(1,084,196)	(6,353,353)	(1,781,337)	(9,218,886)
Accumulated amortization as of December 31, 2019	**-**	**(13,142,406)**	**(35,670,223)**	**(2,106,105)**	**(50,918,734)**
Amortization during the year	-	(871,347)	(2,915,224)	(1,714,577)	(5,501,148)
Accumulated amortization as of December 31, 2020	**-**	**(14,013,753)**	**(38,585,447)**	**(3,820,682)**	**(56,419,882)**
Amortization during the period	-	(267,905)	(1,356,587)	(552,697)	(2,177,189)
Accumulated amortization as of March 31, 2021	**-**	**(14.281.658)**	**(39,942,034)**	**(4.373.379)**	**(58,597,071)**
Impairment loss on mining properties as of December 31, 2017	**-**	**(2,170,971)**	**(1,169,319)**	**(68,855,420)**	**(72,195,710)**
Provision for impairment losses on mining properties	-	(230,854)	-	-	(230,854)
Reversal of impairment losses on mining properties	-	-	-	45,448,413	45,448,413
Impairment loss on mining properties as of December 31, 2018	**-**	**(2,401,825)**	**(1,169,319)**	**(23,407,007)**	**(26,978,151)**
Reversal of impairment losses on mining properties	-	230,854	-	-	230,854
Impairment loss on mining properties as of December 31, 2019	**-**	**(2,170,971)**	**(1,169,319)**	**(23,407,007)**	**(26,747,297)**
Provision for impairment losses on mining properties	-	-	-	(24,023,200)	(24,023,200)
Impairment loss on mining properties as of December 31, 2020	**-**	**(2,170,971)**	**(1,169,319)**	**(47,430,207)**	**(50,770,497)**
Impairment loss on mining properties as of March 31, 2021	**-**	**(2,170,971)**	**(1,169,319)**	**(47,430,207)**	**(50,770,497)**
Net carrying amount as of December 31, 2017	**5,924,732**	**5,116,757**	**16,162,763**	**-**	**27,204,252**
Net carrying amount as of December 31, 2018	**6,867,757**	**3,689,259**	**10,847,341**	**45,448,413**	**66,852,770**
Net carrying amount as of December 31, 2019	**6,867,757**	**2,835,917**	**7,039,607**	**43,667,076**	**60,410,357**
Net carrying amount as of December 31, 2020	**5,534,311**	**3,354,434**	**14,207,305**	**17,929,299**	**41,025,349**
Net carrying amount as of March 31, 2021	**5,534,311**	**3,086,529**	**12,899,627**	**17,376,602**	**38,897,069**

10. MINING PROPERTIES - NET (continued)

Amortization of mining properties are presented as part of "Cost of Revenue" in the consolidated statements of profit or loss and other comprehensive income.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated March 19, 2021, which using a discounted cash flow model to estimate the expected future cash flows to determine the recoverable amount of cash generating unit of MIFA, since the recoverable amount is lower than the carrying amount, the Group recognized impairment losses on mining properties from business combination amounting to US$24,023,200 and recorded as "Impairment Losses on Mining Properties" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2020.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated May 8, 2020, which using a discounted cash flow model to estimate the expected future cash flows to determine the recoverable amount of cash generating unit of BEL, since the recoverable amount is higher than the carrying amount, BEL recognized reversal of impairment losses on mining properties amounting to US$230,854 and recorded as part of "Other Income" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2019.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated February 22, 2019, which using a discounted cash flow model to estimate the expected future cash flows to determine the recoverable amount of cash generating unit of MIFA, since the recoverable amount is higher than the carrying amount, the Group recognized reversal of impairment losses on mining properties from business combination amounting to US$45,448,413 and recorded as "Reversal of Impairment Losses on Mining Properties" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2018.

Based on the valuation report of KJPP Stefanus, Tonny, Hardi dan Rekan dated March 5, 2019, which using a discounted cash flow model to estimate the expected future cash flows to determine the recoverable amount of cash generating unit of BEL. Since the recoverable amount is lower than the carrying amount, the Group recognized an impairment losses on mining properties amounting to US$230,854 and recorded as part of "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2018.

A summary of key assumptions used are as follows:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Projected coal price	19.22 - 25.94	19.22 - 25.94	20.46 - 27.25	20.78 - 23.86
Pre-tax discount rate	9.14% - 10.12%	9.14% - 10.12%	9.76% - 10.95%	10.27% - 11.21%

Management determined the key assumptions based on a combination of past experience and external sources. Changes to the assumptions used by the management to determine the recoverable value, in particular the discount and terminal growth rates, can have significant impact on the results of the assessment.

Management believes that the allowance for impairment losses in the value of mining properties as of March 31, 2021, and December 31, 2020, 2019, and 2018 is adequate to cover any losses from the impairment of mining properties.

11. INTANGIBLE ASSETS - NET

This account consists of:

	Three-month Period Ended March 31, 2021 (Unaudited)					
	Beginning Balances	Additions	Deductions	Reclassification	Translation Differences	Ending Balances
Acquisition cost						
Contract acquisition	13,265,848	-	-	-	-	13,265,848
Software	7,488,614	546	-	-	(28,093)	7,461,067
Sub-total	20,754,462	546	-	-	(28,093)	20,726,915
Construction in progress - Software	2,196,849	-	-	-	(70,404)	2,126,445
Total acquisition cost	22,951,311	546	-	-	(98,497)	22,853,360
Accumulated amortization						
Contract acquisition	1,393,518	373,148	-	-	-	1,766,666
Software	4,161,866	267,555	-	-	(14,753)	4,414,668
Total accumulated amortization	5,555,384	640,703	-	-	(14,753)	6,181,334
Impairment losses						
Software	398,459	-	-	-	(12,770)	385,689
Net carrying amount	**16,997,468**					**16,286,337**

	Year Ended December 31, 2020					
	Beginning Balances	Additions	Deductions	Reclassification	Translation Differences	Ending Balances
Acquisition cost						
Contract acquisition	13,265,848	-	-	-	-	13,265,848
Software	4,864,460	272,965	-	2,358,626	(7,437)	7,488,614
Sub-total	18,130,308	272,965	-	2,358,626	(7,437)	20,754,462
Construction in progress - Software	2,980,717	903,561	-	(1,655,192)	(32,237)	2,196,849
Total acquisition cost	21,111,025	1,176,526	-	703,434	(39,674)	22,951,311
Accumulated amortization						
Contract acquisition	95,963	1,297,555	-	-	-	1,393,518
Software	3,204,657	959,665	-	-	(2,456)	4,161,866
Total accumulated amortization	3,300,620	2,257,220	-	-	(2,456)	5,555,384
Impairment losses						
Software	404,306	-	-	-	(5,847)	398,459
Net carrying amount	**17,406,099**					**16,997,468**

11. INTANGIBLE ASSETS - NET (continued)

This account consists of: (continued)

	Year Ended December 31, 2019					
	Beginning Balances	Additions	Deductions	Reclassification	Translation Differences	Ending Balances
Acquisition cost						
Contract acquisition	-	13,265,848	-	-	-	13,265,848
Software	4,528,972	304,420	-	-	31,068	4,864,460
Sub-total	4,528,972	13,570,268	-	-	31,068	18,130,308
Construction in progress - Software	1,763,033	1,137,316	-	-	80,368	2,980,717
Total acquisition cost	6,292,005	14,707,584	-	-	111,436	21,111,025
Accumulated amortization						
Contract acquisition	-	95,963	-	-	-	95,963
Software	2,774,569	415,452	-	-	14,636	3,204,657
Total accumulated amortization	2,774,569	511,415	-	-	14,636	3,300,620
Impairment losses						
Software	345,944	43,166	-	-	15,196	404,306
Net carrying amount	**3,171,492**					**17,406,099**

	Year Ended December 31, 2018					
	Beginning Balances	Additions	Deductions	Reclassification	Translation Differences	Ending Balances
Acquisition cost						
Software	3,431,869	1,177,455	-	-	(80,352)	4,528,972
Construction in progress - Software	-	1,763,033	-	-	-	1,763,033
Total acquisition cost	3,431,869	2,940,488	-	-	(80,352)	6,292,005
Accumulated amortization						
Software	2,633,437	163,959	-	-	(22,827)	2,774,569
Impairment losses						
Software	369,768	-	-	-	(23,824)	345,944
Net carrying amount	**428,664**					**3,171,492**

On October 31, 2019, CK signed Mining Services Transfer Contract with PT Artamulia Tatapratama ("ATP") where ATP transfers the rights to perform mining services in PT Kuansing Inti Makmur ("KIM"), PT Karya Cemerlang Persada ("KCP"), PT Bungo Bara Utama ("BBU") and PT Bungo Bara Makmur ("BBM") (collectively refer as "KIM Group"). Based on the agreement, CK is eligible to directly perform services in KIM Group mining areas since November 1, 2019. On the mining services transfer of KIM Group from ATP, CK will pay ATP amounting to US$15,000,000 in installments until December 2022.

As of December 31, 2019, the acquisition cost of contract is recorded in its cash equivalents amount amounting to US$13,265,848 and is recorded as part of "Intangible Assets - Net" and liabilities arising from the contract transfer is recorded as part of "Long-term Non-trade Payables - Third Parties" in the consolidated statement of financial position.

The interest expenses from the acquisition cost for the three-month periods ended March 31, 2021 and for the years ended December 31, 2020 and 2019 amounting to US$135,748, US$814,044 and US$159,756, respectively is recorded as part of "Finance Charges" in the consolidated statement of profit or loss and other comprehensive income.

The amortization of intangible assets in March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018 amounted to US$640,703, US$533,086, US$2,257,220, US$511,415, and US$163,959, respectively, and was charged to operation as part of "Cost of Revenue" and "Selling, General and Administrative Expenses".

As of March 31, 2021, and December 31, 2020, 2019, and 2018, none of the intangible assets are used as collateral for loans.

12. OTHER NON-CURRENT ASSETS - NET

The details of other non-current assets - net are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Security deposit	5,219,880	3,458,462	3,478,221	5,674,973
Reclamation deposit	1,718,578	1,953,922	1,537,915	1,340,421
Advance for purchase of fixed assets	506,623	494,316	458,077	684,812
Deferred charges	17,235	37,112	657,329	1,983,781
Other asset - net	12,862,218	14,099,723	23,896,465	339,632
Total	**20,324,534**	**20,043,535**	**30,028,007**	**10,023,619**

In December 2019, the management of ACE decided to reclassified construction in progress amounting to US$26,073,910 as part of “Other Non-current Assets - Net” in the consolidated statement of financial position as of December 31, 2019.

For the three-month periods ended March 31, 2021 and 2020, ACE recognized impairment losses on other asset amounting to US$Nil, respectively. For the years ended December 31, 2020 and 2019, ACE recognized impairment losses on other asset amounting to US$1,889,275 and US$2,177,445, respectively, and are presented as part of “Other Expenses” in the consolidated statement of profit or loss and other comprehensive income.

13. RIGHT OF USE ASSETS - NET

The details of right of use assets are as follows:

	Three-month Period Ended March 31, 2021 (Unaudited)					
	Beginning Balances	Additions	Deductions	Reclassification	Translation Differences	Ending Balances
Acquisition cost						
Building and improvements	24,056,770	245,411	-	-	(664,815)	23,637,366
Office furniture, fixtures and equipment	847,047	4,756	(2,725)	-	(22,570)	826,508
Vehicles	15,234,478	3,281,350	(136,877)	-	(121,141)	18,257,810
Vessels	10,037,011	-	-	-	-	10,037,011
Machinery and equipment	20,194,066	73,226,712	-	1,429,537	(108,379)	94,741,936
Total acquisition cost	70,369,372	76,758,229	(139,602)	1,429,537	(916,905)	147,500,631
Accumulated depreciation						
Building and improvements	8,290,466	2,100,251	-	-	(273,360)	10,117,357
Office furniture, fixtures and equipment	264,470	62,751	-	-	(7,674)	319,547
Vehicles	6,972,203	2,153,960	(54,162)	-	(69,898)	9,002,103
Vessels	4,476,809	42,668	-	-	-	4,519,477
Machinery and equipment	8,529,100	4,525,536	-	55,593	(67,364)	13,042,865
Total accumulated depreciation	28,533,048	8,885,166	(54,162)	55,593	(418,296)	37,001,349
Impairment losses						
Vessels	4,447,202	-	-	-	-	4,447,202
Net carrying amount	**37,389,122**					**106,052,080**

13. RIGHT OF USE ASSETS - NET (continued)

The details of right of use assets are as follows: (continued)

			Year Ended December 31, 2020					
	Ending Balances as of December 31, 2019	Adoption of PSAK 73	Beginning Balances	Additions	Deductions	Transfer/ Transfers	Translation Differences	Ending Balances
Acquisition Cost								
Building and improvements	-	17,085,751	17,085,751	6,703,524	-	-	267,495	24,056,770
Office furniture, fixtures and equipment	-	326,243	326,243	504,787	-	-	16,017	847,047
Vehicles	-	21,024,618	21,024,618	7,311,553	-	(13,184,889)	83,196	15,234,478
Vessels	-	21,964,888	21,964,888	9,888	-	(11,937,765)	-	10,037,011
Machineries and equipment	-	16,359,938	16,359,938	7,157,431	-	(3,468,844)	145,541	20,194,066
Total acquisition cost	**-**	**76,761,438**	**76,761,438**	**21,687,183**	**-**	**(28,591,498)**	**512,249**	**70,369,372**
Accumulated depreciation								
Building and improvements	-	-	-	8,039,854	-	-	250,612	8,290,466
Office furniture, fixtures and equipment	-	-	-	256,471	-	-	7,999	264,470
Vehicles	-	12,121,595	12,121,595	7,351,970	-	(12,593,474)	92,112	6,972,203
Vessels	-	10,749,344	10,749,344	710,912	-	(6,983,447)	-	4,476,809
Machineries and equipment	-	3,299,947	3,299,947	6,351,342	-	(1,268,454)	146,265	8,529,100
Total accumulated depreciation	**-**	**26,170,886**	**26,170,886**	**22,710,549**	**-**	**(20,845,375)**	**496,988**	**28,533,048**
Impairment losses								
Vessels	-	6,398,044	6,398,044	347,500	-	(2,298,342)	-	4,447,202
Net carrying amount	**-**		**44,192,508**					**37,389,122**

Allocation of depreciation expense is as follows:

	Three-Month Periods Ended March 31,		Year Ended December 31,
	2021 (Unaudited)	2020 (Unaudited)	2020
Cost of revenue	8,254,291	4,833,175	20,195,641
Selling, general and administrative expenses	630,875	592,694	2,514,908
Total	**8,885,166**	**5,425,869**	**22,710,549**

As of March 31, 2021 and December 31, 2020, the Group's vessels are covered by insurance against damage of hull and machinery and other various risks under blanket policies amounting to US$4,616,732, respectively.

14. TRADE PAYABLES

Trade payables represent payables for purchase of goods and services required for the Group's operations, with details as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Trade payables				
Third parties	58,390,500	55,523,390	52,808,596	47,861,573
Related parties (Note 30)	50,251,823	60,103,988	40,107,204	91,008,441
Total	**108,642,323**	**115,627,378**	**92,915,800**	**138,870,014**

The details of trade payables to third parties based on suppliers are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
PT Pertamina (Persero)	12,989,737	11,325,588	10,984,276	4,950,604
Nordic Minesteel Technologies, Canada	3,154,718	3,889,801	1,107,072	-
PT Hanwha Mining Services Indonesia	2,564,188	2,520,779	368,288	-
Aero Speed Aviation Pte. Ltd., Singapore	1,734,424	-	4,869	-
PT Bagong Dekaka Makmur	1,404,693	1,204,633	492,761	-
PT Global Borneo Energi	1,365,269	-	-	-
PT AKR Corporindo Tbk	1,348,639	1,745,819	462,862	1,836,273
PT Malindo Mandiri Makmur	1,234,514	865,241	1,360,708	526,076
PT Pertamina Lubricants	1,192,112	1,213,510	1,264,256	1,003,249
PT Multi Sejahtera Abadi	1,093,518	354,487	891,634	-
PT Hexindo Adiperkasa Tbk	1,064,756	908,851	342,303	250,278
Palfinger Asia Pacific, Pte. Ltd., Singapore	638,937	1,642,559	1,704,081	992,165
PT Dahana (Persero)	383,385	583,812	1,193,868	970,152
CV Buana Raya Duta	329,514	835,306	928,114	1,083,473
PT Freeport Indonesia	164,601	170,051	2,329,371	-
PT Tata Bara Utama	-	1,563,035	1,244,339	225,975
PT Petroleum Lima	-	441	2,644	4,599,655
Others (below US$1,000,000 each)	27,727,495	26,699,477	28,127,150	31,423,673
Total	**58,390,500**	**55,523,390**	**52,808,596**	**47,861,573**

The details of trade payables based on currencies are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Rupiah	102,154,131	106,618,925	89,480,987	82,976,525
United States dollar	5,833,079	7,119,918	1,528,960	54,789,377
Euro	572,503	1,794,050	1,743,839	722,933
Other foreign currencies	82,610	94,485	162,014	381,179
Total	**108,642,323**	**115,627,378**	**92,915,800**	**138,870,014**

14. TRADE PAYABLES (continued)

The details of aging of trade payables are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Not past due	85,168,427	80,300,596	71,752,425	120,287,399
Overdue:				
1 - 30 days	3,027,851	8,474,769	10,490,184	5,253,527
31 - 60 days	7,860,194	7,040,247	2,147,033	1,207,483
61 - 90 days	3,241,953	7,159,379	844,460	127,649
More than 90 days	9,343,898	12,652,387	7,681,698	11,993,956
Total	**108,642,323**	**115,627,378**	**92,915,800**	**138,870,014**

As of March 31, 2021, and December 31, 2020, 2019, and 2018 there were no collateral provided by the Group for the above trade payables.

15. SHORT-TERM BANK LOANS

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
United States dollar				
PT Bank OCBC NISP Tbk	25,000,000	30,000,000	20,000,000	-
Standard Chartered Bank, Indonesia	10,000,000	10,000,000	5,000,000	-
PT Bank Mandiri (Persero) Tbk	5,000,000	-	-	-
PT Bank ANZ Indonesia	-	-	10,000,000	-
Total	**40,000,000**	**40,000,000**	**35,000,000**	**-**

PT Bank OCBC NISP Tbk ("OCBC")

Based on Notarial Deed of Jose Dima Satria, S.H., M.Kn., No. 211 dated December 20, 2019, the Company entered into Demand Loan Facility Agreement with OCBC with maximum limit of US$50,000,000.

The Company shall maintain financial ratios which will be assessed quarterly as follows:
- Interest service coverage ratio from the Group consolidated financial statement at the minimum 3.00:1.00.
- Consolidated debt to EBITDA ratio from the Group consolidated financial statement at the maximum 3.50:1.00.
- Minimum consolidated cash and cash equivalents balance of US$90,000,000.

15. SHORT-TERM BANK LOANS (continued)

PT Bank OCBC NISP Tbk ("OCBC") (continued)

As of March 31, 2021, and as of December 31, 2020 and 2019, the Company has maintained all financial ratios as required in the loan agreement.

This agreement was last amended on June 11, 2021 with the effective date of the Facilities is up to August 31, 2021.

As of March 31, 2021, and as of December 31, 2020, 2019, and 2018, the Revolving Credit Facility used amounted to US$25,000,000, and US$30,000,000, US$20,000,000, and US$Nil, respectively.

This loan bears interest at 4.50% per annum in 2021 and 2020, and at London Interbank Offered Rate (LIBOR) plus a margin of 2.25% per annum in 2019.

For the three-month periods ended March 31, 2021 and 2020, and for the year ended December 31, 2020, 2019, and 2018, interest expense from this facility is amounting to US$321,875 and US$20,769, US$1,187,887, US$2,253, and US$Nil, respectively and is presented as part of "Finance Charges" in the consolidated statement of profit or loss and other comprehensive income.

This facility is secured by corporate guarantee on behalf of subsidiaries, which are of Reswara, TIA, PBR, CK, CKB, SSB, ATR, BDD, DDE and PWP.

Standard Chartered Bank, Indonesia ("SC")

On October 31, 2017, the Company, CK and SSB entered into a Facility Letter (Uncommitted) with SC, a third party, for Short Term Loan Facility and General Banking Facilities (Import L/C, Import Loan, Bonds & Guarantee and Bank Acceptance) with total combined maximum limit not to exceed US$10,000,000.

On July 9, 2018, the Company, CK, SSB and CKB entered into an Amendment Facility Letter (Uncommitted) with SC, whereby CKB became one of the loan borrowers.

Based on Amendment of Facility Letter dated November 4, 2020, the effective date of the facility is up to May 31, 2022 and will be automatically extended for 12 months, unless otherwise determined by SC.

As of March 31, 2021 and December 31, 2020, 2019, and 2018, the Short Term Loan Facility used amounted to US$10,000,000 and US$10,000,000, US$5,000,000 ,and US$Nil, respectively.

This loan bears annual interest rate at LIBOR plus a margin of 3.75% per annum in 2021 and 2020 and LIBOR plus a margin of 3.10% per annum in 2019.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018 interest expense from this facility is amounting to US$82,102 and US$61,262, and US$282,804, US$29,877, and US$Nil, respectively, and is presented as part of "Finance Charges" in the consolidated statement of profit or loss and other comprehensive income.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020 and 2019, the General Banking Facilities (Import L/C, Import Loan, Bonds & Guarantee and Bank Acceptance) used amounted to US$Nil, respectively. For the years ended December 31, 2018, the General Banking Facilities amounted to US$377,864, EUR366,000 (equivalent to US$418,546) and Rp8.05 billion (equivalent to US$555,818).

15. SHORT-TERM BANK LOANS (continued)

PT Bank ANZ Indonesia ("ANZ")

On December 22, 2017, the Company, CK, CKB, ATR, BDD, DDE, SSB, PWP, Reswara, TIA, PBR, MDB, BEL and MIFA entered into a loan agreement with ANZ, a third party, for Revolving Credit Facility and Multi Option Trade Facilities with total combining maximum limit not to exceed US$30,000,000. Revolving Credit facility is available only for the Company.

Based on the loan agreement, the Company shall maintain financial ratios which will be assessed annually as follows:
- Consolidated total net debt to EBITDA from consolidated financial statement at the maximum 3.00:1.00
- Consolidated total net debt to equity from consolidated financial statement at the maximum 2.00:1.00
- Debt service coverage ratio from consolidated financial statement at the minimum 1.50:1.00.

As of December 31, 2020 and 2019, the Company has maintained all financial ratios as required in the loan agreement.

As of March 31, 2021, and December 31, 2020 and 2018, the Revolving Credit Facility used amounted to US$Nil, respectively. As of December 2019, the Revolving Credit Facility used amounted to US$10.000.000.

This loan bears annual interest rate at LIBOR plus a margin of 3.00%.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, interest expense from this facility is amounting to US$Nil and US$117,964, and US$234,839, US$48,410, and US$Nil, respectively, and is presented as part of "Finance Charges" in the consolidated statement of profit or loss and other comprehensive income.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, the Multi Option Trade facilities used amounted to US$Nil, respectively.

For the years ended December 31, 2019, and 2018, Multi Option Trade facilities used amounted to EUR850,919 (equivalent to US$952,775) and US$11,415 and EUR210,296 (equivalent to US$240,488), US$999,902 and Rp5.62 billion (equivalent to US$388,290), respectively.

On February 9, 2021, the Company, CK, CKB, ATR, BDD, DDE, SSB, PWP, Reswara, TIA, PBR, MDB, BEL and MIFA (the "Borrower") amended the loan agreement with ANZ, to extend the availability period of the facilities up to June 30, 2021 and to change the maximum combine credit limit of Revolving Credit Facility and Multi Option Trade Facilities to become not exceeding US$10,000,000.

On March 30, 2021, the Borrower has fully settled all its obligations with ANZ under the Facility Agreement. Accordingly, all banking facilities previously granted to the Borrower under the Facility Agreement are hereby terminated.

15. SHORT-TERM BANK LOANS (continued)

PT Bank Mandiri (Persero) Tbk ("Mandiri")

On March 26, 2021, the Company, TIA and CK entered into a loan agreement with Mandiri, a third party, for working capital loan facility with maximum limit of US$50,000,000 and can be used for the operations of the Company and other needs of the Company. The facility will end in one year since the signing of the loan agreement.

Based on the loan agreement, the Company is required to maintain certain financial ratios which will be tested quarterly as follows:
- Net debt to EBITDA from the Group consolidated financial statement at the maximum 3.00:1.00
- Net debt to equity ratio from the Group consolidated financial statement at the maximum 1.50:1.00
- Fixed charge coverage ratio from the Group consolidated financial statement at the minimum 3.00:1.00
- Priority indebtedness from Group consolidated financial statement at the maximum 10.00%

As of March 31, 2021, the Company has not met the required net debt to equity ratio. On April 20, 2021, the Company has proposed for an amendment on the financial ratios of the net debt to equity ratio based on the Group's consolidated statements not exceeding 2.50:1.00.

Until date of completion of consolidated financial statements, the Company is in the process to obtain waiver from Mandiri.

As of March 31, 2021, the Revolving Credit Facility used amounted to US$5,000,000.

This loan bears annual interest rate at LIBOR plus a margin of 3.50%.

For the three-month periods ended March 31, 2021, interest expense from this facility is amounting to US$514 and is presented as part of "Finance Charges" in the consolidated statement of profit or loss and other comprehensive income.

Payments made for short-term bank loans are as follows:

	Three-month Period Ended March 31, 2021 (Unaudited)	Years Ended December 31,		
		2020	2019	2018
PT Bank OCBC NISP Tbk - Revolving	5,000,000	130,000,000	-	-
PT ANZ Indonesia - Revolving	-	10,000,000	-	-
Standard Chartered Bank - Revolving	-	5,000,000	-	-
Total	**5,000,000**	**145.000.000**	**-**	**-**

16. ACCRUED EXPENSES AND SHORT-TERM EMPLOYEE BENEFITS LIABILITY

Accrued expenses

The detail of accrued expenses are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Project cost	27,432,455	23,895,072	22,132,373	25,953,462
Interest	5,221,818	13,103,614	13,079,831	13,009,706
Royalty	4,879,567	3,875,573	3,734,262	2,699,304
Professional fees	309,656	315,761	638,821	563,851
Others	13,509,458	13,713,917	12,334,110	14,635,976
Total	**51,352,954**	**54,903,937**	**51,919,397**	**56,862,299**

Short-term Employee Benefits Liability

This account consists of accrual for employee salaries and benefits.

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Short-term employee benefits liability	4,751,899	2,545,498	6,650,273	4,529,737

17. ADVANCES FROM CUSTOMERS

The details of advances from customers are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Third parties	2,385,244	487,111	873,277	414,167
Related parties (Note 30)				
PT Sumberdaya Sewatama	3,088,114	3,190,358	2,605,095	-
PT SSB Sammitr Distribution	205,880	212,696	-	-
PT Trakindo Utama	74	3,397	4,162	-
Sub-total	3,294,068	3,406,451	2,609,257	-
Total	**5,679,312**	**3,893,562**	**3,482,534**	**414,167**

18. PROVISION FOR ENVIRONMENTAL RESTORATION OBLIGATION

A financial surety, or reclamation guarantee, is required under Government Regulation No. 78 of 2010 ("GR 78/2010"). The regulation requires that an annual study be undertaken by a mining company operating in Indonesia to estimate its reclamation costs and that a plan be submitted to the Government. The plan includes an estimate of the cost of performing the rehabilitation work by an outside contractor.

For any work a company does not carry out in the period pursuant to the plan, the Government can require payment for the outstanding work to be carried out by the contractor. The surety can be in the form of a joint account, time deposit, bank guarantee (Note 37) or, in certain circumstances involving public companies, an accounting reserve recorded in the accounts of the Group.

This account pertains to the provision for the restoration of the mine area at the end of the mine term.

The movements in the provision for environmental restoration are as follows:

	Three-month Period Ended March 31, 2021 (Unaudited)	Years Ended December 31,		
		2020	2019	2018
Beginning balance	4,409,960	3,810,326	3,037,393	2,882,646
Provisions for restoration during the period	29,749	1,110,577	2,419,739	1,720,984
Actual restoration costs paid during the period	(119,360)	(510,943)	(1,646,806)	(1,566,237)
Ending balance	**4,320,349**	**4,409,960**	**3,810,326**	**3,037,393**

The management of the Group believes that the provision for restoration is adequate to cover all obligations for environmental management. Management further believes that the provision is in accordance with existing regulations.

19. LEASE LIABILITIES

The Group has lease commitments covering building and improvements, office furniture, fixtures and equipment, vehicles, vessels and machinery and equipment with lease terms ranging from 2 (two) years to more than 10 (ten) years and expiring on various dates with details as follows:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Third parties	17,193,674	23,186,546	-	-
Related parties	123,271,147	20,009,273	13,955,958	23,984,864
Sub-total	140,464,821	43,195,819	13,955,958	23,984,864
Less amount applicable to interest	(34,012,945)	(3,514,186)	(2,012,882)	(3,541,932)
Net	106,451,876	39,681,633	11,943,076	20,442,932
Less current maturities				
Third parties	(9,476,647)	(13,095,904)	-	-
Related parties (Note 30)	(17,827,844)	(10,546,954)	(3,518,995)	(6,287,897)
Lease liabilities - net of current maturities				
Third parties	5,757,846	6,963,989	-	-
Related parties (Note 30)	73,389,539	9,074,786	8,424,081	14,155,035

19. LEASE LIABILITIES (continued)

The present values of the scheduled payments of the lease payables by the year of maturity are as follows:

	March 31, 2021 (Unaudited)		
	Minimum Lease Payments	Interest Component	Present Value
Within 1 year	36,301,645	(8,997,154)	27,304,491
Within 2 - 5 years	70,351,672	(19,259,938)	51,091,734
Over 5 years	33,811,504	(5,755,853)	28,055,651
Total	**140,464,821**	**(34,012,945)**	**106,451,876**

	December 31, 2020		
	Minimum Lease Payments	Interest Component	Present Value
Within 1 year	26,104,140	(2,461,282)	23,642,858
Within 2 - 5 years	17,091,679	(1,052,904)	16,038,775
Total	**43,195,819**	**(3,514,186)**	**39,681,633**

	December 31, 2019		
	Minimum Lease Payments	Interest Component	Present Value
Within 1 year	4,224,519	(705,524)	3,518,995
Within 2 - 5 years	9,731,439	(1,307,358)	8,424,081
Total	**13,955,958**	**(2,012,882)**	**11,943,076**

	December 31, 2018		
	Minimum Lease Payments	Interest Component	Present Value
Within 1 year	7,474,057	(1,186,160)	6,287,897
Within 2 - 5 years	16,510,807	(2,355,772)	14,155,035
Total	**23,984,864**	**(3,541,932)**	**20,442,932**

Interest rates per annum

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
United States dollar				
PT Chandra Sakti Utama Leasing	6.26% - 8.24%	6.26% - 8.24%	6.25% - 9.03%	6.25% - 8.91%
PT Caterpillar Finance Indonesia	-	-	-	5.27% - 6.86%
Rupiah				
PT Chandra Sakti Utama Leasing	14%	-	8.60%	8.60%

The following are the amounts recognised in profit or loss:

	Three-Month Periods Ended March 31,		Year Ended December 31,
	2021 (Unaudited)	2020 (Unaudited)	2020
Interest on lease liabilities	2,850,749	1,415,160	5,011,469
Depreciation right of use assets (Note 13)			
Cost of revenue	8,254,291	4,833,175	20,195,641
Selling, general, and administrative expenses	630,875	592,694	2,514,908
Expenses related to low value and short-term lease liabilities	1,815,930	3,799,740	12,282,995

20. BONDS PAYABLE

The details of bonds payable are as follows:

	March 31, 2021 (Unaudited)				
	Bonds Principal	Unamortized Issuance Costs	Total	Current	Non-current
Senior Notes ABM Investama	350,000,000	(3,656,364)	346,343,636	-	346,343,636

	December 31, 2020				
	Bonds Principal	Unamortized Issuance Costs	Total	Current	Non-current
Senior Notes ABM Investama	350,000,000	(4,280,023)	345,719,977	-	345,719,977

	December 31, 2019				
	Bonds Principal	Unamortized Issuance Costs	Total	Current	Non-current
Senior Notes ABM Investama	350,000,000	(6,662,596)	343,337,404	-	343,337,404

	December 31, 2018				
	Bonds Principal	Unamortized Issuance Costs	Total	Current	Non-current
Senior Notes ABM Investama	350,000,000	(8,811,012)	341,188,988	-	341,188,988

On August 1, 2017, the Company issued Senior Notes amounting to US$300,000,000 at issue price of 98.97% of the principal amount, with The Bank of New York Mellon, USA, as trustee which regulated in the Indenture, The Senior Notes will mature on August 1, 2022, unless earlier redeemed and bear interest of 7.125% per annum, Interest is payable semi-annually on February 1 and August 1 of each year, commencing on February 1, 2018.

On November 28, 2017, the Company issued an additional Senior Notes amounting to US$50,000,000 (“Additional Notes”) at issuance price of 103.25% of the principal amount, to be consolidated and form a single series with the Company’s US$300,000,000 Senior Notes (“Existing Notes”).

The Additional Notes and Existing Notes are collectively referred to as the “Notes”. The Additional Notes are issued on the same terms and conditions (except for the issuance date and the issuance price) as the Existing Notes. Upon issuance of the Additional Notes, the aggregate principal amount of the outstanding Notes amounted to US$350,000,000.

Pursuant to the Indenture, the Company is required to deposit into the Debt Service Accrual Account in BNYM, on or prior to the 25th day of each calendar month, commencing on August 25, 2017 an amount equal to one-sixth (1/6) of each interest payment (Note 4).

The net proceeds of the Notes were used to repay the Club Deal Facility 2016 and long-term loan from shareholder, to fund the Debt Service Accrual Account, and for general corporate purposes.

The Notes were rated Ba3 and BB- by Moody’s Investor Service, Inc. and Fitch Rating Ltd., based on the rating issued on July 14, 2017 and July 24, 2017, respectively.

The Notes were rated B1 and B+ by Moody’s Investor Service, Inc. and Fitch Rating Ltd., based on the rating issued on May 9, 2019 and May 17, 2019, respectively.

20. BONDS PAYABLE (continued)

The Notes are secured by first priority lien over the Debt Service Accrual Account which deposit into BNYM.

In relation to the Notes, the Company and restricted subsidiaries (except AJN and its subsidiaries) are restricted to perform certain actions as stipulated in the Indenture.

The Company shall maintain financial ratios which will be assessed quarterly as follows:
- Fixed charge ratio from consolidated financial statement of ABM Group without AJN at the minimum 3.00:1.00.
- Consolidated debt to EBITDA ratio from consolidated financial statement of ABM Group without AJN at the maximum 3.50:1.00.

On February 8, 2019, the Company and BNYM has entered into Supplemental Indenture which added the new definition of the permitted investment which previously regulated under the Indenture.

As of March 31, 2021, and December 31, 2020, 2019, and 2018, the Company has maintained all financial ratios as required in the Indenture.

21. TAXATION

a. Estimated Claims for Tax Refund

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Overpayments of corporate income taxes:				
2021	2,184,637	-	-	-
2020	10,962,256	10,871,614	-	-
2019	15,328,887	15,714,397	15,656,029	-
2018	1,517,242	1,646,899	15,992,818	15,830,965
2017	938,284	969,349	6,354,440	9,568,524
2016	4,295,953	4,259,573	4,242,911	6,292,604
2015	10,359	10,702	10,858	10,423
Overpayments of withholding income tax:				
2020	-	4,629	-	-
2019	34,065	35,192	35,709	-
2016	-	-	-	120,725
2015	-	-	-	28,644
Payment of tax assessments for value added tax:				
2018	4,183	4,321	-	-
2017	25,889	1,834	-	-
2016	5,177,673	4,371,886	666,994	662,542
2015	-	269,156	282,856	271,527
2011	-	-	159,192	-
Overpayments of value added tax - 2016	-	654,494	-	-
Sub-total	40,479,428	38,814,046	43,401,807	32,785,954
Allowance for impairment losses on estimated claims for tax refund	(34,065)	-	(442,048)	(343,169)
Estimated claims for tax refund - net	**40,445,363**	**38,814,046**	**42,959,759**	**32,442,785**

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2019 Corporate Income Tax

Reswara

On November 27, 2020, Reswara received a Notice of Field Audit for compliance of tax obligations 2019.

Until the completion date of these consolidated financial statements, the Directorate General of Taxes ("DGT") has not released the result of an ongoing tax audit.

MIFA

On August 13, 2020, MIFA received a Notice of Field Audit for compliance of tax obligations 2019.

Until the completion date of these consolidated financial statements, the DGT not released the result of an ongoing tax audit.

BEL

On January 6, 2021, BEL received a Notice of Field Audit for compliance of tax obligations 2019.

Until the completion date of these consolidated financial statements, BEL has not received Tax Assessment Letter from DGT.

SSB

On January 13, 2021, SSB received a Notice of Field Audit for compliance of tax obligations 2019.

Until the completion date of these consolidated financial statements, SSB has not yet received Tax Assessment Letter from DGT.

TIA

On February 10, 2021, TIA received a Notice of Field Audit for compliance of tax obligations 2019.

Until the completion date of these consolidated financial statements, TIA has not yet received Tax Assessment Letter from DGT.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2018 Corporate Income Tax

The Company

On April 22, 2020, the Company received a Tax Overpayment Assessment Letter ("SKPLB") for 2018 corporate income tax amounting to US$1,998,629.

In accordance to the SKPLB, the Company's tax loss for 2018 was corrected to become fiscal loss of US$11,336,506 out of the fiscal loss of US$15,122,680. The difference amounting to US$3,786,174 is recorded as deduction to accumulated tax loss and the Company did not submit an objection to the SKPLB.

On May 18, 2020, the Company has received the tax refund from the DGT.

Reswara

On October 28, 2019, Reswara received a Notice of Field Audit for compliance of tax obligations 2018.

On October 8, 2020, Reswara received SKPLB for 2018 corporate income tax amounting to US$231,358. Based on the SKPLB, Reswara's taxable income for 2018 was corrected amounting to US$4,543 to become US$663,687 from previously reported fiscal taxable income US$659,144.

On November 10, 2020, Reswara has received the tax refund from the DGT.

MIFA

On July 12, 2019, MIFA received a Notice of Field Audit for compliance of tax obligations 2018.

On April 27, 2020, MIFA received Tax SKPLB of 2018 corporate income tax amounting to US$640,572 out of overpayment claimed by MIFA amounting to US$2,157,814. Based on SKPLB, MIFA's taxable income for 2018 was corrected amounting to US$4,455,324 to become US$38,644,409 from previously reported fiscal taxable income of US$34,189,085.

On May 19, 2020, MIFA has received the tax refund from the DGT.

On July 17, 2020, MIFA submitted an Application for Objection to SKPLB to the DGT.

On June 18, 2021, MIFA received a Decision of Objection from the DGT. Based on the letter, DGT fully reject the objection submitted by MIFA.

Until the completion date of these consolidated financial statements, MIFA is in the process of filing an appeal to the Tax Court regarding the result of the DGT's decision on the objection.

BEL

On October 1, 2019, BEL received Notice Letter of Field Inspection of compliance tax in 2018.

On April 23, 2020, BEL received SKPLB for 2018 corporate income tax. Based on SKPLB, BEL's taxable income for 2018 was not corrected as previously reported US$98,383.

On July 2, 2020, BEL has received the tax refund from the DGT.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2018 Corporate Income Tax (continued)

MDB

On October 1, 2019, MDB received a Notice of Field Audit for compliance of tax obligations 2018.

On May 22, 2020, MDB received SKPLB for 2018 corporate income tax amounting to US$34,341 which is the same amount that was claimed by MDB. Based on the SKPLB, MDB's taxable income for 2018 was corrected amounting to US$630 to become US$1,687,416 from previously reported fiscal taxable income US$1,686,786.

On July 8, 2020, MDB has received the tax refund from the DGT.

TIA

On October 1, 2019, TIA received Notice of Field Audit for compliance of tax obligations 2018.

On June 2, 2020, TIA received SKPLB for 2018 corporate income tax amounting to US$4,072,080 from total refund that was previously reported by TIA.

Based on the SKPLB, there was no correction on TIA's taxable income for 2018 as previously reported US$43,775,292.

On July 1, 2020, TIA has received the tax refund from the DGT.

CK

On August 12, 2020, CK received SKPLB for 2018 corporate income tax amounting to US$6,700,696, which is the overpayment amount that was claimed by CK. Based on the SKPLB, CK's taxable income was corrected to become US$33,037,410 from taxable income which was previously reported by CK amounting to US$22,894,965.

Related to the SKPLB, on November 5, 2020, CK submitted an objection to DGT, which partially agreed with SKPLB, where CK's taxable income to become US$32,150,363.

On November 11, 2020, CK received Tax Overpayment Refund Order ("SPMKP") from DGT amounting to Rp98,228,745,156 or equivalent to US$6,700,696. CK received the restitution on November 16, 2020.

Until the completion date of these consolidated financial statements, CK has not yet received objection decision from DGT.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2018 Corporate Income Tax (continued)

SSB

On October 23, 2020, SSB received SKPLB for 2018 corporate income tax amounting to Rp12,383,742,246, which is the overpayment amount that was claimed by SSB.

On November 20, 2020, SSB received SPMKP from DGT amounting to Rp10,088,725,327, where the restitution received by SSB was deducted with compensation of taxes payable of 2016 and 2017 VAT amounting to Rp1,944,492,786 and Rp331,181,405, respectively. SSB received the restitution on December 2, 2020.

On November 22, 2020, SSB submitted letter to DGT which does not accept the deduction on SPMKP due to the deduction of taxes payables that are still on process.

Until the completion date of these consolidated financial statements, SSB has not yet received objection decision from DGT.

2017 Corporate Income Tax

The Company

On April 24, 2019, the Company received a SKPLB for 2017 corporate income tax amounting to US$1,440,194. The difference amounting to US$4,915 is recorded as part of "Other Expenses".

In accordance to the SKPLB, the Company's tax loss for 2017 was corrected to become taxable income of US$11,558,528 out of the fiscal loss of US$15,523,262. The difference amounting to US$27,081,790 is recorded as deduction to accumulated tax loss and the Company did not submit an objection to the SKPLB.

On July 5, 2019, the Company has received the tax refund from the DGT.

CK

On May 6, 2019, CK received a SKPLB for 2017 corporate income tax amounting to US$4,532,664 instead of US$5,586,001 as claimed by CK.

Based on the SKPLB, CK's tax loss for 2017 was corrected to become taxable income of US$4,070,918 out of the fiscal loss of US$67,870,812. In relation to the SKPLB, CK submitted an objection dated July 31, 2019.

On September 3, 2019, CK received SPMKP from DGT amounting to Rp2,766,840,202 or equivalent to US$199,039, where the restitution received by CK was deducted with compensation of taxes payable of 2016 and 2017 VAT amounting to Rp61,199,814,150 and Rp25,496,000, respectively (equivalent to US$4,407,952 and US$1,834, respectively).

On October 21, 2019, CK submitted letter to DGT which does not accept the deduction on SPMKP due to the deduction of taxes payables are still on process.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2017 Corporate Income Tax (continued)

CK (continued)

On January 29, 2020, CK received Decision on Objection from DGT which fully accepted objection submitted by CK. On February 24, 2020, CK received the remaining restitution amount from DGT amounting to Rp14,363,793,722 or equivalent to US$982,584.

MIFA

On July 27, 2018, MIFA received a Notice of Field Audit for compliance of tax obligations 2017.

On April 15, 2019, MIFA received SKPLB for 2017 corporate income tax amounting to US$1,162,289 from the total overpayment as reported by MIFA. Based on the SKPLB, MIFA's taxable income for 2017 was corrected to US$13,531,759 out of previously reported fiscal taxable income of US$11,601,879.

On May 2, 2019, MIFA has received the tax refund from the DGT.

On May 23, 2019, MIFA submitted an Objection Letter to DGT which partially agreed with the SKPLB, where MIFA's taxable income becoming US$12,590,404. The difference amounting to US$988,534 is recorded as deduction to accumulated tax loss.

On April 15, 2020, DGT has rejected MIFA objection for fiscal taxable income and MIFA submit an appeal on July 8, 2020.

Until the completion date of these consolidated financial statements, the Tax Court has not yet released the decision on the ongoing tax appeal.

Reswara

On April 26, 2019, Reswara received a SKPLB for 2017 corporate income tax amounting to US$487,775. The difference amounting to US$15,466 is recorded as part of "Other Expenses".

Based on the SKPLB, the taxable income for 2017 was corrected to US$1,106,610 from previously reported amounting to US$1,044,742. Reswara did not submit an objection to the SKPLB.

On April 26, 2019, Reswara has received the tax refund from the DGT.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2017 Corporate Income Tax (continued)

SSB

On April 16, 2019, SSB received Tax Underpayment Assessment Letter ("SKPKB") for 2017 corporate income tax amounting Rp2.79 billion out of Rp14.28 billion overpayment that was reported by SSB.

Based on the SKPKB, SSB's taxable income in 2017 was corrected to become Rp66.07 billion out of Rp1.56 billion which was reported by SSB.

On July 12, 2019, SSB submitted an Objection on SKPKB to DGT amounting to Rp16.46 billion and recorded the difference amounting Rp606.20 million as part of "Other Expenses" in consolidated statement of profit or loss and other comprehensive income.

On June 10, 2020, SSB received a Decision of Objection from the DGT. Based on the letter, DGT fully reject the objection submitted by SSB.

On August 28, 2020, SSB submitted tax appeal to Tax Court related to the decision of DGT which fully reject the Decision of Objection.

Until the completion date of these consolidated financial statements, the Tax Court has not yet released the decision on the ongoing tax appeal.

2016 Corporate Income Tax

SSB

On April 23, 2018, SSB received SKPKB of corporate income tax of 2016 amounting to Rp1.22 billion from overpayment reported by SSB amounting to Rp12.91 billion.

Based on the SKPKB, the taxable income for year 2016 was corrected to Rp109.58 billion from previously reported by SSB amounting to Rp64.72 billion. On July 20, 2018, SSB submitted an Application for Objection to SKPKB to the DGT.

On June 18, 2019, SSB received a Decision of Objection from the DGT. Based on the letter, DGT partially granted objections raised by SSB where SSB's fiscal loss becoming Rp27.23 billion and overpayment amounting to Rp5.97 billion.

On September 16, 2019, SSB submitted tax appeal to Tax Court related to the decision of DGT on its objection where SSB's fiscal loss amounting to Rp64.35 billion and overpayment amounting to Rp12.79 billion.

Until the completion date of these consolidated financial statements, the appeal is still in process.

MIFA

On June 7, 2018, MIFA received SKPLB for 2016 corporate income tax amounting to US$265,118 which is the same amount that was claimed by MIFA.

In accordance to the SKPLB, MIFA's tax loss for 2016 was corrected to US$8,641,541 out of the fiscal loss of US$9,368,933 that was reported. The difference amounting to US$727,392 is recorded as deduction to tax loss.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2016 Corporate Income Tax (continued)

CK

On June 5, 2018, CK received Tax SKPKB of 2016 corporate income tax amounting to US$60,333,820 out of overpayment claimed by CK amounting to US$5,394,800. In accordance to the SKPKB, CK's tax loss was corrected from US$5,433,723 becoming taxable income amounting to US$198,150,591.

Related to the SKPKB, CK submitted an objection on August 24, 2018 to the DGT.

On July 8, 2019, CK received Decision of Objection from DGT which partially granted the objection submitted by CK, where CK's fiscal loss becoming US$12,384,329 and claim for tax refund of CK becoming US$2,036,780.

On August 13, 2019, CK received restitution from DGT amounting to Rp28,804,758,051 or equivalent to US$2,036,780.

On October 2, 2019, CK submitted Tax Appeal to Tax Court related to the Decision of Objection, with taxable loss amounting to US$5,433,723 and overpayment amounting to US$5,394,800. Until the completion date of these consolidated financial statements, Tax Court has not yet issued decision related to the appeal.

ATR

On February 13, 2019, ATR received SKPKB of 2016 corporate income tax. Based on the SKPKB, the taxable income for year 2016 was corrected to US$479,500 from previously reported amounting to US$155,788.

On April 16, 2020, ATR received a Decision of Objection from the DGT. Based on the letter, DGT fully reject the objection submitted by ATR.

ATR filed an Appeal Letter to the Tax Court regarding the Decision of Objection on July 10, 2020.

Until the completion date of these consolidated financial statements, ATR has not yet received appeal decision from DGT.

TIA

On April 7, 2020, TIA received SKPKB for 2016 corporate income tax.

Based on the SKPKB, TIA's taxable income for 2016 was corrected amounting to US$533,853 to become US$31,830,981 from previously reported taxable income of US$31,297,128.

On July 1, 2020, TIA submitted an Application for Objection to SKPKB to the DGT.

On May 27, 2021, TIA received a Decision of Objection from the DGT. Based on the letter, DGT fully reject the objection submitted by TIA.

Until the completion date of these consolidated financial statements, TIA is in the process of filing an appeal to the Tax Court regarding the result of the DGT's decision on the objection.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2016 Corporate Income Tax (continued)

The Company

On April 27, 2018, the Company received a Tax Overpayment Assessment Letter ("SKPLB") for 2016 corporate income tax amounting to US$1,823,026 which is the same amount of refund that was claimed by the Company. The Company has received the tax refund from DGT.

2015 Corporate Income Tax

SSB

On April 25, 2017, SSB received SKPLB for 2015 corporate income tax amounting to Rp10.46 billion out of the refund of Rp10.83 billion that was claimed by SSB.

In accordance to the SKPLB, SSB's fiscal income for 2015 was corrected to Rp24.21 billion out of Rp4.84 billion that was reported by SSB.

SSB has received the refund from tax office in May 2017 and submitted an objection amounting to Rp151 million to the DGT on June 14, 2017 against the SKPLB.

On May 4, 2018, the DGT issued a decree on objection which rejected the objection submitted by SSB.

On July 31, 2018, SSB submitted a Letter of Appeal for the DGT Decree on the Objection submitted by SSB with fiscal loss amounting to Rp4.99 billion and overpayment amounting to Rp10.6 billion and was received by the Tax Court on August 2, 2018.

On November 1, 2018, Tax Court issued Appeal Explanation Letter ("SUB") of appeal submitted by SSB. On December 14, 2018, SSB submit an objection of the SUB.

Until the completion date of these consolidated financial statements, the Tax Court has not yet released the decision on the ongoing tax appeal.

MIFA

On February 28, 2020, MIFA received Nil Tax Assessment Letter ("SKPN") for 2015 corporate income tax.

Based on the SKPN, MIFA's tax loss for 2015 was corrected amounting to US$370,826 to become US$24,604,257 from previously reported tax loss of US$24,975,083.

On 26 May, 2020, MIFA submitted an Application for Objection to SKPN to the DGT.

On April 22, 2021, MIFA received a Decision of Objection from the DGT. Based on the letter, DGT fully reject the objection submitted by MIFA.

Until the completion date of these consolidated financial statements, MIFA is in the process of filing an appeal to the Tax Court regarding the result of the DGT's decision on the objection.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2014 Corporate Income Tax

MIFA

On December 3, 2019, MIFA received SKPN for 2014 corporate income tax.

Based on the SKPN, MIFA's taxable loss for 2014 was corrected to US$6,903,854 out of the fiscal taxable loss of US$7,085,621 that was reported. The difference amounting to US$181,767 is recorded as deduction to accumulated tax loss.

2013 Corporate Income Tax

CK

On April 28, 2015, CK received SKPLB for 2013 corporate income tax amounting to US$6,681,171 out of the refund of US$6,696,388 as claimed by CK. CK has received tax refund from the DGT.

In accordance to the SKPLB, CK's tax loss for 2013 was corrected to become taxable income of US$60,872 out of the fiscal loss of US$962,861 that was reported by CK. CK agreed with the correction of fiscal loss amounting to US$412,790 and submitted objection on the correction of fiscal loss amounting to US$610,943 to the DGT on July 6, 2015.

On June 30, 2016, CK received Decision Letter of the Objection from the DGT for SKPLB for 2013 corporate income tax. Based on that letter, the DGT has rejected the objection submitted by CK.

On September 7, 2016, CK submitted Tax Appeal to Tax Court related to the decision of DGT on its objection.

On December 22, 2017, CK has received an Appeal Decision Letter of SKPLB for 2013 corporate income tax. Based on the Decision, the Tax Court granted partial appeal filed by CK for the fiscal loss correction of US$44,365. Therefore, CK received restitution of US$11,091. On January 17, 2018, CK has received the restitution.

2011 Corporate Income Tax

CK

On August 28, 2019, CK received Judicial Review Request Letter related to 2011 corporate income tax which was submitted by DGT to Tax Court related to Decision of Tax Appeal dated May 14, 2019 which fully accept Appeal submitted by CK.

On November 21, 2019, CK submitted contra documents to Supreme Count related to the Judicial Review Request Letter.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2018 Value Added Tax ("VAT")

CK

On August 12, 2020, CK received SKPKB on 2018 VAT amounting to Rp1,150,637,408 or equivalent to US$78,962.

Related to the SKPKB, CK submitted an objection to DGT which fully object the SKPKB on October 25, 2020.

Until the completion date of these consolidated financial statements, CK has not yet received objection decision from DGT.

2017 Value Added Tax ("VAT")

SSB

On April 16, 2019, SSB received SKPKB of 2017 VAT amounting to Rp3.3 billion.

On July 12, 2019, SSB has submitted an Application for Objection to SKPKB to the DGT.

On June 10, 2020, SSB received a Decision of Objection from the DGT. Based on the letter, DGT which fully reject the objection submitted by SSB where SSB's underpayment becoming Rp1.65 billion and penalty amounting to Rp1.4 billion.

On August 28, 2020, SSB submitted tax appeal to Tax Court related to the decision of DGT which fully reject the Decision of Objection.

Until the date of completion of these consolidated financial statements, SSB has not yet received an Appeal Decision from the Tax Court.

CK

On May 2, 2019, CK received SKPKB of 2017 VAT amounting to Rp834.1 million or equivalent to US$57,240.

In relation to the SKPKB of VAT, CK partially agreed to the result of the SKPKB of Rp252.3 million or equivalent to US$17,312 and submitted an objection amounting to Rp581.8 million or equivalent to US$39,928 dated July 31, 2019.

On December 13 and 31, 2019, CK received a Decision of Objection from the DGT which partially granted the objection submitted by CK.

CK partially agreed with such decision and submitted appeal on the underpayment amounting to US$34,098 to DGT dated March 4, 2020.

Until the date of completion of these consolidated financial statements, CK has not yet received an Appeal Decision from the Tax Court.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2016 Value Added Tax ("VAT")

CK

On June 6, 2018, CK received SKPKB of 2016 value added tax amounting to Rp384.0 billion or equivalent to US$23,883,414 and addition of penalty amounting to Rp141.2 billion or equivalent to US$9,693,049.

CK submitted objection letters date August 14, 2018 amounting to Rp489.3 billion or equivalent to US$33,576,462.

On July 23, 2019, CK received a Decision of Objection from the DGT which partially granted the objection submitted by CK. CK partially agreed with such decision amounting to US$429,479 which has been recorded as part of "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2020 and has submitted appeal on the underpayment amounting to Rp99.4 billion or equivalent to US$6,820,981 to DGT dated October 2, 2019.

Until the date of completion of these consolidated financial statements, CK has not yet received an Appeal Decision from the Tax Court.

SSB

On April 23, 2018, SSB received the SKPKB for 2016 Value Added Tax amounting to Rp11.01 billion and penalty amounting to Rp6.57 billion. For the SKPKB, SSB has filed an objection to the DGT which reject all SKPKB and paid amounting to Rp9.23 billion on SKPKB VAT period August 2016.

On June 13 and 18, 2019, SSB received a Decision of Objection from the DGT. Based on the letter, DGT partially granted objections raised by SSB where SSB's underpayment becoming Rp11.01 billion and penalty amounting to Rp6.57 billion.

On September 11 and 16, 2019, SSB submitted tax appeal to Tax Court related to the decision of DGT which fully reject the Decision of Objection.

Until the completion date of these consolidated financial statements, the Tax Court has not yet released the decision on the ongoing tax appeal.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2015 Value Added Tax ("VAT")

CK

On June 20, 2017, CK received SKPKB of 2015 VAT amounting to US$384,723. CK partially agreed with such decision amounting to US$94,497 which has been recorded as part of "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2017 and has submitted objection on the underpayment amounting to US$293,343 to DGT.

On August 18, 2017, CK submitted an objection to DGT with the amount of underpayment agreed by CK is amounting to US$8,560 and CK has paid the underpayment and interest amounting to US$277,716.

On August 28, 2018, CK received a Decision of Objection from the DGT. Based on the letter, DGT rejected all objections raised by CK.

On November 16, 2018, CK submitted Tax Appeal to Tax Court related to the decision of DGT on its objection.

On November 13, 2020, CK received appeal decision letter which fully accepted the objection submitted by CK. CK received the restitution amounting to US$269,156 on February 9, 2021.

2014 Value Added Tax ("VAT")

SSB

On April 29, 2019, SSB received SKPKB of 2014 VAT amounting to Rp4.17 billion.

On July 3, 2019, SSB has submitted an Application for Objection to SKPKB to the DGT.

On June 3, 2020, SSB received a Decision of Objection from the DGT. Based on the letter, DGT which fully reject the objection submitted by SSB where SSB's underpayment becoming Rp2.1 billion and penalty amounting to Rp2.1 billion.

On August 28, 2020, SSB submitted tax appeal to Tax Court related to the decision of DGT which fully reject the Decision of Objection.

Until the completion date of these consolidated financial statements, the Tax Court has not yet released the decision on the ongoing tax appeal.

21. TAXATION (continued)

a. Estimated Claims for Tax Refund (continued)

2013 Value Added Tax ("VAT")

The Company

On April 5, 2018, the Company received SKPLB for 2013 and 2012 VAT amounting to US$804,415 out of the refund of US$1,023,607 and US$303,411 as claimed by the Company on 2013 and 2012, respectively. The Company agreed with DGT decision and recorded the difference as part of "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income.

On May 3, 2018, the Company received tax refund from the DGT.

2011 Value Added Tax ("VAT")

CK

On August 28, 2019, CK received Judicial Review Request Letter related to 2011 value added tax which was submitted by DGT to Tax Court related to Decision of Tax Appeal dated May 14, 2019 which fully accept Appeal submitted by CK.

On November 21, 2019, CK submitted contra documents to Supreme Count related to the Judicial Review Request Letter.

During May until October 2020, CK received Decision from Supreme Court which objected the judicial review request submitted by DGT.

2016 Withholding Tax ("WHT")

CK

On June 5, 2018, CK received SKPKB of 2016 WHT article 21 and 23 amounting to US$189,165 and US$54,441, respectively.

Based on such SKPKB, CK submitted Objection on SKPKB WHT article 21 on August 14, 2018 which fully reject the SKPKB and made payment of US$57,839. CK also submitted Objection related to SKPKB WHT article 23 on August 27, 2018 which partially reject the SKPKB and made payment of US$23,192.

On July 29, 2019, CK received Decision of Objection of WHT article 21 and 23 which partially accept the objection submitted by CK. Therefore, the underpayment of WHT article 21 and 23 becoming US$57,149 and US$54,441, respectively. CK fully agreed on the Decision of Objection which has been recorded as part of "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2019.

21. TAXATION (continued)

b. Taxes Payable

The details of taxes payable are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Income taxes:				
Article 4 (2)	89,250	279,047	202,345	45,826
Article 15	66,033	95,288	48,560	50,788
Article 21	295,660	159,479	248,737	173,356
Article 22	2,767	5,678	2,927	26,874
Article 23	1,169,098	586,761	335,017	647,543
Article 25	116,637	49,574	703,417	1,287,604
Article 26	11,367	26,115	40,270	45,692
Article 29	11,074,706	3,049,539	1,523,553	1,245,014
Value added tax	1,718,088	3,146,382	513,954	1,658,794
Vehicle fuel tax	966,753	723,940	763,426	506,694
Total	**15,510,359**	**8,121,803**	**4,382,206**	**5,688,185**

c. Income Tax Expense - net

The details of the income tax expense - net of the Group are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Current					
Subsidiaries	(11,082,153)	(5,012,668)	(11,355,953)	(12,171,219)	(15,525,059)
Deferred					
The Company	(99,469)	(109,544)	(81,627)	119,624	(63,458)
Subsidiaries	554,112	1,535,031	(1,307,776)	(3,069,081)	(10,281,228)
Net	454,643	1,425,487	(1,389,403)	(2,949,457)	(10,344,686)
Income tax expense - net	**(10,627,510)**	**(3,587,181)**	**(12,745,356)**	**(15,120,676)**	**(25,869,745)**

d. Current Tax

The reconciliation between profit (loss) before income tax, as shown in the consolidated statements of profit or loss and other comprehensive income, and estimated tax loss is as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Profit (loss) before income tax per consolidated statement of profit or loss and other comprehensive income	40,125,509	2,507,522	(24,994,708)	19,014,640	93,097,403
Profit before income tax of the subsidiaries - net	(41,967,099)	(7,058,150)	(28,600,881)	(111,782,633)	(64,298,370)
Elimination of transactions with subsidiaries	61,355	(453,673)	51,863,912	144,234,731	(40,756,569)
Profit (loss) before income tax of the Company	(1,780,235)	(5,004,301)	(1,731,677)	51,466,738	(11,957,536)

21. TAXATION (continued)

d. Current Tax (continued)

The reconciliation between profit (loss) before income tax, as shown in the consolidated statements of profit or loss and other comprehensive income, and estimated tax loss is as follows: (continued)

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Temporary differences					
Sale of fixed assets	-	-	-	-	(53,058)
Depreciation	(1,083)	(17,449)	(21,379)	51,893	(9,352)
Provision for employee benefits - net	(338,367)	(226,976)	(93,224)	497,408	(142,857)
Allowance for expected credit losses on trade receivables	-	(178,178)	(410,333)	(48,426)	90,641
Amortization	(3,528)	(6,023)	(43,755)	(70,805)	(48,567)
Right of use asset	(154,365)	12,982	60,475	-	-
Accrued expenses	(156,458)	(132,749)	(572,162)	(252,634)	(994,130)
Total temporary differences - net	(653,801)	(548,393)	(1,080,378)	177,436	(1,157,323)
Permanent differences					
Interest income already subjected to final income tax	(36,848)	(68,026)	(313,749)	(1,579,811)	(1,816,312)
Dividend	(424,244)	(110,598)	(6,612,448)	(64,909,777)	-
Non-deductible interest expenses	91,853	99,281	1,577,099	3,359,905	-
Others	29,652	33,329	(317,520)	636,802	(191,507)
Total permanent differences	(339,587)	(46,014)	(5,666,618)	(62,492,881)	(2,007,819)
Estimated taxable loss	(2,773,623)	(5,598,708)	(8,478,673)	(10,848,707)	(15,122,678)
Cumulative tax losses at beginning of year	(30,663,884)	(29,406,854)	(29,406,854)	(45,639,935)	(35,283,278)
Adjustment of tax loss	4,388,916	7,221,643	7,221,643	27,081,788	4,766,021
Cumulative tax losses at end of period of the Company	**(29,048.591)**	**(27,783,919)**	**(30,663,884)**	**(29,406,854)**	**(45,639,935)**
Prepayments of income tax - Article 23	774,559	777,516	2,684,229	1,855,869	1,998,629
Estimated claims for tax refund corporate income tax	**774,559**	**777,516**	**2,684,229**	**1,855,869**	**1,998,629**
Estimated claims for tax refund					
The Company	774,559	777,516	2,684,229	1,855,869	1,998,629
Subsidiaries	1,410,078	3,401,997	8,187,385	13,800,160	13,832,336
Total estimated claims for tax refund	**2,184,637**	**4,179,513**	**10,871,614**	**15,656,029**	**15,830,965**
Corporate income tax payables Subsidiaries	**11,074,706**	**4,185,435**	**3,049,539**	**1,523,553**	**1,245,014**

21. TAXATION (continued)

e. Deferred Tax

The details of deferred tax assets and deferred tax liabilities are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Company				
Deferred tax assets				
Long-term employee benefits liability	128,294	284,864	327,613	179,703
Right of use assets	-	12,095	-	-
Fixed assets	-	-	14	-
Other non-current assets	-	-	-	323
Total deferred tax assets	128,294	296,959	327,627	180,026
Deferred tax liabilities				
Fixed assets	(4,480)	(4,265)	-	(12,956)
Right of use assets	(18,778)	-	-	-
Other non-current assets	(23,356)	(22,650)	(17,374)	-
Deferred tax assets - net - company	81,680	270,044	310,253	167,070
Deferred tax assets - subsidiaries	6,137,112	6,638,924	9,309,945	9,667,604
Unrealized gain on intra-group profit	1,086,588	1,172,360	1,415,571	1,513,029
Deferred tax assets - net	**7,305,380**	**8,081,328**	**11,035,769**	**11,347,703**
Deferred tax liabilities - net Subsidiaries	**9,548,788**	**9,590,491**	**11,686,550**	**9,722,681**

The details of deferred tax benefit (expense) - net are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Company					
Effects of temporary differences at applicable tax rates:					
Right of use assets	(30,873)	2,596	12,095	-	-
Depreciation	(217)	(3,493)	(4,279)	12,973	(15,602)
Provision for employee benefits liability	(67,673)	(110,918)	(84,167)	124,352	(35,714)
Amortization	(706)	2,271	(5,276)	(17,701)	(12,142)
Total - Company	(99,469)	(109,544)	(81,627)	119,624	(63,458)
Subsidiaries	639,884	1,987,479	(1,064,566)	(2,971,623)	(10,304,767)
Unrealized gain of intra-group transactions	(85,772)	(452,448)	(243,210)	(97,458)	23,539
Deferred tax benefit (expense) - net	**454,643**	**1,425,487**	**(1,389,403)**	**(2,949,457)**	**(10,344,686)**

21. TAXATION (continued)

e. Deferred Tax (continued)

The reconciliation between income tax expense computed using the prevailing tax rates on the accounting profit (loss) before income tax expense and the tax expense reported in the consolidated statements of profit or loss and other comprehensive income for the years ended March 31, 2021 and 2020, and December 31, 2020, 2019, and 2018, is as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Profit before income tax per consolidated statements of profit or loss and other comprehensive income	40,125,509	2,507,522	(24,994,708)	19,014,640	93,097,403
Elimination of transactions with subsidiaries	61,355	(453,673)	51,863,912	144,234,731	(40,756,569)
Profit before income tax	**40,186,864**	**2,053,849**	**26,869,204**	**163,249,371**	**52,340,834**
Income tax with applicable tax rate	(8,841,110)	(451,847)	(5,911,225)	(40,812,343)	(13,085,209)
Tax effects on permanent differences:					
Representation	(154)	(752)	(1,061)	333,290	-
Non-deductible interest expenses	(951,040)	(989,420)	(3,943,922)	(4,352,708)	(6,578,903)
Income already subject to final tax - net	651,328	427,765	128,826	426,869	(695,519)
Write-off trade receivables	-	(143,481)	(239,463)	(839,976)	(135,748)
Taxes and penalties	(13,383)	22,988	(837,096)	(183,359)	(108,175)
Dividend	93,334	41,218	791,620	35,718,713	-
Gifts and donations	(67,513)	(156,861)	(346,044)	(513,041)	(70,751)
Others	(379,159)	192,733	3,519,301	(1,303,724)	(682,682)
Adjustment on tax loss based on tax assessment	-	(1,586,327)	(1,586,327)	(1,574,156)	(371,051)
Deferred tax asset adjustment	104,962	2,582,755	(1,545,808)	1,127,859	15,082
Unrealized gain of intra-group transactions	(85,772)	(452,448)	(243,210)	(97,458)	23,539
Unrecognized deferred tax assets - net	(1,139,003)	(3,073,504)	(2,530,947)	(3,050,642)	(4,180,328)
Income tax expense per consolidated statements of profit or loss and other comprehensive income	**(10,627,510)**	**(3,587,181)**	**(12,745,356)**	**(15,120,676)**	**(25,869,745)**

f. Tax Amnesty

TIA, ATR, BDD, and Reswara decided to utilize tax amnesty facility based on Tax Amnesty Law. Tax amnesty assets are measured at the amount reported in the Tax Amnesty Approval Letter ("SKPP"). The redemption money (the amount of tax paid in accordance with Tax Amnesty Law) shall be charged directly to profit or loss in the period when the SKPP was received.

Based on PSAK No. 70 "Accounting for Assets and Liabilities of Tax Amnesty", any difference between amounts initially recognised for the tax amnesty assets and the related tax amnesty liabilities is presented as "Additional Paid-In Capital" and shall not be reclassified to retained earnings or recycled to profit or loss subsequently. Such difference was presented as "Other Components of Equity" in the consolidated statement of equity.

21. TAXATION (continued)

g. Changes in Tax Rates

On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction to the tax rates for corporate income tax payers and permanent establishments entities from previously 25% to become 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards, and further reduction of 3% for corporate income tax payers that fulfill certain criteria.

The new tax rates will be used as reference to measure the current and deferred tax assets and liabilities starting from the enactment date of the new regulation on March 31, 2020.

22. SHARE CAPITAL

The composition of the Company's shareholders as of March 31, 2021, and December 31, 2020, 2019, and 2018 are as follows:

	March 31, 2021 (Unaudited), and December 31, 2020 and 2019		
Shareholders	**Number of Shares Issued and Fully Paid**	**Percentage of Ownership**	**Amount**
Valle Verde Pte. Ltd., Singapore	1,540,557,000	55.9559%	81,408,604
PT Tiara Marga Trakindo	636,366,000	23.1140%	33,806,816
Momentum Fund SP.B	285,447,300	10.3680%	15,209,588
Rachmat Mulyana Hamami (President Commissioner)	6,120,500	0.2223%	802,611
Achmad Ananda Djajanegara (President Director)	1,283,500	0.0466%	70,363
Mivida Hamami (Commissioner)	133,500	0.0048%	7,333
Public and employees (each with ownership interest below 5%)	283,257,200	10.2884%	15,249,593
Total	**2,753,165,000**	**100.0000%**	**146,554,908**

	December 31, 2018		
Shareholders	**Number of Shares Issued and Fully Paid**	**Percentage of Ownership**	**Amount**
Valle Verde Pte. Ltd., Singapore	1,540,557,000	55.9559%	81,408,604
PT Tiara Marga Trakindo	636,366,000	23.1140%	33,806,816
Momentum Fund SP.B	285,447,300	10.3680%	15,209,588
Rachmat Mulyana Hamami (President Commissioner)	6,120,500	0.2223%	802,611
Achmad Ananda Djajanegara (President Director)	946,000	0.0344%	51,899
Syahnan Poerba (Independent Director)	296,700	0.0108%	16,267
Mivida Hamami (Commissioner)	133,500	0.0048%	7,333
Public and employees (each with ownership interest below 5%)	283,298,000	10.2898%	15,251,790
Total	**2,753,165,000**	**100.0000%**	**146,554,908**

23. ADDITIONAL PAID-IN CAPITAL - NET

The details of this account are as follows:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Additional paid-in capital from initial public offering	147,510,299	147,510,299	147,510,299	147,510,299
Share issuance costs	(8,098,156)	(8,098,156)	(8,098,156)	(8,098,156)
Difference in value of transaction of entities under common control	(23,815,379)	(23,815,379)	(23,815,379)	(23,815,379)
Issuance cost of mandatory convertible bond	(509,566)	(509,566)	(509,566)	(509,566)
Net	**115,087,198**	**115,087,198**	**115,087,198**	**115,087,198**

24. NON-CONTROLLING INTERESTS

As of March 31, 2021, and December 31, 2020, 2019, and 2018, the details of non-controlling interests in net assets of the subsidiaries are as follows:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
PT Sanggar Sarana Baja	51,626	51,617	140,962	158,766
PT Cipta Krida Bahari	(2,002)	(2,168)	(2,631)	(2,731)
PT Anzara Janitra Nusantara	(268,983)	(260,221)	(232,586)	642,895
PT Reswara Minergi Hartama	(19,341,576)	(22,977,719)	(21,060,011)	(17,561,158)
Total	**(19,560,935)**	**(23,188,491)**	**(21,154,266)**	**(16,762,228)**

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, the details of non-controlling interests in total comprehensive income (loss) of the subsidiaries are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
PT Reswara Minergi Hartama	3,636,143	1,594,660	(1,917,708)	(3,498,853)	2,166,201
PT Cipta Krida Bahari	166	153	463	100	(2,731)
PT Sanggar Sarana Baja	9	(536)	53	(17,804)	(37,548)
PT Anzara Janitra Nusantara	(8,762)	(29,085)	(27,635)	(295,082)	(221,594)
PT Sumberdaya Sewatama	-	-	-	-	(148,668)
Total	**3,627,556**	**1,565,192**	**(1,944,827)**	**(3,811,639)**	**1,755,660**

24. NON-CONTROLLING INTERESTS (continued)

Set out below is the summarized financial information for the Group's subsidiaries that has non-controlling interests that are material to the Group,

Summarized consolidated statements of financial position of PT Reswara Minergi Hartama:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Assets				
Current assets	119,647,738	90,644,491	49,931,931	124,714,572
Non-current assets	208,927,169	213,381,472	285,673,979	228,339,159
Total assets	**328,574,907**	**304,025,963**	**335,605,910**	**353,053,731**
Liabilities				
Current liabilities	(89,976,003)	(88,328,808)	(134,918,775)	(98,573,665)
Non-current liabilities	(200,924,693)	(205,050,314)	(132,374,393)	(158,861,658)
Total liabilities	**(290,900,696)**	**(293,379,122)**	**(267,293,168)**	**(257,435,323)**
Non-controlling interests	19,446,134	23,082,279	21,164,571	17,659,593
Net assets	**57,120,345**	**33,729,120**	**89,477,313**	**113,278,001**

Summarized consolidated statements of profit or loss and other comprehensive income of PT Reswara Minergi Hartama:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Revenue with contracts with customers	111,715,284	83,151,082	257,151,549	292,624,138	321,457,201
Profit (loss) for the period	25,817,024	4,962,480	(16,990,243)	(4,202,473)	84,749,891
Other comprehensive income (loss) for the period, net of tax	1,210,348	(21,147,902)	(19,201,819)	(97,070)	(152,383)
Total comprehensive income (loss) for the period	27,027,372	(16,185,422)	(36,192,062)	(4,299,543)	84,597,508
Total comprehensive income (loss) attributable to the subsidiaries non-controlling interests	3,636,143	1,594,660	(1,917,708)	(3,498,853)	2,166,201

24. NON-CONTROLLING INTERESTS (continued)

Summarized consolidated statements of cash flows of PT Reswara Minergi Hartama are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Net cash flows provided by operating activities	35,843,624	12,454,593	27,392,446	50,334,070	73,087,897
Net cash flows used in investing activities	(11,566,376)	(2,016,325)	(20,084,828)	(999,045)	(52,039,804)
Net cash flows used in financing activities	(10,578,220)	(3,652,255)	(11,994,766)	(42,179,254)	(45,348,414)
Increase (decrease) in cash and cash equivalents	13,699,028	6,786,013	(4,687,148)	7,155,771	(24,300,321)
Cash and cash equivalents at beginning of period	10,525,853	15,246,393	15,246,393	8,005,194	32,356,314
Effect of exchange rate differences on cash and cash equivalents	(84,264)	(116,331)	(33,392)	85,428	(50,799)
Cash and cash equivalents at end of period	**24,140,617**	**21,916,075**	**10,525,853**	**15,246,393**	**8,005,194**

25. CASH DIVIDENDS AND GENERAL RESERVE

In compliance with Corporation Law No. 40 of 2007 dated August 16, 2007, which requires companies to set aside, on a gradual basis, an amount equivalent to at least 20% of their subscribed capital as general reserve.

Based on Annual General Shareholders Meeting held on June 18, 2020 which was covered by Notarial Deed No. 145 dated June 18, 2020 of Jose Dima Satria, S.H., M.Kn., the shareholders approved, among others, the following:

a. Additional appropriation of retained earnings for general reserve amounting to US$100,000; and

b. The distribution of cash dividends amounting to US$0.00092 per share or totaling US$2,522,791 which were taken from income for 2019 attributable to equity holders of the parent company. In July 2020, the Company has paid such cash dividends.

Based on Annual General Shareholders Meeting held on May 2, 2019 which was covered by Notarial Deed No. 11 dated May 2, 2019 of Jose Dima Satria, S.H., M.Kn., the shareholders approved, among others, the following:

a. Additional appropriation of retained earnings for general reserve amounting to US$100,000; and

b. The distribution of cash dividends amounting to US$0.00251 per share or totaling US$6,907,031 which were taken from income for 2018 attributable to equity holders of the parent company. In June 2019, the Company has paid such cash dividends.

Based on Annual General Meeting of Shareholders held on May 8, 2018 and covered by Notarial Deed of Jose Dima Satria, S.H., M.Kn., No. 16 dated May 8, 2018, the shareholders of the Company approved that no distributions of net income and general reserve will be made since the Company did not have a positive retained earnings for the financial years ended December 31, 2017 due to losses suffered in previous years.

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

The details of revenue from contracts with customers attributable to each business units after eliminations are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Mining contractors and coal mining	175,239,089	122,325,560	465,837,039	425,861,907	580,502,756
Services					
Logistics and vessel rental	22,592,498	23,141,406	87,326,175	97,063,274	86,973,876
Site Services Division ("SSD") and Remanufacturing	7,582,988	9,063,280	31,375,726	40,262,437	39,467,305
Power engine rental	213,618	-	197,088	-	46,648,415
Manufacturing	4,768,265	5,699,087	19,566,706	25,837,774	16,723,229
Fuel trading	493,101	650,331	2,104,642	3,369,560	2,741,550
Total	**210,889,559**	**160,879,664**	**606,407,376**	**592,394,952**	**773,057,131**

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, construction contracts are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Contract revenue	5,224,352	5,137,225	17,851,140	20,318,335	14,914,490
Aggregate amount of costs incurred and recognized profit up to the reporting date	3,211,018	2,462,298	14,403,437	5,061,358	2,168,167
Assets related to construction contract	637,191	154,997	565,287	72,471	127,439
Liabilities related to construction contract	(5,110,733)	(4,754,936)	(4,743,673)	(3,234,930)	(3,174,509)

The details of revenue from contracts with customers to individual customers representing more than 10% of the total revenue from contracts with customers are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Amount:					
Mulia Green Resources Pte. Ltd., Singapore	58,743,328	49,808,165	147,089,692	132,894,672	58,273,855
PT Multi Harapan Utama (Note 30)	34,642,227	7,465,474	54,552,218	23,703,702	173,014
PT Trakindo Utama (Note 30)	14,193,109	12,690,546	49,926,244	62,570,895	69,797,191
PT Adimitra Baratama Nusantara	-	-	-	1,473,146	133,168,413
Percentage:					
Mulia Green Resources Pte. Ltd., Singapore	27.86%	30.96%	24.26%	22.43%	7.54%
PT Multi Harapan Utama (Note 30)	16.43%	4.64%	9.00%	4.00%	0.02%
PT Trakindo Utama (Note 30)	6.73%	7.89%	8.23%	10.56%	9.03%
PT Adimitra Baratama Nusantara	-	-	-	0.25%	17.23%

Revenue from Mulia Green Resources Pte. Ltd., Singapore and PT Adimitra Baratama Nusantara represents revenue from mining contractors and coal mining segment.

Revenue from PT Multi Harapan Utama represents revenue from mining contractors and coal mining and logistic and vessel rental segment.

26. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue from PT Trakindo Utama represents revenue from logistic and vessel rentals, SSD and remanufacturing services and fuel trading segment.

27. COST OF REVENUE

The details of cost of revenue attributable to each business units after eliminations are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Mining contractors and coal mining Services	91,303,644	73,415,138	280,598,398	257,575,773	378,287,854
Logistic and vessel rental	23,361,688	28,206,039	102,020,805	104,485,560	95,016,872
Site Services Division ("SSD") and Remanufacturing	6,608,818	5,609,578	22,264,003	19,503,293	30,974,101
Power engine rental	215,284	-	109,692	-	42,686,183
Fuel trading	25,611,605	19,942,566	71,567,476	67,096,468	32,155,084
Manufacturing	5,257,813	7,555,798	28,331,989	35,903,097	19,722,905
Total	**152,358,852**	**134,729,119**	**504,892,363**	**484,564,191**	**598,842,999**

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, there were no purchase made to any single supplier with a cumulative amount exceeding 10% of the total revenue from contracts with customers.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The details of selling, general and administrative expenses are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Professional fees	2,302,476	2,103,976	6,639,699	10,277,048	9,375,836
Salaries and employees' benefits	2,043,498	5,519,366	20,667,014	26,665,286	28,050,325
Information and technology	1,324,745	383,803	3,396,164	3,336,440	2,242,900
Selling expenses	1,051,251	1,762,215	7,162,367	8,571,200	10,328,551
Depreciation and amortization	1,003,132	853,601	3,789,246	1,003,424	1,189,192
Provision (reversal) for expected credit losses on trade receivables - net (Note 6)	481,824	5,159,253	2,740,539	(2,076,162)	179,089
Rental	387,135	313,778	1,756,010	3,259,877	3,796,606
Travelling	177,937	287,601	465,607	1,219,372	1,215,095
Utilities and facilities	115,878	180,092	687,543	785,826	858,666
Provision for expected credit losses on non-trade receivables - net	55,310	379,227	2,100,025	227,944	281,800
Telecommunication	45,186	87,309	337,090	183,720	279,786
Others	909,999	1,278,123	4,340,154	4,886,789	7,478,462
Total	**9,898,371**	**18,308,344**	**54,081,458**	**58,340,764**	**65,276,308**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY

Defined Contribution Pension Plan

The Company and certain subsidiaries have a defined contribution pension plan for all of their eligible permanent employees. The defined contribution pension plan is managed by Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk.

Defined Benefit Pension Plan

The Company and certain subsidiaries have a defined benefit pension plan, covering certain permanent employees, which plan is funded through monthly contributions to a separately administered fund. The pension plan is managed by Dana Pensiun PT Trakindo Utama. The fund for the pension plan is contributed by the Company and certain subsidiaries and their covered employees. The benefits under such pension plan have been adjusted to cover minimum benefits under Labor Law No. 13/2003 dated March 25, 2003 and the Government promulgated Government Regulation Number 35 Year 2021 dated February 2, 2021 ("the Law"). The additional benefits under the Law are unfunded. The normal retirement age is 55 years.

The obligation under the Law has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plan with the benefit as stipulated under the Law after deducting the accumulated employer contributions and the related investment results. If the employer-funded portion of the Pension Plan benefit is less than the benefit as required by the Law, the Group will provide for such shortage.

Some permanent employees are not covered in both programs. The Group's liability for the benefits of these employees is calculated based on the minimum requirement of the Law.

The employee benefits liability were determined through actuarial valuations performed by independent actuary PT Milliman Indonesia based on its report dated June 25, 2021 for March 31, 2021, PT Towers Watson Purbajaga dated March 18, 2021 for December 31, 2020, PT Sentra Jasa Aktuaria dated May 6, 2020 for December 31, 2019, and dated March 8, 2019 for December 31, 2018.

The employee benefits liability are calculated using the "Projected Unit Credit" method and based on the following assumptions:

	March 31. 2021 (Unaudited)	December 31, 2020	March 31, 2020 (Unaudited)	December 31, 2019	December 31. 2018
Discount rate	4.12% - 8.17% p.a	3.64% - 7.81% p.a	5.31% - 8.65% p.a	5.41% - 8.21% p.a	8.02% - 9.08% p.a
Annual salary increase	2021 - 2025: 5.00% p.a > 2025: 8.00% p.a		8.00% p.a	8.00% p.a	8.00% p.a
Investment rate	4.12% - 8.17% p.a	3.64% - 7.81% p.a	5.31% - 8.65% p.a	5.96% - 8.00% p.a	8.02% - 9.08% p.a
Mortality rate	TMI 4 (2019)	TMI 4 (2019)	TMI 4 (2019)	TMI 3 (2011)	TMI 3 (2011)
Retirement age	55 years (all employees are assumsed to retire at the retirement age)				
Resignation rate	10% for employees up to age of 29 years and will linearly decrease until 1% at the age of 50 years			6% for employees before age of 30 years and will linearly decrease until 0% at the age of 53 years	
Disability rate	10% of the mortality rate				

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY

a. Net Employee Benefits Expense

The details of employee benefits expense for the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018 are as follows:

		Unfunded plan			
	Funded	Post employment benefit	Other long-term benefits	Contract	Total
Three-month Period Ended March 31, 2021 (Unaudited)					
Current service cost	44,295	917,195	105,832	106,325	1,173,647
Past service cost (benefit)	-	(3,563,113)	(11,908)	54,286	(3,520,735)
Interest cost - net	45,708	275,774	46,754	656	368,892
Net actuarial gains recognized in the period - net	-	-	(1,272,313)	-	(1,272,313)
Total	**90,003**	**(2,370,144)**	**(1,131,635)**	**161,267**	**(3,250,509)**

		Unfunded plan		
	Funded	Post employment benefit	Other long-term benefits	Total
Three-month Period Ended March 31, 2020 (Unaudited)				
Current service cost	47,836	799,901	134,002	981,739
Interest cost - net	12,581	198,272	39,764	250,617
Net actuarial gains recognized in the period - net	-	-	(958,646)	(958,646)
Net employee benefits expense	**60,417**	**998,173**	**(784,880)**	**273,710**
Year Ended December 31, 2020				
Current service cost	186,904	3,127,091	523,573	3,837,568
Interest cost - net	53,170	774,693	155,365	983,228
Net actuarial loss recognized in the year - net	-	-	28,362	28,362
Net employee benefits expense	**240,074**	**3,901,784**	**707,300**	**4,849,158**
Year Ended December 31, 2019				
Current service cost	182,634	3,224,389	351,526	3,758,549
Curtailment	(77,782)	(718,051)	(91,289)	(887,122)
Interest cost - net	11,331	920,091	180,439	1,111,861
Net actuarial loss recognized in the year - net	-	-	25,265	25,265
Net employee benefits expense	**116,183**	**3,426,429**	**465,941**	**4,008,553**
Year Ended December 31, 2018				
Current service cost	174,901	2,900,554	433,489	3,508,944
Past service cost	-	22,102	3,593	25,695
Settlement	-	(20,712)	(3,282)	(23,994)
Curtailment	-	(707,294)	(252,590)	(959,884)
Interest cost - net	38,417	1,014,806	223,149	1,276,372
Net actuarial gains recognized in the year - net	-	-	(534,005)	(534,005)
Net employee benefits expense	**213,318**	**3,209,456**	**(129,646)**	**3,293,128**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits

The details of the net liability for employee benefits:

	March 31, 2021 (Unaudited)		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation	4,272,679	13,799,778	18,072,457
Fair value of plan assets	(3,110,917)	(553,399)	(3,664,316)
Long-term employee benefits liability	**1,161,762**	**13,246,379**	**14,408,141**

	December 31, 2020		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation	5,839,837	21,858,815	27,698,652
Fair value of plan assets	(3,129,545)	(891,642)	(4,021,187)
Long-term employee benefits liability	**2,710,292**	**20,967,173**	**23,677,465**

	December 31, 2019		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation	4,079,027	19,401,016	23,480,043
Fair value of plan assets	(3,128,327)	(1,381,857)	(4,510,184)
Long-term employee benefits liability	**950,700**	**18,019,159**	**18,969,859**

	December 31, 2018		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation	3,135,255	14,123,949	17,259,204
Effect of asset ceiling	80,904	-	80,904
Fair value of plan assets	(3,083,537)	(1,035,618)	(4,119,155)
Long-term employee benefits liability	**132,622**	**13,088,331**	**13,220,953**

The movement in present value of defined benefit obligation are as follows:

	Three-month Period Ended March 31, 2021 (Unaudited)		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation on January 1	5,839,837	21,858,815	27,698,652
Current service cost	44,295	1,129,352	1,173,647
Interest cost	100,454	335,612	436,066
Contribution by plan participants	11,445	-	11,445
Benefits paid - pension fund	(38,673)	(488,055)	(526,728)
Curtailment	-	(84,886)	(84,886)
Settlement	-	(13,867)	(13,867)
Past service cost	-	(3,435,849)	(3,435,849)
Actuarial gain from changes in financial assumption	(354,952)	(1,303,699)	(1,658,651)
Actuarial gain from changes from experience adjustment	(1,180,223)	(3,697,878)	(4,878,101)
Translation adjustment	(149,504)	(499,767)	(649,271)
Present value of defined benefit obligation	**4,272,679**	**13,799,778**	**18,072,457**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

The movement in present value of defined benefit obligation are as follows: (continued)

	Year Ended December 31, 2020		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation on January 1	4,079,027	19,401,016	23,480,043
Current service cost	186,904	3,650,664	3,837,568
Interest cost	210,903	1,001,295	1,212,198
Contribution by plan participants	47,614	-	47,614
Benefit paid - pension fund	(190,208)	(2,401,186)	(2,591,394)
Transfer in	-	167,065	167,065
Actuarial loss from changes in demographic assumption	156,616	110,608	267,224
Actuarial loss (gain) from changes in financial assumption	171,743	(1,231,723)	(1,059,980)
Actuarial loss from changes from experience adjustment	1,177,912	1,387,463	2,565,375
Translation difference	(674)	(226,387)	(227,061)
Present value of defined benefit obligation	**5,839,837**	**21,858,815**	**27,698,652**

	Year Ended December 31, 2019		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation on January 1	3,135,255	14,123,949	17,259,204
Current service cost	182,634	3,575,915	3,758,549
Interest cost	262,294	1,186,553	1,448,847
Contribution by plan participants	44,420	-	44,420
Benefit paid - pension fund	(141,934)	(319,810)	(461,744)
Benefits paid by employer	-	(441,951)	(441,951)
Transfer in	209,258	66,139	275,397
Curtailment	(77,782)	(809,340)	(887,122)
Actuarial gain from changes in demographic assumption	-	(190,014)	(190,014)
Actuarial loss from changes in financial assumption	138,299	978,038	1,116,337
Actuarial loss from changes from experience adjustment	181,689	557,028	738,717
Translation difference	144,894	674,509	819,403
Present value of defined benefit obligation	**4,079,027**	**19,401,016**	**23,480,043**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

The movement in present value of defined benefit obligation are as follows: (continued)

	Year Ended December 31, 2018		
	Funded Plan	Unfunded Plan	Total
Present value of defined benefit obligation on January 1	5,066,480	18,207,791	23,274,271
Current service cost	174,901	3,334,043	3,508,944
Interest cost	360,876	1,279,378	1,640,254
Contribution by plan participants	42,753	-	42,753
Benefit paid - pension fund	(290,965)	(382,452)	(673,417)
Benefits paid by employer	-	(1,659,208)	(1,659,208)
Transfer in	178,281	110,938	289,219
Past service cost	-	25,695	25,695
Curtailments	-	(984,724)	(984,724)
Actuarial loss from changes in demographic assumption	-	468,501	468,501
Actuarial gain from changes in financial assumption	(319,395)	(2,470,202)	(2,789,597)
Actuarial gain from changes from experience adjustment	(512,535)	(1,389,148)	(1,901,683)
Translation difference	(202,649)	(932,270)	(1,134,919)
Deduction of present value of defined benefit obligation - deconsolidation of SS	(1,362,492)	(1,484,393)	(2,846,885)
Present value of defined benefit obligation	**3,135,255**	**14,123,949**	**17,259,204**

The movement in fair value of plan assets are as follows:

		Years Ended December 31,		
	Three-month Period Ended March 31, 2021	2020	2019	2018
Fair value of plan assets, on January 1	4,021,187	4,510,184	4,119,155	5,133,446
Return on plan assets	-	(160,585)	343,628	363,882
Contribution by the employer	91,521	543,004	601,414	1,048,070
Contribution by the participant	11,445	47,614	44,420	42,753
Benefit payment	(405,832)	(1,049,768)	(461,744)	(673,417)
Interest income on plan assets	67,174	-	-	-
Settlement	-	-	-	(847)
Actuarial (gains) losses on plan assets	(18,597)	232,984	(316,370)	585,535
Deduction of fair value of plan assets - deconsolidation of SS	-	-	-	(2,063,157)
Translation difference	(102,582)	(102,246)	179,681	(317,110)
Fair value of plan assets	**3,664,316**	**4,021,187**	**4,510,184**	**4,119,155**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

Movements in the employee benefits liability for the three-month periods ended March 31, 2021, and for the years ended December 31, 2020, 2019, and 2018 are as follows:

	Three-month Period Ended March 31, 2021		
	Funded Plan	Unfunded Plan	Total
Beginning balance	2,710,292	20,967,173	23,677,465
Employee benefits expense	90,003	(3,340,512)	(3,250,509)
Employee benefits expense recognized in the other comprehensive income	(1,535,279)	(3,710,514)	(5,245,793)
Contribution paid	(56,272)	(35,249)	(91,521)
Benefits paid	-	(134,763)	(134,763)
Translation difference	(46,982)	(499,756)	(546,738)
Ending balance	**1,161,762**	**13,246,379**	**14,408,141**

	Year Ended December 31, 2020		
	Funded Plan	Unfunded Plan	Total
Beginning balance	950,700	18,019,159	18,969,859
Employee benefits expense	240,074	4,609,084	4,849,158
Employee benefits expense recognized in the other comprehensive income	1,609,331	288,958	1,898,289
Transfer in	-	172,634	172,634
Contribution paid	(112,658)	(430,346)	(543,004)
Benefits paid	-	(1,529,826)	(1,529,826)
Translation difference	22,845	(162,490)	(139,645)
Ending balance	**2,710,292**	**20,967,173**	**23,677,465**

	Year Ended December 31, 2019		
	Funded Plan	Unfunded Plan	Total
Beginning balance	132,622	13,088,331	13,220,953
Employee benefits expense	116,183	3,892,370	4,008,553
Employee benefits expense recognized in the other comprehensive income	560,255	1,308,001	1,868,256
Transfer in	212,946	67,305	280,251
Contribution paid	(87,223)	(514,191)	(601,414)
Benefits paid	-	(441,951)	(441,951)
Translation difference	15,917	619,294	635,211
Ending balance	**950,700**	**18,019,159**	**18,969,859**

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

Movements in the employee benefits liability for the three-month period ended March 31, 2021, and for the years ended December 31, 2020, 2019, and 2018 are as follows: (continued)

	Year Ended December 31, 2018		
	Funded Plan	Unfunded Plan	Total
Beginning balance	545,271	17,595,554	18,140,825
Employee benefits expense	213,318	3,079,810	3,293,128
Employee benefits expense recognized in the other comprehensive income	(568,142)	(2,062,569)	(2,630,711)
Transfer in	69,272	110,938	180,210
Contribution paid	(139,066)	(909,004)	(1,048,070)
Benefits paid	-	(1,659,208)	(1,659,208)
Translation difference	6,203	(1,582,797)	(1,576,594)
Deduction of employee benefits liability - Deconsolidation of SS	5,766	(1,484,393)	(1,478,627)
Ending balance	**132,622**	**13,088,331**	**13,220,953**

A quantitative sensitivity analysis for significant assumptions as of March 31, 2021 is as follows:

	Discount Rate (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	(1,374,087)	1,696,961
Impact on the current service cost and interest cost	(67,474)	84,769

	Discount Rate (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	(483,638)	584,609
Impact on the current service cost and interest cost	(13,788)	12,407

	Salary Increase (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	1,788,250	(1,455,866)
Impact on the current service cost and interest cost	105,003	(94,118)

	Salary Increase (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	223,857	(208,096)
Impact on the current service cost and interest cost	6,759	(7,882)

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

A quantitative sensitivity analysis for significant assumptions as of December 31, 2020 is as follows:

	Discount Rate (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	(1,576,713)	1,800,257
Impact on the current service cost and interest cost	(257,885)	293,161

	Discount Rate (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	(745,260)	914,733
Impact on the current service cost and interest cost	(25,783)	31,753

	Salary Increase (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	2,297,601	(2,015,411)
Impact on the current service cost and interest cost	324,296	(273,678)

	Salary Increase (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	239,956	(223,852)
Impact on the current service cost and interest cost	11,842	(16,397)

A quantitative sensitivity analysis for significant assumptions as of December 31, 2019 is as follows:

	Discount Rate (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	(1,758,489)	2,021,783
Impact on the current service cost and interest cost	(279,314)	322,330

	Discount Rate (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	(205,251)	224,913
Impact on the current service cost and interest cost	(11,459)	12,572

	Salary Increase (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	1,903,634	(1,685,750)
Impact on the current service cost and interest cost	306,745	(270,639)

	Salary Increase (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	190,908	(178,717)
Impact on the current service cost and interest cost	10,782	(10,085)

29. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

b. Liability for Employee Benefits (continued)

A quantitative sensitivity analysis for significant assumptions as of December 31, 2018 is as follows:

	Discount Rate (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	(1,377,952)	1,537,312
Impact on the current service cost and interest cost	(299,664)	179,806

	Discount Rate (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	(168,243)	185,555
Impact on the current service cost and interest cost	(10,329)	11,412

	Salary Increase (Unfunded)	
	Increase	Decrease
Impact on the defined benefit obligation	1,447,206	(1,323,799)
Impact on the current service cost and interest cost	242,587	(218,244)

	Salary Increase (Funded)	
	Increase	Decrease
Impact on the defined benefit obligation	159,852	(148,558)
Impact on the current service cost and interest cost	9,973	(9,257)

The maturity profile of defined benefit obligation as of March 31, 2021, and December 31, 2020, 2019, and 2018 are as follows:

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Within the next 12 months	820,046	654,899	2,561,136	827,105
Between 1 and 2 years	1,374,211	3,001,283	2,694,747	3,118,565
Between 2 and 5 years	8,465,088	10,160,559	15,759,029	5,318,356
Beyond 5 years	126,067,471	160,438,855	170,838,622	126,103,549
Total	**136,726,816**	**174,255,596**	**191,853,534**	**135,367,575**

The average duration (in years) of the benefit obligation as of March 31, 2021 is 12.23 years.

The average duration (in years) of the benefit obligation as of December 31, 2020 is 11.65 years.

The average duration (in years) of the benefit obligation as of December 31, 2019 is 12.98 years.

The average duration (in years) of the benefit obligation as of December 31, 2018 are 1.17 years for funded and 10.82 years for unfunded.

As of December 31, 2018, SS is deconsolidated in the Group's consolidated financial statements.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Group has transactions with entities which are considered related parties. The entities are considered related parties of the Group in view of their common ownership. Sales or purchase price among related parties is determined based on prices agreed by both parties.

The details of transactions and balances with related parties are as follows:

a. Significant Balances with Related Parties

	Total		Percentage to total consolidated assets	
	March 31, 2021 (Unaudited)	December 31, 2020	March 31, 2021 (Unaudited)	December 31, 2020
Trade Receivables (Note 6)				
PT Multi Harapan Utama	45,894,883	29,246,116	5.01%	3.54%
PT Trakindo Utama	9,135,967	3,662,644	1.00%	0.44%
PT Energi Alamraya Semesta	802,394	802,394	0.09%	0.10%
PT Sumberdaya Sewatama	356,836	151,853	0.04%	0.02%
PT Chakra Jawara	173,956	273,408	0.02%	0.03%
PT Chitra Paratama	38,431	27,867	0.00%	0.00%
Halcon Primo Logistics Pte. Ltd., Singapore	21,021	11,774	0.00%	0.00%
PT Mitra Solusi Telematika	13,657	13,310	0.00%	0.00%
PT Tri Swardana Utama	11,401	17,296	0.00%	0.00%
PT Chandra Sakti Utama Leasing	3,022	3,080	0.00%	0.00%
PT Wargi Santosa	-	11,509	-	0.00%
PT Tiara Marga Trakindo	-	2,100	-	0.00%
Total	**56,451,568**	**34,223,351**	**6.16%**	**4.14%**
Allowance for expected credit losses	(916,180)	(898,150)	(0.10%)	(0.11%)
Net	**55,535,388**	**33,325,201**	**6.06%**	**4.03%**
Non-trade Receivables				
PT Multi Harapan Utama	5,291,865	4,478,412	0.58%	0.54%
PT Agro City Kaltim	1,088,467	1,088,467	0.12%	0.13%
PT Trakindo Utama	796,683	810,077	0.09%	0.10%
PT Sumberdaya Sewatama	520,538	630,717	0.06%	0.08%
PT Chitra Paratama	381	481	0.00%	0.00%
PT Chakra Jawara	67	39	0.00%	0.00%
PT Wargi Santosa	-	177,140	-	0.02%
Total	**7,698,001**	**7,185,333**	**0.84%**	**0.87%**
Allowance for expected credit losses	(1,463,909)	(1,379,644)	(0.16%)	(0.17%)
Net	**6,234,092**	**5,805,689**	**0.68%**	**0.70%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

a. Significant Balances with Related Parties (continued)

	Total		Percentage to total consolidated assets	
	December 31,		December 31,	
	2019	2018	2019	2018
Trade Receivables (Note 6)				
PT Multi Harapan Utama	16,100,130	3,288,402	1.88%	0.39%
PT Trakindo Utama	9,831,377	13,163,140	1.15%	1.55%
PT Chakra Jawara	3,163,270	391,289	0.37%	0.05%
PT Energi Alamraya Semesta	802,394	802,394	0.09%	0.09%
PT Sumberdaya Sewatama	227,501	2,124,219	0.03%	0.25%
PT Chitra Paratama	70,589	1,289	0.01%	0.00%
PT Tri Swardana Utama	44,427	61,485	0.01%	0.01%
PT Mitra Solusi Telematika	32,811	30,333	0.00%	0.00%
PT Chandra Sakti Utama Leasing	4,093	7,710	0.00%	0.00%
Halcon Primo Logistic Pte. Ltd., Singapore	1,307	86	0.00%	0.00%
Mega Strada Pte. Ltd., Singapore	-	1,077,654	-	0.13%
Total	**30,277,899**	**20,948,001**	**3.54%**	**2.46%**
Allowance for expected credit losses	(802,394)	(3,875,465)	(0.09%)	(0.46%)
Net	**29,475,505**	**17,072,536**	**3.45%**	**2.00%**
Non-trade Receivables				
PT Trakindo Utama	2,152,178	121,845	0.25%	0.01%
PT Agro City Kaltim	1,155,354	-	0.14%	-
PT Sumberdaya Sewatama	443,330	619,548	0.05%	0.07%
PT Multi Harapan Utama	159,659	-	0.02%	-
PT Chakra Jawara	96	-	0.00%	-
PT Chitra Paratama	74	-	0.00%	-
PT Tiara Marga Trakindo	-	4,445	-	0.00%
Total	**3,910,691**	**745,838**	**0.46%**	**0.09%**
Allowance for expected credit losses	(409,721)	(281,800)	(0.05%)	(0.03%)
Less non-current portion	(1,019,612)	-	(0.11%)	-
Net	**2,481,358**	**464,038**	**0.30%**	**0.05%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

a. Significant Balances with Related Parties (continued)

	Total		Percentage to total consolidated liabilities	
	March 31, 2021 (Unaudited)	December 31, 2020	March 31, 2021 (Unaudited)	December 31, 2020
Trade Payables (Note 14)				
PT Trakindo Utama	39,357,529	49,368,750	5.44%	7.42%
PT Chitra Paratama	4,509,977	3,782,385	0.62%	0.57%
PT Chakra Jawara	1,776,145	1,884,739	0.25%	0.28%
PT Sumberdaya Sewatama	1,436,756	1,402,926	0.20%	0.21%
PT Wargi Santosa	1,383,380	2,276,067	0.19%	0.34%
PT Karya Kharisma Mandiri	1,181,614	1,109,761	0.16%	0.17%
PT Mitra Solusi Telematika	579,531	231,103	0.08%	0,03%
Halcon Primo Logistics Pte. Ltd., Singapore	15,105	25,796	0.00%	0.00%
PT Triyasa Propertindo	6,335	6,625	0.00%	0.00%
PT Tri Swardana Utama	2,368	10,316	0.00%	0.00%
Pan Terra Pte. Ltd., Singapore	1,531	3,295	0.00%	0.00%
PT Tiara Marga Trakindo	1,400	1,480	0.00%	0.00%
PT Chandra Sakti Utama Leasing	152	745	0.00%	0.00%
Total	**50,251,823**	**60,103,988**	**6.94%**	**9.03%**
Non-trade Payables				
PT Sumberdaya Sewatama	4,269,982	4,408,887	0.59%	0.66%
PT Mitra Solusi Telematika	328,790	386,785	0.05%	0.06%
PT Nagata Bisma Sakti	64,218	-	0.01%	-
PT Tiara Marga Trakindo	56,175	68,626	0.01%	0.01%
PT Wargi Santosa	18,877	66,490	0.00%	0.01%
PT Trakindo Utama	8,419	1,497	0.00%	0.00%
PT Chakra Jawara	5,963	6,160	0.00%	0.00%
PT Triyasa Propertindo	3,885	824	0.00%	0.00%
PT Chandra Sakti Utama Leasing	2,095	80	0.00%	0.00%
PT Pradipa Aryasatya	169	-	0.00%	-
Total	**4,758,573**	**4,939,349**	**0.66%**	**0.74%**
Advances from Customers (Note 17)				
PT Sumberdaya Sewatama	3,088,114	3,190,358	0.43%	0.48%
PT SSB Sammitr Distribution	205,880	212,696	0.03%	0.03%
PT Trakindo Utama	74	3,397	0.00%	0.00%
Total	**3,294,068**	**3,406,451**	**0.46%**	**0.51%**
Lease Liabilities (Note 19)				
PT Trakindo Utama	72,878,823	2,082,623	10.07%	0.31%
PT Chandra Sakti Utama Leasing	7,017,190	6,525,701	0.97%	0.98%
PT Wargi Santosa	6,923,876	5,604,878	0.96%	0.84%
PT Tiara Marga Trakindo	4,211,606	5,174,392	0.58%	0.78%
PT Mitra Solusi Telematika	185,888	234,146	0.03%	0.04%
Total	**91,217,383**	**19,621,740**	**12.60%**	**2.95%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

a. Significant Balances with Related Parties (continued)

	Total		Percentage to total consolidated liabilities	
	December 31,		December 31,	
	2019	2018	2019	2018
Trade Payables (Note 14)				
PT Trakindo Utama	31,439,029	84,605,990	5.16%	14.00%
PT Chakra Jawara	3,111,202	918,692	0.51%	0.15%
PT Chitra Paratama	2,869,138	2,810,138	0.47%	0.47%
PT Wargi Santosa	1,244,389	-	0.20%	-
PT Sumberdaya Sewatama	979,594	2,345,074	0.16%	0.39%
PT Mitra Solusi Telematika	276,741	99,886	0.05%	0.02%
Halcon Primo Logistics Pte. Ltd., Singapore	117,324	63,796	0.02%	0.01%
Pan Terra Pte. Ltd., Singapore	42,966	71,218	0.01%	0.01%
PT Tri Swardana Utama	13,641	74,161	0.00%	0.01%
PT Tiara Marga Trakindo	11,998	18,512	0.00%	0.00%
PT Chandra Sakti Utama Leasing	963	771	0.00%	0.00%
PT Triyasa Propertindo	219	203	0.00%	0.00%
Total	**40,107,204**	**91,008,441**	**6.59%**	**15.06%**
Non-trade Payables				
PT Sumberdaya Sewatama	6,339,823	6,112,871	1.04%	1.01%
PT Mitra Solusi Telematika	398,262	1,286,968	0.07%	0.21%
PT Tiara Marga Trakindo	72,302	87,870	0.01%	0.01%
PT Chakra Jawara	58,312	-	0.01%	-
PT Trakindo Utama	17,268	101,985	0.00%	0.02%
PT Triyasa Propertindo	3,421	672	0.00%	0.00%
PT Chandra Sakti Utama Leasing	1,670	1,111	0.00%	0.00%
Total	**6,891,058**	**7,591,477**	**1.13%**	**1.26%**
Advances from Customers (Note 17)				
PT Sumberdaya Sewatama	2,605,095	-	0.43%	-
PT Trakindo Utama	4,162	-	0.00%	-
Total	**2,609,257**	**-**	**0.43%**	**-**
Lease Liabilities (Note 19)				
PT Chandra Sakti Utama Leasing	11,943,076	20,442,932	1.96%	3.38%

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties

	Total		Percentage to total revenue from contracts with customers	
	Three-month Periods Ended March 31,		Three-month Periods Ended March 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue from Contracts with Customers				
PT Multi Harapan Utama (Note 26)	34,642,227	7,465,474	16.43%	4.64%
PT Trakindo Utama (Note 26)	14,193,109	12,690,546	6.73%	7.89%
PT Sumberdaya Sewatama	196,335	184,890	0.09%	0.11%
PT Chakra Jawara	188,160	939,108	0.09%	0.58%
PT Chitra Paratama	45,785	66,390	0.02%	0.04%
PT Mitra Solusi Telematika	16,332	31,492	0.01%	0.02%
PT Tri Swardana Utama	12,558	31,070	0.01%	0.02%
PT Chandra Sakti Utama Leasing	11,482	12,035	0.01%	0.01%
Halcon Primo Logistics Pte. Ltd., Singapore	-	6,781	-	0.00%
Total	**49,305,988**	**21,427,786**	**23.38%**	**13.32%**

	Total		Percentage to total revenue from contracts with customers	
	Years ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Revenue from Contracts with Customers				
PT Multi Harapan Utama (Note 26)	54,552,218	23,703,702	9.00%	4.00%
PT Trakindo Utama (Note 26)	49,926,244	62,570,895	8.23%	10.56%
PT Chakra Jawara	2,926,099	6,596,077	0.48%	1.11%
PT Sumberdaya Sewatama	752,003	569,695	0.12%	0.10%
PT Chitra Paratama	213,860	258,276	0.04%	0.04%
PT Tri Swardana Utama	89,172	124,645	0.01%	0.02%
PT Mitra Solusi Telematika	84,707	226,572	0.01%	0.04%
Halcon Primo Logistics Pte. Ltd., Singapore	51,857	-	0.01%	-
PT Chandra Sakti Utama Leasing	45,478	46,459	0.01%	0.01%
PT Wargi Santosa	10,127	-	0.00%	-
Total	**108,651,765**	**94,096,321**	**17.92%**	**15.88%**

	Total	Percentage to total revenue from contracts with customers
	Year ended December 31,	Year ended December 31,
	2018	2018
Revenue from Contracts with Customers		
PT Trakindo Utama (Note 26)	69,797,191	9.03%
PT Chakra Jawara	2,179,729	0.28%
PT Multi Harapan Utama (Note 26)	173,014	0.02%
PT Tri Swardana Utama	163,932	0.02%
PT Mitra Solusi Telematika	123,202	0.02%
Halcon Primo Logistics Pte. Ltd., Singapore	61,652	0.01%
PT Chandra Sakti Utama Leasing	40,099	0.01%
PT Chitra Paratama	11,675	0.00%
Total	**72,550,494**	**9.38%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties (continued)

	Total		Percentage to total respective expenses	
	Three-month Periods Ended March 31,		Three-month Periods Ended March 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Rented Heavy Equipment				
PT Karya Kharisma Mandiri	3,310,498	1,418,748	2.17%	1.05%
PT Wargi Santosa	502,819	-	0.33%	-
PT Sumberdaya Sewatama	289,586	396,693	0.19%	0.29%
PT Chitra Paratama	55,554	37,860	0.04%	0.03%
PT Chakra Jawara	283	-	0.00%	-
Total	**4,158,740**	**1,853,301**	**2.73%**	**1.38%**

	Total		Percentage to total respective expenses	
	Years ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Rented Office Space, Parking Spaces and Vehicles				
PT Tiara Marga Trakindo	-	1,275,623	-	2.19%
PT Mitra Solusi Telematika	-	165,204	-	0.28%
PT Triyasa Propertindo	-	133	-	0.00%
PT Trakindo Utama	-	109	-	0.00%
Total	**-**	**1,441,069**	**-**	**2.47%**
Rented Heavy Equipment				
PT Karya Kharisma Mandiri	9,895,866	-	1.96%	-
PT Sumberdaya Sewatama	1,687,635	1,420,202	0.33%	0.29%
PT Wargi Santosa	609,010	-	0.12%	-
PT Chitra Paratama	197,924	-	0.04%	-
PT Chakra Jawara	31,668	-	0.01%	-
PT Trakindo Utama	-	15,717,893	-	3.24%
Total	**12,422,103**	**17,138,095**	**2.46%**	**3.54%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties (continued)

	Total	Percentage to total respective expenses
	Year ended December 31,	Year ended December 31,
	2018	2018
Rented Space, Parking Spaces and Vehicles		
PT Tiara Marga Trakindo	2,346,922	3.60%
PT Trakindo Utama	50,125	0.08%
PT Mitra Solusi Telmatika	48,252	0.07%
PT Triyasa Propertindo	7,926	0.01%
Total	**2,453,225**	**3.76%**
Rented Heavy Equipment		
PT Trakindo Utama	19,371,029	3.23%

	Total		Percentage to total consolidated assets	
	Three-month Periods Ended March 31,		Three-month Periods Ended March 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Purchase of Fixed Assets				
PT Trakindo Utama	738,061	49,623	0.08%	0.01%
PT Tri Swardana Utama	37,400	-	0.00%	-
PT Chitra Paratama	27,245	22,113	0.00%	0.00%
PT Chakra Jawara	-	779,563	-	0.09%
PT Sumberdaya Sewatama	-	287,880	-	0.03%
Total	**802,706**	**1,139,179**	**0.09%**	**0.14%**
Addition of Right of Use Assets				
PT Trakindo Utama	73,214,783	955,677	7.99%	0.11%
PT Wargi Santosa	2,808,246	6,664,265	0.31%	0.79%
PT Tiara Marga Trakindo	79,740	1,152,761	0.01%	0.14%
PT Mitra Solusi Telematika	-	60,471	-	0.01%
Total	**76,102,769**	**8,833,174**	**8.31%**	**1.05%**

	Total		Percentage to total consolidated assets	
	Years ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Purchase of Fixed Assets				
PT Chakra Jawara	5,048,174	196,336	0.61%	0.02%
PT Trakindo Utama	1,487,262	7,865,981	0.18%	0.92%
PT Sumberdaya Sewatama	287,880	-	0.03%	-
PT Mitra Solusi Telematika	64,785	-	0.01%	-
PT Chitra Paratama	39,933	59,988	0.00%	0.01%
PT Tri Swardana Utama	-	75,475	-	0.01%
Total	**6,928,034**	**8,197,780**	**0.84%**	**0.96%**
Purchase of Intangible Assets				
PT Mitra Solusi Telematika	-	1,404,233	-	0.16%

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties (continued)

	Total		Percentage to total consolidated assets	
	Years ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Addition of Right of Use Assets				
PT Wargi Santosa	5,168,896	-	0.62%	-
PT Trakindo Utama	2,029,002	-	0.25%	-
PT Tiara Marga Trakindo	238,816	-	0.03%	-
PT Mitra Solusi Telematika	49,674	-	0.01%	-
Total	**7,486,388**	**-**	**0.90%**	**-**

	Total	Percentage to total consolidated assets
	Year ended December 31,	Year ended December 31,
	2018	2018
Purchase of Fixed Assets		
PT Chakra Jawara	1,156,716	0.14%
PT Sumberdaya Sewatama	166,924	0.02%
Total	**1,323,640**	**0.16%**
Purchase of Intangible Assets		
PT Mitra Solusi Telematika	1,642,416	0.19%

	Total		Percentage to total respective expenses	
	Three-month Periods Ended March 31,		Three-month Periods Ended March 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Purchased Information and Technology Services				
PT Mitra Solusi Telematika	903,550	801,077	9.13%	4.38%
Purchase of Spare Parts and Others				
PT Trakindo Utama	14,618,070	13,578,917	9.59%	10.08%
PT Chitra Paratama	3,896,738	2,205,449	2.56%	1.64%
PT Chakra Jawara	1,336,995	1,374,420	0.88%	1.02%
PT Sumberdaya Sewatama	325,468	228,558	0.21%	0.17%
PT Tri Swardana Utama	-	1,654	-	0.00%
PT Wargi Santosa	-	616	-	0.00%
Total	**20,177,271**	**17,389,614**	**13.24%**	**12.91%**
Finance Charges				
PT Trakindo Utama	1,807,929	26,046	16.68%	0.27%
PT Wargi Santosa	191,254	176,926	1.76%	1.84%
PT Chandra Sakti Utama Leasing	136,394	199,219	1.26%	2.07%
PT Tiara Marga Trakindo	82,441	113,203	0.76%	1.18%
PT Mitra Solusi Telematika	5,313	8,067	0.05%	0.08%
Total	**2,223,331**	**523,461**	**20.51%**	**5.44%**

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties (continued)

	Total		Percentage to total other income	
	Three-month Periods Ended March 31,		Three-month Periods Ended March 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Consultation Fee Income				
PT Multi Harapan Utama	983,085	204,341	24.00%	4.64%

	Total		Percentage to total respective expenses	
	Years ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Purchased Information and Technology Services				
PT Mitra Solusi Telematika	3,081,622	2,669,284	5.70%	4.58%
PT Chandra Sakti Utama Leasing	179	1,162	0.00%	0.00%
Total	**3,081,801**	**2,670,446**	**5.70%**	**4.58%**
Purchase of Spare Parts and Others				
PT Trakindo Utama	57,291,548	10,481,698	11.35%	2.16%
PT Chitra Paratama	10,958,398	3,923,944	2.17%	0.81%
PT Chakra Jawara	5,479,831	1,208,692	1.09%	0.25%
PT Sumberdaya Sewatama	500,583	1,447,779	0.10%	0.30%
PT Tri Swardana Utama	10,147	4,030	0.00%	0.00%
PT Wargi Santosa	1,814	-	0.00%	-
Halcon Primo Logistics Pte. Ltd., Singapore	1,505	-	0.00%	-
Pan Terra Pte. Ltd., Singapore	-	116,225	-	0.02%
PT Mitra Solusi Telematika	-	1,619	-	0.00%
Total	**74,243,826**	**17,183,987**	**14.70%**	**3.55%**
Finance Charges				
PT Wargi Santosa	669,813	-	1.53%	-
PT Chandra Sakti Utama Leasing	662,001	1,143,259	1.51%	3.13%
PT Tiara Marga Trakindo	389,546	-	0.89%	-
PT Trakindo Utama	135,981	-	0.31%	-
PT Mitra Solusi Telematika	27,475	-	0.06%	-
Total	**1,884,816**	**1,143,259**	**4.29%**	**3.13%**
Late Payment Charges				
PT Trakindo Utama	-	2,331,808	-	35,65%

	Total		Percentage to total other income	
	Years ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Consultation Fee Income				
PT Multi Harapan Utama	3,795,983	156,436	30,00%	1,48%

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of transactions and balances with related parties are as follows: (continued)

b. Significant Transactions with Related Parties (continued)

	Total	Percentage to total respective expenses
	Year Ended December 31,	Year ended December 31,
	2018	2018
Purchase Information and Technology Services		
PT Mitra Solusi Telematika	1,793,704	2.75%
PT Chandra Sakti Utama Leasing	7,059	0.01%
Total	**1,800,763**	**2.76%**
Purchased of Spare Parts and Others		
PT Trakindo Utama	43,609,687	7.28%
PT Chitra Paratama	3,699,991	0.62%
PT Chakra Jawara	932,990	0.16%
PT Sumberdaya Sewatama	348,619	0.06%
PT Tiara Marga Trakindo	92,514	0.02%
Pan Terra Pte. Ltd., Singapore	17,685	0.00%
PT Tri Swardana Utama	9,385	0.00%
PT Mitra Solusi Telematika	8,374	0.00%
Total	**48,719,245**	**8.14%**
Finance Charges		
PT Chandra Sakti Utama Leasing	1,769,921	3.79%
Valle Verde Pte. Ltd., Singapore	872,781	1.87%
Total	**2,642,702**	**5.66%**
Late Payment Charges		
PT Trakindo Utama	6,583,815	24.53%

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

c. Transaction with Key Management Personnel

Key Management Compensation

In the operational activities, the Group has several key personnel consisting of the Group's Boards of Commissioners and Directors, the compensation to key management for the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, are as follows:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Salaries and other short-term employee benefits					
Board of Commissioners	124,972	120,555	632,019	670,782	659,502
Board of Directors	662,232	785,913	3,647,287	3,822,973	4,220,087
Total	**787,204**	**906,468**	**4,279,306**	**4,493,755**	**4,879,589**

d. Long-term Loan from Shareholder

On June 27, 2014, the Company entered into subordinated loan agreement with Valle Verde Pte. Ltd., Singapore, parent entity, with maximum credit amount of US$30,000,000. The loan facility has a term of 5 (five) years after the signing of loan agreement and can be extended according to the agreement of both parties.

The loan bears annual interest rate at LIBOR plus a certain margin. The loan will be repayable on the fifth year from the drawdown date, or upon full repayment of Club Deal facility dated October 13, 2016, whichever is earlier.

On September 29, 2016, the Company entered into second loan agreement with Valle Verde Pte. Ltd., Singapore, parent entity, with maximum credit amount of US$10,000,000. This facility was provided as Standby Working Capital and the drawdown could only be executed to remedy any provisions under the Club Deal agreement.

On October 18, 2016, the Company entered into an amendment deed related to the first facility agreement with Valle Verde Pte. Ltd., Singapore which arranged the change in repayment clause. This loan had been fully paid on August 23, 2018.

e. Loan Facility from PT Chandra Sakti Utama Leasing ("CSUL")

In 2017, ACE entered into an "Pembiayaan Investasi Dengan Fasilitas Pembiayaan Proyek" (investment financing by project financing facility) agreement with CSUL, a related party, which bears interest at 7.75% per annum.

The facility covered by this agreement include finance lease, sale and leaseback, factoring with resource and installment financing. This loan is secured by certain assets of ACE acquired using this facility and will mature on June 30, 2019. In 2018, this loan has been fully paid.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

f. Long-term Trade Payables to PT Trakindo Utama ("TU")

On December 31, 2015, CK entered into a restructuring of trade payables agreement with TU, a related party, amounting to US$187.6 million and Rp272.9 billion, whereby the payments will be settled by installments until December 2021 and bears interest at 4.5% per annum for payables in United States dollar and 8.0% per annum for payables in Rupiah.

On December 31, 2018, based on the second amendment on such restructuring agreement, CK shall repay all the outstanding loan and penalty to TU the latest by June 30, 2019. As of December 31, 2018, the current portion on such restructuring trade payable amounted to US$34,070,000 and presented as part of "Trade Payables - Related Parties".

On April 26, 2019, CK has already paid off the debt.

g. Mining Services and Heavy Equipment Rental Contract with MHU

On June 27, 2019, CK entered the Mining Services Contract no. 01/CK-MHU/KONT-TAMB/VI/2019 with MHU, a related party, for developing and implementing mining services in East Kalimantan area with an area of 39,972 Ha. The contract is valid for five years until April 1, 2024 with the target production of 180.0 million Bank Cubic Meter ("BCM").

In relation with ANN's investment to MHU (Note 8), on October 31, 2019, CK and MHU signed the Amendment I of the Mining Services Contract, whereas the contract term was changed to become life of mine (which will be reviewed each 3 years or other period which agreed by both parties) and increased the target of production to become 204.4 million BCM.

On October 3, 2019, CK entered the heavy equipment rental contract No. 01/CK-MHU/KONT-RENT/X/2019 with MHU to rent the heavy equipments to support the operation in the coal mine which is valid for five years until April 1, 2024.

On May 14, 2020, CK and MHU signed the Amendment I of the Heavy Rental Equipment Contract and Amendment II of the Mining Services Contract, where the rates of services provided by CK are revised.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020 and 2019, total mining services income recognized by CK amounted to US$21,756,525 and US$6,589,236, and US$44,193,515 and US$21,118,151, respectively, recorded as part of "Revenue from Contracts with Customers" in the consolidated statement of profit or loss and other comprehensive income.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

h. Consultation Fee Agreement with MHU

In relation with ANN's investment to MHU (Note 8), on October 21, 2019, ANN has signed Consultation Fee Agreement with MHU, whereby ANN will provide consultation services related to mining services performed by CK as MHU's contractor In accordance with the clause stipulated in the CK Mining Services Contract with MHU together with the amendments. MHU will be charged with consultation fee based on the achievement of CK's target of production totaling to US$26.7 million which will be charged by ANN gradually until December 31, 2022.

The contract has been amended on October 27, 2020 to amend contract period up to December 31, 2025.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020 and 2019, total consultation fee income recognized by ANN amounted to US$983,085, US$204,341, US$3,795,983, and US$156,436, respectively, recorded as part of "Other Income" in the consolidated statement of profit or loss and other comprehensive income.

i. Ijarah Agreement with PT Karya Kharisma Mandiri ("KKM")

On December 10, 2019, CK signed Akad Pembiayaan Ijarah No. 01/IJARAH/KKM-CK/XII/2019 agreement with KKM, a related party, where KKM will rent truck to CK for a period of 2 (two) years since the handover of assets, which was in January 2020.

For the three-month periods ended March 31, 2021 and 2020, and for the year ended December 31, 2020, the total of rent expense recorded by CK is amounted to US$3,310,498 and US$1,418,748, and US$9,895,866, which is recorded as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

j. Ijarah Agreement with PT Wargi Santosa ("WS")

On August 28, 2020, CK signed Akad Pembiayaan Ijarah agreement number 01/IJARAH/WS-CK/VIII/2020 with WS, a related party, where WS will rent truck to CK for a period of 4 (four) years since September 1, 2020.

On September 28, 2020, CK signed Akad Pembiayaan Ijarah agreement number 02/IJARAH/WS-CK/IX/2020 with WS, a related party, where WS will rent heavy equipment to CK for a period of 4 (four) years since October 1, 2020.

For the three-month period ended March 31, 2021 and for the year ended December 31, 2020, the total of rent expense recorded by CK is amounted to US$502,819 and US$609,010, which is recorded as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

k. Working Capital Facility Agreement with PT Chandra Sakti Utama Leasing ("CSUL")

On January 17, 2020, CK signed "Approval for Working Capital Financing with Working Capital Facility" agreement number MOU00072/003/CSUL-MKT/SPP/JKT-3/I/2020 with CSUL. Based on this agreement, CSUL will provide a financing facility to make advance payment on behalf of CK for each invoice from PT United Tractors Tbk regarding the purchase of spare parts and heavy equipment which is performed by CK, with maximum credit limit amounting to Rp10,000,000,000. This facility is non-interest bearing and available until November 30, 2020.

CK will be charged with late payment charges at rate of 4% per month for every late payment to CSUL, where the due date of payment to CSUL is following the due date of each invoice from PT United Tractors Tbk.

This agreement was amended with agreement number MOU00067/078/CSUL-MKT/SPP/JKT-3/XII/20 dated December 16, 2020, where the availability period of this facility is extended until November 30, 2021.

As of March 31, 2021 and December 31, 2020, the outstanding payable of CK to CSUL related to this facility is US$Nil, respectively.

l. Sale and Leaseback Agreement with PT Chandra Sakti Utama Leasing ("CSUL")

On January 27, 2021, NBE signed an "Investment Financing Agreement with Sale and Leaseback Facility" number 14302100049 with CSUL. Based on this agreement, CSUL will provide financing facilities in the form of sale and leaseback facilities amounting to Rp21,406,101,150. This facility bears interest at 14% and will expire on January 28, 2026.

As a result of the sale and leaseback transaction, NBE recorded cash receipts of Rp17,124,880,920 (equivalent to US$1,175,193), disposal of fixed asset amounting to Rp19,489,393,357 (equivalent to US$1,373,944), right of use assets related leaseback amounting to Rp21,166,083,141 (equivalent to US$1,452,517) and lease liability amounting to Rp16,725,212,714 (equivalent to US$1,147,764).

For the three-month period ended March 31, 2021, interest expense on this loan facility amounted to Rp397,265,794 (equivalent to US$28,006) and was recorded as part of "Finance Charges" in the consolidated statements of profit or loss and other comprehensive income.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

m. Nature of Relationship with Related Parties

The details of nature of relationship with the related parties are as follows:

Company	Nature of Relationship
Valle Verde Pte. Ltd., Singapore	Parent entity of the Company
PT Tiara Marga Trakindo ("TMT")	Entity with significant influence over the Group
Halcon Primo Logistics Pte. Ltd., Singapore	Entity controlled by shareholder of the Group
Mega Strada Pte. Ltd., Singapore	Entity controlled by shareholder of the Group
Pan Terra Pte. Ltd., Singapore	Entity controlled by shareholder of the Group
PT Trakindo Utama	Entity controlled by TMT
PT Chandra Sakti Utama Leasing	Entity controlled by TMT
PT Mahadana Dasha Utama	Entity controlled by TMT
PT Chakra Jawara	Entity controlled by TMT
PT Chitra Paratama	Entity controlled by TMT
PT Tri Swardana Utama	Entity controlled by TMT
PT Triyasa Propertindo	Entity controlled by TMT
PT Mitra Solusi Telematika	Entity controlled by TMT
Dana Pensiun PT Trakindo Utama	Entity controlled by TMT
PT Karya Kharisma Mandiri	Entity controlled by TMT
PT Multi Harapan Utama	Entity controlled by AHK Holdings Pte. Ltd., Singapore
PT Sumberdaya Sewatama	Entity controlled by AHK Holdings Pte. Ltd., Singapore
PT Energi Alamraya Semesta	Entity controlled by AHK Holdings Pte. Ltd., Singapore
PT Agro City Kaltim	Entity controlled by AHK Holdings Pte. Ltd., Singapore
PT Wargi Santosa	Entity controlled by AHK Holdings Pte. Ltd., Singapore
PT SSB Sammitr Distribution	Associated entity through SSB

31. SEGMENT INFORMATION

Primary Segments

The Group classifies its business into 3 (three) main business segments, namely services, manufacturing and mining contractors and coal mining. Information concerning the Group's business segments is as follows:

	As of March 31, 2021 and for the Three-month Period Ended March 31, 2021 (Unaudited)					
	Services	Manufacturing	Mining Contractors and Coal Mining	Others	Elimination	Net
Revenue from contracts with customers - external customers	30,389,104	4,768,265	175,239,089	493,101	-	210,889,559
Revenue from contracts with customers - inter-segment	14,210,570	1,164,854	27,379,185	28,922,696	(71,677,305)	-
Revenue from contracts with customers	44,599,674	5,933,119	202,618,274	29,415,797	(71,677,305)	210,889,559
Cost of revenue	33,119,498	5,402,734	149,731,242	25,621,226	(61,515,848)	152,358,852
Gross profit	**11,480,176**	**530,385**	**52,887,032**	**3,794,571**	**(10,161,457)**	**58,530,707**
Selling, general and administrative expenses						(9,898,371)
Other income						4,096,737
Other expenses						(1,769,838)
Profit from operations						**50,959,235**
Finance income - net						291,481
Finance charges						(10,838,752)
Income before final tax and income tax						**40,411,964**
Final tax expense						(286,455)
Income before income tax						**40,125,509**
Income tax expense - net						(10,627,510)
Income for the period						**29,497,999**
Other comprehensive income						1,254,397
Total comprehensive income for the period						**30,752,396**
Segment assets	189,016,371	28,564,295	723,670,390	730,157,274	(755,115,407)	916,292,923
Segment liabilities	(90,496,276)	(15,302,777)	(650,543,661)	(452,966,305)	485,517,636	(723,791,383)
Other information: Capital expenditures	2,144,187	133,564	83,618,312	92,250	(221,075)	85,767,238
Depreciation and amortization expense	4,348,464	365,696	20,522,923	522,158	62,763	25,822,004

31. SEGMENT INFORMATION (continued)

Primary Segments (continued)

The Group classifies its business into 3 (three) main business segments, namely services, manufacturing and mining contractors and coal mining. Information concerning the Group's business segments is as follows: (continued)

	As of March 31, 2020 and for the Three-month Period Ended March 31, 2020 (Unaudited)					
	Services	Manufacturing	Mining Contractors and Coal Mining	Others	Elimination	Net
Revenue from contracts with customers - external customers	32,204,686	5,699,087	122,325,560	650,331	-	160,879,664
Revenue from contracts with customers - inter-segment	14,430,917	447,765	25,613,259	22,094,636	(62,586,577)	-
Revenue from contracts with customers	46,635,603	6,146,852	147,938,819	22,744,967	(62,586,577)	160,879,664
Cost of revenue	37,653,886	5,780,242	124,620,401	19,963,987	(53,289,397)	134,729,119
Gross profit	**8,981,717**	**366,610**	**23,318,418**	**2,780,980**	**(9,297,180)**	**26,150,545**
Selling, general and administrative expenses						(18,308,344)
Other income						4,399,790
Other expense						(117,322)
Profit from operations						**12,124,669**
Finance income - net						411,254
Finance charges						(9,615,419)
Income before final tax and income tax						**2,920,504**
Final tax expense						(412,982)
Income before income tax						**2,507,522**
Income tax expense - net						(3,587,181)
Loss for the period						**(1,079,659)**
Other comprehensive income						(29,980,850)
Total comprehensive loss for the period						**(31,060,509)**
Segment assets	155,006,566	34,400,764	622,081,121	696,263,757	(666,176,472)	841,575,736
Segment liabilities	(104,194,762)	(14,253,393)	(539,568,158)	(424,139,243)	432,250,648	(649,904,908)
Other information: Capital expenditures	10,544,050	670,020	12,828,237	689,030	(11,726)	24,719,611
Depreciation and amortization expense	4,044,959	346,082	15,156,718	408,279	182,343	20,138,381

31. SEGMENT INFORMATION (continued)

Primary Segments (continued)

The Group classifies its business into 3 (three) main business segments, namely services, manufacturing and mining contractors and coal mining. Information concerning the Group's business segments is as follows: (continued)

	As of December 31, 2020 and for the Year Ended December 31, 2020					
	Services	Manufacturing	Mining Contractors and Coal Mining	Others	Elimination	Net
Revenue from contracts with customers - external customers	118,898,989	19,566,706	465,837,039	2,104,642	-	606,407,376
Revenue from contracts with customers - inter-segment	46,461,771	3,057,281	95,667,197	82,288,143	(227,474,392)	-
Revenue from contracts with customers	165,360,760	22,623,987	561,504,236	84,392,785	(227,474,392)	606,407,376
Cost of revenue	130,771,979	21,954,508	477,194,496	71,567,478	(196,596,098)	504,892,363
Gross profit	**34,588,781**	**669,479**	**84,309,740**	**12,825,307**	**(30,878,294)**	**101,515,013**
Selling, general and administrative expenses						(54,081,458)
Other income						12,653,252
Impairment losses on mining properties						(24,023,200)
Other expenses						(19,761,503)
Profit from operations						**16,302,104**
Finance income - net						3,676,911
Finance charges						(43,910,233)
Loss before final tax and income tax						**(23,931,218)**
Final tax expense						(1,063,490)
Loss before income tax						**(24,994,708)**
Income tax expense - net						(12,745,356)
Loss for the year						**(37,740,064)**
Other comprehensive loss						(20,719,334)
Total comprehensive loss for the year						**(58,459,398)**
Segment assets	190,396,364	31,332,617	624,258,366	730,282,129	(749,032,297)	827,237,179
Segment liabilities	(104,769,275)	(9,262,168)	(576,470,379)	(453,770,747)	478,784,534	(665,488,035)
Other information: Capital expenditures	34,993,833	991,915	60,046,645	1,388,123	(18,014,804)	79,405,712
Depreciation and amortization expense	15,249,341	1,459,593	68,351,408	2,562,044	(569,472)	87,052,914

31. SEGMENT INFORMATION (continued)

Primary Segments (continued)

The Group classifies its business into 3 (three) main business segments, namely services, manufacturing and mining contractors and coal mining. Information concerning the Group's business segments is as follows: (continued)

	As of December 31, 2019 and for the Year Ended December 31, 2019					
	Services	Manufacturing	Mining Contractors and Coal Mining	Others	Elimination	Net
Revenue from contracts with customers - external customers	137,325,711	25,837,774	425,861,907	3,369,560	-	592,394,952
Revenue from contracts with customers - inter-segment	47,555,578	4,392,857	95,223,011	70,820,226	(217,991,672)	-
Revenue from contracts with customers	184,881,289	30,230,631	521,084,918	74,189,786	(217,991,672)	592,394,952
Cost of revenue	147,077,809	25,828,954	429,272,847	67,181,912	(184,797,331)	484,564,191
Gross profit	**37,803,480**	**4,401,677**	**91,812,071**	**7,007,874**	**(33,194,341)**	**107,830,761**
Selling, general and administrative expenses						(58,340,764)
Other income						10,598,315
Other expenses						(6,540,725)
Profit from operations						**53,547,587**
Finance income - net						2,988,439
Finance charges						(36,576,834)
Profit before final tax and income tax						**19,959,192**
Final tax expense						(944,552)
Profit before income tax						**19,014,640**
Income tax expense - net						(15,120,676)
Profit for the year						**3,893,964**
Other comprehensive income						958,740
Total comprehensive income for the year						**4,852,704**
Segment assets	164,299,723	28,523,957	632,983,920	692,992,201	(664,571,036)	854,228,765
Segment liabilities	(93,781,225)	(17,730,733)	(511,101,304)	(416,909,794)	430,488,002	(609,035,054)
Other information: Capital expenditures	11,694,414	534,945	54,202,096	1,700,645	(1,388,689)	66,743,411
Depreciation and amortization expense	7,302,700	824,601	50,761,514	795,604	-	59,684,419

31. SEGMENT INFORMATION (continued)

Primary Segments (continued)

The Group classifies its business into 3 (three) main business segments, namely services, manufacturing and mining contractors and coal mining. Information concerning the Group's business segments is as follows: (continued)

	As of December 31, 2018 and for the Year Ended December 31, 2018					
	Services	Manufacturing	Mining Contractors and Coal Mining	Others	Elimination	Net
Revenue from contracts with customers - external customers	173,089,596	16,723,229	580,502,756	2,741,550	-	773,057,131
Revenue from contracts with customers - inter-segment	38,087,945	1,511,293	83,504,409	55,279,369	(178,383,016)	-
Revenue from contracts with customers	211,177,541	18,234,522	664,007,165	58,020,919	(178,383,016)	773,057,131
Cost of revenue	170,986,739	20,230,768	506,921,281	54,105,868	(153,401,657)	598,842,999
Gross profit	**40,190,802**	**(1,996,246)**	**157,085,884**	**3,915,051**	**(24,981,359)**	**174,214,132**
Selling, general and administrative expenses						(65,276,308)
Other income						9,234,783
Reversal of impairment losses on mining properties						45,448,413
Other expenses						(26,843,017)
Profit from operations						**136,778,003**
Finance income - net						3,559,476
Finance charges						(46,711,791)
Profit before final tax and income tax						**93,625,688**
Final tax expense						(528,285)
Profit before income tax						**93,097,403**
Income tax expense - net						(25,869,745)
Profit for the year						**67,227,658**
Other comprehensive loss						1,025,239
Total comprehensive income for the year						**68,252,897**
Segment assets	110,012,101	54,226,479	680,347,981	683,306,190	(675,942,955)	851,949,796
Segment liabilities	(78,429,861)	(16,084,692)	(534,258,993)	(453,917,987)	478,570,174	(604,121,359)
Other information: Capital expenditures	12,018,729	1,157,734	11,243,047	2,211,156	45,985	26,676,651
Depreciation and amortization expense	21,818,893	715,938	63,679,211	287,832	(79,989)	86,421,885

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

The following are significant agreements of the Group:

The Company

Revolving Non-Cash Loan Facility from PT Bank Mandiri (Persero) Tbk ("Mandiri")

On March 25, 2014, the Company entered into a loan agreement with Mandiri, a third party, for revolving non-cash loan facility with a maximum credit amount of US$20,000,000 and can be used for issuance of L/C, SKBDN and Bank Guarantee (Bid Bonds/ Performance Bonds/ Advance Payment/ Maintenance/ Retention/ Custom Bond). The facility will end in one year since the signing of the agreement and used to refinance existing non-cash loan facility of the Group.

This facility has been amended several times, the latest of which was on April 25, 2021, in which this facility has been extended until April 24, 2022 and the maximum credit amount becomes US$40,000,000.

As of March 31, 2021, the non-cash loan facility used amounted to Rp78.13 billion (equivalent to US$5,379,080), US$2,987,098, and EUR381,000 (equivalent to US$447,219).

As of December 31, 2020, the non-cash loan facility used amounted to Rp74.31 billion (equivalent to US$5,289,250), US$3,602,469, and EUR406,751 (equivalent to US$498,941).

As of December 31, 2019, the non-cash loan facility used amounted to Rp101.70 billion (equivalent to US$7,325,926) and US$1,197,785.

As of December 31, 2018, the non-cash loan facility used amounted to Rp106.16 billion (equivalent to US$7,382,414) and US$68,281.

Based on the loan agreement, the Company is required to maintain certain financial ratios which will be tested yearly as follows:
- Net debt to EBITDA from consolidated financial statement at the maximum of 3.00:1.00.
- Net debt to equity ratio from consolidated financial statement at the maximum 1.50:1.00.

As of December 31 2019, and 2018, the Company has maintained all financial ratios as required in the loan agreement. As of March 31, 2021 and December 31, 2020, the Company has not met the required net debt to equity ratio. On April 20, 2021, the Company has proposed for an amendment to the financial ratios of the net debt to equity ratio based on the Group's consolidated statements not exceeding 2.50:1.00.

Until date of completion of these consolidated financial statements, the Company is in the process of obtaining a waiver from Mandiri.

TIA

Coal Hauling Road Maintenance

On January 28, 2014, TIA and PT Prolindo Cipta Nusantara ("PCN") entered into coal hauling road maintenance agreement. PCN may pass the hauling road which is owned by TIA for a certain volume for certain contract period and pay certain fees for maintenance to TIA. The contract is effective as of June 4, 2015 up to June 3, 2020.

The agreement has been amended several times, latest amendment was made on June 1, 2020 to amend time period of agreement to June 3, 2022.

On November 26, 2010, TIA and PT Borneo Indobara ("BIB") entered into coal hauling road maintenance agreement. BIB may pass the hauling road which is owned by TIA for a certain volume for certain contract period and pay certain fees for maintenance to TIA. The contract is effective as of November 26, 2010 up to November 25, 2020.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

TIA (continued)

Coal Hauling Road Maintenance (continued)

This agreement was last renewed on November 26, 2020 to amend time period of agreement to November 25, 2025.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, total coal hauling road maintenance income recognized by TIA amounted to US$2,310,750, US$1,399, US$3,071, US$2,220,472 and US$552,007, respectively, recorded as part of "Other Income" in the consolidated statement of profit or loss and other comprehensive income.

Port Facility

On August 17, 2018 TIA and BIB entered into port facility agreement. BIB may use the port which is owned by TIA for a certain volume for certain contract period and pay certain fees to TIA. The contract is effective as of August 17, 2018 up to December 31, 2018.

The contract has been amended on December 28, 2018 to amend coal volume and number of barges per day which became effective as of January 1, 2019 up to December 31, 2019.

This agreement was last renewed on January 10, 2020 to amend time period of agreement to December 31, 2022.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, total port usage facility income recognized by TIA amounted to US$Nil, US$924,804, US$1,178,083, US$6,954,269, and US$2,404,244, respectively, recorded as a part of "Other Income" in the consolidated statement of profit or loss and other comprehensive income.

Exploitation Fee

Based on Government Regulation No. 45/2003, ("PP No. 45"), all companies holding mining rights will have an obligation to pay exploitation fees ranging from 4%-5% of sales, further changed by PP No. 9/2012, with effective implementation since January 6, 2012, wherein percentage of the production fees was changed to become 3%-7% of sales.

For the three-month periods ended March 31, 2021 and 2020, exploitation fees amounted to US$1,383,471 and US$883,534, respectively, recorded as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

For the years ended December 31, 2020, 2019, and 2018, exploitation fees amounted to US$2,441,573, US$5,360,068, and US$10,023,743, respectively, recorded as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

BEL

Exploitation Fee

Based on Government Regulation No. 45/2003, ("PP No. 45"), all companies holding mining rights will have an obligation to pay exploitation fees ranging from 4%-5% of sales, further changed by PP No. 9/2012, with effective implementation since January 6, 2012, wherein percentage of the production fees was changed to become 3%-7% of sales.

For the three-month periods ended March 31, 2021 and 2020, exploitation fees amounted to US$391,399, and US$217,490, respectively, presented as part of "Cost of Revenue" in the consolidated statement of profit or loss and comprehensive income.

For the years ended December 31, 2020, 2019, and 2018 exploitation fees amounted to US$678,617, US$584,111, and US$238,929, respectively, presented as part of "Cost of Revenue" in the consolidated statement of profit or loss and comprehensive income.

Coal Mining Service Agreement

On June 29, 2012, BEL entered into an agreement for coal mining service in Nagan Raya mine with PT Tata Bara Utama ("TBU"). Under this agreement, TBU agreed to render stripping and mining activities for the period from July 1, 2012 until June 30, 2022.

MIFA

Exploitation Fee

Based on Government Regulation No. 45/2003 ("PP No. 45"), all companies holding mining rights will have an obligation to pay exploitation fees ranging from 4%-5% of sales, further changed by PP No. 9/2012, with effective implementation since January 6, 2012, wherein percentage of the production fees was changed to become 3%-7% of sales.

For the three-month periods ended March 31, 2021 and 2020, exploitation fees amounted to US$2,291,977 and US$1,954,785, respectively, presented as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

For the years ended December 31, 2020, 2019, and 2018, exploitation fees amounted to US$4,069,252, US$7,028,873 and US$6,504,240, respectively, presented as part of "Cost of Revenue" in the consolidated statement of profit or loss and other comprehensive income.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

CK

Mining Services Contract

CK has several significant mining services contracts. Under the contracts, CK provides coal mining services at several locations in Kalimantan and Sumatera. The periods of the contracts are varied and will expire until 2028.

Mining Services Contract - PT Muara Alam Sejahtera ("MAS")

On February 22, 2019, CK entered the mining service contract No.01/CK-MAS/KONT-TAMB/II/2019 with MAS for developing and implementing mining services in South Sumatera area with an area of 1,745 Ha. The contract is valid for three years as of the date CK starts the operation. If the contractor can fulfill the services target of approximately 30.9 million BCM, the contract may be extended for a period of two years.

Based on letter between CK and MAS, letter number 008/DIR-MAS/LEG/I/2020 dated January 15, 2020 and 006/CK-LO/FS/I/2020 dated 21 January 2020, CK and MAS agreed to terminate mining service contract number 01/CK-MAS/KONT-TAMB/II/2019 effective since February 16, 2020.

Mining Services Contract - PT Binuang Mitra Bersama Blok Dua ("BMB")

CK entered into mining service contract No. 01/CK-BMB/KONT-TAMB/XII/2019 with BMB for developing and implementing mining services in South Kalimantan area started on October 21, 2019, for a production target of 30.0 million BCM per annum. The contract is valid until life of mine. CK and BMB will review the contract every five years.

Mining Services Contract - PT Kuansing Inti Makmur ("KIM"), PT Karya Cemerlang Persada ("KCP"), PT Bungo Bara Utama ("BBU") and PT Bungo Bara Makmur ("BBM") (collectively referred as "KIM Group")

CK entered into mining service contract No. 001/KIM-CK/LM/II/2020 with KIM for developing and implementing mining services in Jambi area started on November 1, 2019 and valid until October 2, 2027.

CK entered into mining service contract No. 002/KCP-CK/LM/II/2020 with KCP for developing and implementing mining services in Jambi area started on November 1, 2019 and valid until October 24, 2028.

CK entered into mining service contract No. 003/BBU-CK/LM/II/2020 with BBU for developing and implementing mining services in Jambi area started on November 1, 2019 and valid until October 2, 2027.

CK entered into mining service contract No. 004/BBM-CK/LM/II/2020 with BBM for developing and implementing mining services in Jambi area started on November 1, 2019 and valid until October 2, 2027.

All contracts with KIM Group have a cumulative production target of 226.0 million BCM.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

CK (continued)

Litigations

PT Rinjani Kartanegara

Based on the Decision of the Commercial Court at Central Jakarta Court dated August 24, 2017 with registered number 104/Pdt.Sus-PKPU/2017/PN Jkt.Pst, PT Rinjani Kartanegara ("RK") as CK's client is in the Suspension of Payment Liability ("PKPU"). Therefore, CK became one of RK's creditors in PKPU.

On October 9, 2017, judges of the Commercial Court pronounced its Decision stating the bankruptcy of RK. On such Decision, CK has filed a cassation to the Supreme Court, through Jakarta Commercial Court at Central Jakarta Court with Deed of Cassation and Memory Cassation of Bankruptcy Case number 64 Kas/ Pdt.Sus-Pailit/2017/PN.Niaga.Jkt.Pst. on October 17, 2017.

The Supreme Court in accordance with its decision No.429K/Pdt.Sus-Pailit/2018 dated May 21, 2018 has rejected cassation from CK.

Based on the letter from Tirta Cakindra Setiayedi, S.H., M.H., and Dwiana Miranti, S.H., acting as the Curator team of RK ("Curator Team") with letter number 009/Tim Kurator-RK/VI/2019 dated June 21, 2019, declared that the Curator Team will proceed with the going concern based on the Supervisory Judge Decree and Central Jakarta Commercial Court No.104/PDT.SUS/PKPU/2017/PN.NIAGA.JKT.PST dated May 13, 2019.

As of December 31, 2020, 2019, and 2018, CK's receivables from RK is amounting to US$19,594,995, US$19,664,500, US$19,472,028, respectively and CK has recorded full allowance for expected credit loss on such balance.

On June 11, 2021, CK received payment from Curator Team related to the going concern result amounting to Rp4.4 billion.

Therefore, as of March 31, 2021, management recorded allowance for expected credit loss on trade receivables on the remaining receivables balance of RK amounting to US$19,138,481.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

CK (continued)

Litigations (continued)

PT Multi Structure

Based on the Decision of the Commercial Court at Central Jakarta Court dated May 24, 2017 with registered number 66/PDT.SUS-PKPU/2017/PN.Niaga.JKT.PST, PT Multi Structure ("MS"), as CK's client, is in the PKPU process. Therefore, CK becomes one of MS creditors in PKPU.

On February 5, 2018, CK and other creditors signed Settlement Agreement with MS which was pronounced by Commercial Court of Central Jakarta District Court through its decision letter No. 66/Pdt.Sus-PKPU/2017/PN. Niaga.Jkt.Pst. dated February 12, 2018.

On December 12, 2019, MS was declared bankrupt, as a result of the cancellation of Settlement Agreement, based on the Decree of the Commercial Court in Central Jakarta District Court No. 12/Pdt.Sus-Pembatalan Perdamaian/2019/PN.Niaga.Jkt.Pst. juncto No. 66/Pdt.Sus-PKPU/2017/PN.Niaga.Jkt.Pst.

As of March 31, 2021, and December 31, 2020, 2019, and 2018, CK's receivables from MS is amounting to US$269,190, US$278,103, US$282,184, and US$270,882, respectively and CK has recorded full allowance for expected credit loss on such balance.

PT Tunas Muda Jaya

Based on the Decree of the Commercial Court in the Surabaya District Court dated November 4, 2019, with register No. 39/Pdt.Sus-PKPU/2019/PN.Niaga.Sby, PT Tunas Muda Jaya ("TMJ"), as CK's client, was declared bankrupt with all its legal consequences, then CK becomes one of the creditors of TMJ in the bankruptcy case.

On November 27, 2019, through Decision of the Supervisory Judge No. 39/Pdt.Sus-PKPU/2019/PN.Niaga.Sby, the Supervisor Judge has given permission to the Curator Team to temporarily continue the business of TMJ, by continuing to operate TMJ's coal mining operations ("Going Concern").

As of March 31, 2021, and December 31, 2020, 2019, and 2018, CK's receivables from TMJ is amounting to US$21,338,042, US$21,394,157, US$21,419,855, and US$21,906,847, respectively and CK has recorded full allowance for expected credit loss on such balance.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The following are significant agreements of the Group: (continued)

CK (continued)

Litigations (continued)

PT Bangun Olahsarana Sukses

Based on the decision of the Commercial Court at Central Jakarta Court dated August 14, 2020 with registered number 185/Pdt.Sus-PKPU/2020/PN.Jkt.Pst, PT Bangun Olahsarana Sukses ("BOS") as CK's client is in the Suspension of Payment Liability ("PKPU"). Therefore, CK becomes one of BOS creditors in PKPU.

Based on the result of Court Judges Panel dated February 16, 2021, the settlement agreement which was voted on February 3, 2021, is valid and legally binding. On February 24, 2021, PT Max Extraction Asia, one of BOS' creditor, filed a cassation to BOS.

As of March 31, 2021 and December 31, 2020, CK's receivables from BOS is amounting to US$4,171,592 and US$4,174,921, respectively and CK has recorded full allowance for expected credit loss on such balance.

NBE

Power Purchase Agreement

On April 25, 2016, NBE entered into power purchase agreement with PT PLN (Persero) with installed capacity of 2MW in South Kalimantan. This power purchase agreement is valid for 20 years from the date of commercial operations.

ACE

Power Plant Rental Contract

On July 1, 2016, PT Sumberdaya Sewatama ("SS") entered into Heavy Fuel Oil ("HFO") Power Plant Rental Contract with PT Agincourt Resources ("AR"). This power plant is located at Martabe Mine Site, North Sumatera.

In relation with such power plant rental contract, on January 3, 2018, ACE entered into a cooperation agreement with SS, in which ACE was appointed as project executor and owner of such power plant HFO asset.

Based on Final Settlement Agreement between AR with SS dated February 27, 2020, AR will make payment in the amount of US$6,948,644 to SS as the payments of AR's share of the loss due to SS resulting from termination of the HFO contract.

By this Final Settlement Agreement, AR also waives the unpaid invoice for penalty to SS arising from implementation of the HFO contract amounting Rp29,386,163,465 (or equivalent to US$2,113,960).

Based on the Appointment of Beneficiary of Payment and Statement of Undertaking Letter sent by the SS to AR and signed by both parties on February 27, 2020, SS appoints ACE as the beneficiary of the payment amounting US$6,948,644 as stated in the Final Settlement Agreement.

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of March 31, 2021 and December 31, 2020, the Group has significant monetary assets and liabilities denominated in foreign currencies as follows:

	March 31, 2021 (Unaudited)		December 31, 2020	
	In millions	Equivalent Amount in US$	In millions	Equivalent Amount in US$
Rupiah				
Assets				
Cash and cash equivalents	688,470	47,246,078	599,949	42,534,443
Other current financial assets	2,001	137,344	1,766	125,224
Trade receivables	1,642,417	112,710,441	1,397,270	99,062,029
Non-trade receivables	90,798	6,230,992	86,271	6,116,327
Prepaid value added taxes	180,787	12,406,449	109,044	7,730,908
Other current assets	24,667	1,692,758	1,393	98,744
Estimated claims for tax refund	369,638	25,366,320	314,454	22,293,807
Other non-current assets	97,967	6,722,951	18,815	1,333,955
Sub-total	3,096,745	212,513,333	2,528,962	179,295,437
Liabilities				
Trade payables	1,488,590	102,154,131	1,503,860	106,618,925
Non-trade payables	109,860	7,539,118	143,218	10,153,682
Taxes payable	218,682	15,007,017	81,535	5,780,576
Accrued expenses	617,448	42,372,238	718,054	50,907,758
Short-term employee benefits liability	54,325	3,728,042	22,964	1,628,109
Lease liabilities	1,465,687	100,582,452	467,665	33,155,938
Long-term employee benefits liability	209,955	14,408,141	333,971	23,677,465
Sub-total	4,164,547	285,791,139	3,271,267	231,922,453
Liabilities in Rupiah - net	**(1,067,802)**	**(73,277,806)**	**(742,305)**	**(52,627,016)**
Euro				
Asset				
Cash and cash equivalents	0.00	3,810	0.00	4,015
Liabilities				
Trade payables	0.49	572,503	1.46	1,794,050
Non-trade payables	0.04	50,102	-	-
Sub-total	0.53	622,605	1.46	1,794,050
Liabilities in Euro - net	**(0.53)**	**(618,795)**	**(1.46)**	**(1,790,035)**
Other foreign currencies				
Assets				
Cash and cash equivalents		71,128		209,941
Other non-current assets		-		4,286
Sub-total		71,128		214,227
Liabilities				
Trade payables		82,610		94,485
Asset (liabilities) in other foreign currencies - net		**(11,482)**		**119,742**

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

As of December 31, 2019 and 2018, the Group has significant monetary assets and liabilities denominated in foreign currencies as follows:

	December 31, 2019		December 31, 2018	
	In millions	Equivalent Amount in US$	In millions	Equivalent Amount in US$
Rupiah				
Assets				
Cash and cash equivalents	460,304	33,113,032	580,667	40,098,544
Other current financial assets	55	3,992	738	50,953
Trade receivables	1,083,649	77,954,703	1,366,249	94,347,718
Non-trade receivables	84,556	6,082,691	50,230	3,468,693
Prepaid value added taxes	42,358	3,047,092	16,651	1,149,877
Other current assets	1,936	139,276	14,650	1,011,697
Estimated claims for tax refund	229,453	16,506,188	209,739	14,483,725
Other non-current assets	70,148	5,046,281	105,961	7,317,245
Sub-total	1,972,459	141,893,255	2,344,885	161,928,452
Liabilities				
Trade payables	1,243,876	89,480,987	1,201,583	82,976,525
Non-trade payables	110,594	7,955,831	139,399	9,626,363
Taxes payable	51,664	3,716,557	61,306	4,233,544
Accrued expenses	639,541	46,006,821	489,064	33,772,809
Short-term employee benefits liability	92,445	6,650,273	65,595	4,529,737
Lease liabilities	8	591	124	8,543
Long-term employee benefits liability	263,700	18,969,859	191,452	13,220,953
Sub-total	2,401,828	172,780,919	2,148,523	148,368,474
Asset (liabilities) in Rupiah - net	**(429,369)**	**(30,887,664)**	**196,362**	**13,559,978**
Euro				
Asset				
Cash and cash equivalents	0.00	3,740	0.01	4,489
Liabilities				
Trade payables	1.56	1,743,839	0.63	722,933
Accrued expenses	-	-	0.03	39,267
Sub-total	1.56	1,743,839	**0.66**	**762,200**
Liabilities in Euro - net	**(1.56)**	**(1,740,099)**	**(0.65)**	**(757,711)**
Other foreign currencies				
Assets				
Cash and cash equivalents		139,759		33,927
Trade receivables		32,401		-
Other current assets		4,349		-
Sub-total		176,509		33,927
Liabilities				
Trade payables		162,014		381,179
Accrued expenses		-		116,576
Sub-total		162,014		497,755
Asset (liabilities) in other foreign currencies - net		**14,495**		**(463,828)**

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

In the "Other Income" and "Other Expenses" include gain and (loss) on foreign exchange from operations amounting to US$30,975 and US$2,554,356, and US$2,992,597, US$534,783, and US$1,034,940 for the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018, respectively.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following are the methods and assumptions used to estimate the fair value of each class of the Group's financial instruments:

a. Cash and cash equivalents, other current financial assets, trade receivables, non-trade receivables, certain other current assets, trade payables, non-trade payables, accrued expenses and short-term employee benefits liability approximate their carrying amounts largely due to the short-term maturities of these instruments.

b. The carrying values of bank loans approximate their fair values due to the floating rate interests on these instruments which are subject to adjustments by the banks.

c. The carrying values of long-term non-trade payables and certain lease liabilities approximate their fair values due to the floating rate interests on these instruments which are subject to adjustments by the creditors.

d. The fair values of certain lease liabilities ease liabilities is determined by discounting cash flows at effective interest rate.

e. The fair values of long-term trade receivables, long-term non-trade receivables and certain other non-current assets are estimated by discounting future cash flows,using rates currently available for debt with similar terms, credit risks and remaining maturities.

f. The bonds payable is carried at amortized costs using the EIR method and rate of return. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR method and rate of return.

g. The fair values of the investment in shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these investment in shares.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following tables set forth the fair values of financial assets and financial liabilities of the Group:

	March 31, 2021 (Unaudited)	December 31, 2020	2019	2018
Current Financial Assets				
Cash and cash equivalents	117,326,710	109,212,396	101,923,463	144,052,684
Other current financial assets	137,344	125,224	3,992	13,050,953
Trade receivables	156,059,777	138,614,852	107,173,558	123,599,988
Non-trade receivables	6,399,281	6,648,663	5,723,013	3,498,387
Other current assets	2,068,288	703,942	573,227	1,192,925
Total Current Financial Assets	**281,991,400**	**255,305,077**	**215,397,253**	**285,394,937**
Non-Current Financial Assets				
Investment in shares	20,384,598	20,028,870	60,139,480	139,480
Long-term trade receivables - third parties	-	-	-	1,704,763
Long-term non-trade receivables	-	7,090	1,783,217	-
Other non-current assets	6,938,458	5,412,384	5,016,136	7,015,394
Total Non-Current Financial Assets	**27,323,056**	**25,448,344**	**66,938,833**	**8,859,637**
Total Financial Assets	**309,314,456**	**280,753,421**	**282,336,086**	**294,254,574**
Current Financial Liabilities				
Short-term bank loans	40,000,000	40,000,000	35,000,000	-
Trade payables	108,642,323	115,627,378	92,915,800	138,870,014
Non-trade payables	10,556,721	10,153,682	11,512,025	10,144,010
Accrued expenses	51,352,954	54,903,937	51,919,397	56,862,299
Short-term employee benefits liability	4,751,899	2,545,498	6,650,273	4,529,737
Current maturities of:				
Lease liabilities	27,304,491	23,642,858	3,518,995	6,287,897
Non-trade payables	2,819,831	3,802,768	7,221,406	-
Total Current Financial Liabilities	**245,428,219**	**250,676,121**	**208,737,896**	**216,693,957**
Non-Current Financial Liabilities				
Long-term liabilities - net of current maturities:				
Bonds payable	346,343,636	345,719,977	343,337,404	341,188,988
Lease liabilities	79,147,385	16,038,775	8,424,081	14,155,035
Non-trade payables	3,405,194	3,359,881	6,204,198	-
Total Non-current Financial Liabilities	**428,896,215**	**365,118,633**	**357,965,683**	**355,344,023**
Total Financial Liabilities	**674,324,434**	**615,794,754**	**566,703,579**	**572,037,980**

Fair Value Hierarchy

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The assessment of the significance of a particular input to the fair value measurements requires judgement, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

The following table provides the recurring of fair value measurement hierarchy of the Group's assets:

	Fair Value Measurement at the End of Reporting Period Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of March 31, 2021				
Investments in shares	20,384,598	-	-	20,384,598
As of December 31, 2020				
Investments in shares	20,028,870	-	-	20,028,870

As of December 31, 2019 and 2018, investment in shares are carried at cost.

For the three-month periods ended March 31, 2021 and 2020, and for the years ended December 31, 2020, 2019, and 2018 there were no transfers between Level 1 and Level 2, and into or out from Level 3.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Risk Management

The principal financial liabilities of the Group consist of short-term bank loan, trade and non-trade payables, accrued expense, short-term employee benefits liability, lease liabilities, long-term non-trade payables and bonds payable. The main purpose of these financial liabilities is to raise funds for the operations of the Group. The Group also has various financial assets such as cash and cash equivalents, other current financial assets, trade and non-trade receivables, certain other current assets, long-term non-trade receivables, certain other non-current assets and investment in shares which arise directly from its operations.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below:

a. Fair Value and Cash Flow Interest Rate Risk

Fair value and cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the risk of changes in market interest rates relating primarily to its short-term loans and long-term loans. Interest rate fluctuations influence the cost of new loans and the interest on the outstanding variable rate loans of the Group.

The Group's policies relating to interest rate risk are to manage interest cost through a mix of fixed and variable rate debts. The Group evaluates the fixed to floating ratio of its short-term loans and other long-term loans in line with movements of relevant interest rates in the financial markets.

Currently, the Group does not have a formal hedging policy for interest rate exposures. For lease liabilities and long-term loans, the Group may seek to mitigate interest rate risk by passing it on to its customers.

The following table sets out the carrying amounts, by maturity, of the Group's consolidated financial assets and liabilities that are exposed to interest rate risk:

	March 31, 2021 (Unaudited)				
	Floating interest rate		Fixed interest rate		
	Less than or equal to one year (≤ 1 Year)	More than one year (> 1 Year)	Less than or equal to one year (≤ 1 Year)	More than one year (> 1 Year)	Total
Liabilities					
Short term bank loan	40,000,000	-	-	-	40,000,000
Bonds payable	-	-	-	346,343,636	346,343,636
Lease liabilities	2,680,860	4,336,330	24,623,631	74,811,055	106,451,876
Long-term non-trade payables - third parties	-	-	2,819,831	3,405,194	6,225,025
Total	**42,680,860**	**4,336,330**	**27,443,462**	**424,559,885**	**499,020,537**

	December 31, 2020				
	Floating interest rate		Fixed interest rate		
	Less than or equal to one year (≤ 1 Year)	More than one year (> 1 Year)	Less than or equal to one year (≤ 1 Year)	More than one year (> 1 Year)	Total
Liabilities					
Short term bank loan	40,000,000	-	-	-	40,000,000
Bonds payable	-	-	-	345,719,977	345,719,977
Lease liabilities	2,996,120	3,528,957	20,646,738	12,509,818	39,681,633
Long-term non-trade payables - third parties	-	-	3,802,768	3,359,881	7,162,649
Total	**42,996,120**	**3,528,957**	**24,449,506**	**361,589,676**	**432,564,259**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below: (continued)

a. Fair Value and Cash Flow Interest Rate Risk (continued)

The following table sets out the carrying amounts, by maturity, of the Group's consolidated financial assets and liabilities that are exposed to interest rate risk: (continued)

	December 31, 2019				
	Floating interest rate		Fixed interest rate		
	Less than or equal one year (≤ 1 Year)	More than one year (> 1 Year)	Less than or equal one year (≤ 1 Year)	More than one year (> 1 Year)	Total
Liabilities					
Short term bank loan	35,000,000	-	-	-	35,000,000
Bonds payable	-	-	-	343,337,404	343,337,404
Lease liabilities	2,564,963	2,565,471	954,032	5,858,610	11,943,076
Long-term non-trade payables - third parties	-	-	7,221,406	6,204,198	13,425,604
Total	**37,564,963**	**2,565,471**	**8,175,438**	**355,400,212**	**403,706,084**

	December 31, 2018				
	Floating interest rate		Fixed interest rate		
	Less than or equal one year (≤ 1 Year)	More than one year (> 1 Year)	Less than or equal one year (≤ 1 Year)	More than one year (> 1 Year)	Total
Liabilities					
Bonds payable	-	-	-	341,188,988	341,188,988
Lease liabilities	6,287,897	14,155,035	-	-	20,442,932
Total	**6,287,897**	**14,155,035**	**-**	**341,188,988**	**361,631,920**

b. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to exchange rate fluctuations results primarily from short-term loans, bank and other financial institution loans, trade receivables from sales in foreign currencies and trade payables from purchases in foreign currencies.

Monetary assets and liabilities of the Group which are denominated in foreign currencies as of March 31, 2021, and December 31, 2020, 2019, and 2018 are presented in Note 33.

The Group does not have any formal hedging policy for foreign exchange exposure. However, in relation to the matters discussed in the preceding paragraph, the fluctuations in the exchange rates between the United States dollar and each of the Rupiah, Australian Dollar, Singapore Dollar, Japanese Yen, Great Britain Poundsterling and European Euro provide some degree of natural hedge for the Group's foreign exchange exposure.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below: (continued)

c. Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge its obligation and will result in a financial loss to the other party. The Group is exposed to credit risk arising from the credit granted to its customers. The Group trades only with recognized and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, trade receivables balances are monitored on an ongoing basis and allowance for impairment losses is provided, if needed. In addition, the Standard and Operating Procedures relating to credit granting to customers and monitoring on credit is continuously being improved. The maximum exposure to credit risk is represented by the carrying amount of trade receivables as shown in Note 6. There is no concentration of credit risk.

With respect to credit risk arising from other financial assets, which comprise cash and cash equivalents and other current financial assets, from default of the counterparty, the Group has a policy not to place investments in instruments that have a high credit risk and to put the investments only in banks with high credit ratings. The maximum exposure to this risk is equal to the carrying amounts of the above mentioned financial assets as disclosed in Note 4 and 5.

d. Liquidity Risk

Liquidity risk is a risk arising when the cash flow position of the Group is not enough to cover the liabilities which become due.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also regularly evaluates the projected and actual cash flows, including its long-term loan maturity profiles, and continuously assesses conditions in the financial markets to maintain flexibility in funding by keeping committed credit facilities available.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below: (continued)

d. Liquidity Risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities as of March 31, 2021 based on contractual discounted payments to be made (including interest payments):

	Below 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Current Liabilities					
Short-term bank loans	40,000,000	-	-	-	40,000,000
Trade payables	108,642,323	-	-	-	108,642,323
Non-trade payables	10,556,721	-	-	-	10,556,721
Accrued expenses	51,352,954	-	-	-	51,352,954
Short-term employee benefits liability	4,751,899	-	-	-	4,751,899
Sub-total	**215,303,897**	**-**	**-**	**-**	**215,303,897**
Non-current Liabilities					
Bonds payable	-	350,000,000	-	-	350,000,000
Lease liabilities	27,304,491	31,044,257	20,047,477	28,055,651	106,451,876
Long-term non-trade payables - third parties	2,819,831	3,405,194	-	-	6,225,025
Sub-total	**30,124,322**	**384,449,451**	**20,047,477**	**28,055,651**	**462,676,901**
Total	**245,428,219**	**384,449,451**	**20,047,477**	**28,055,651**	**677,980,798**
Unamortized transaction cost					(3,656,364)
Net					**674,324,434**

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2020 based on contractual discounted payments to be made (including interest payments):

	Below 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Current Liabilities					
Short-term bank loans	40,000,000	-	-	-	40,000,000
Trade payables	115,627,378	-	-	-	115,627,378
Non-trade payables	10,153,682	-	-	-	10,153,682
Accrued expenses	54,903,937	-	-	-	54,903,937
Short-term employee benefits liability	2,545,498	-	-	-	2,545,498
Sub-total	**223,230,495**	**-**	**-**	**-**	**223,230,495**
Non-current Liabilities					
Bonds payable	-	350,000,000	-	-	350,000,000
Lease liabilities	23,642,858	15,026,911	1,011,864	-	39,681,633
Long-term non-trade payables - third parties	3,802,768	3,359,881	-	-	7,162,649
Sub-total	**27,445,626**	**368,386,792**	**1,011,864**	**-**	**396,844,282**
Total	**250,676,121**	**368,386,792**	**1,011,864**	**-**	**620,074,777**
Unamortized transaction cost					(4,280,023)
Net					**615,794,754**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below: (continued)

d. Liquidity Risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2019 based on contractual discounted payments to be made (including interest payments):

	Below 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Current Liabilities					
Short-term bank loans	35,000,000	-	-	-	35,000,000
Trade payables	92,915,800	-	-	-	92,915,800
Non-trade payables	11,512,025	-	-	-	11,512,025
Accrued expenses	51,919,397	-	-	-	51,919,397
Short-term employee benefits liability	6,650,273	-	-	-	6,650,273
Sub-total	197,997,495	-	-	-	197,997,495
Non-current Liabilities					
Bonds payable	-	350,000,000	-	-	350,000,000
Lease liabilities	3,518,995	8,424,081	-	-	11,943,076
Long-term non-trade payables - third parties	7,221,406	6,204,198	-	-	13,425,604
Sub-total	10,740,401	364,628,279	-	-	375,368,680
Total	**208,737,896**	**364,628,279**	**-**	**-**	**573,366,175**
Unamortized transaction cost					(6,662,596)
Net					**566,703,579**

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2018 based on contractual discounted payments to be made (including interest payments):

	Below 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Current Liabilities					
Trade payables	138,870,014	-	-	-	138,870,014
Non-trade payables	10,144,010	-	-	-	10,144,010
Accrued expenses	56,862,299	-	-	-	56,862,299
Short-term employee benefits liability	4,529,737	-	-	-	4,529,737
Sub-total	**210,406,060**	**-**	**-**	**-**	**210,406,060**
Non-current Liabilities					
Lease liabilities	6,287,897	13,596,181	558,854	-	20,442,932
Bonds payable	-	-	350,000,000	-	350,000,000
Sub-total	**6,287,897**	**13,596,181**	**350,558,854**	**-**	**370,442,932**
Total	**216,693,957**	**13,596,181**	**350,558,854**	**-**	**580,848,992**
Unamortized transaction cost					(8,811,012)
Net					**572,037,980**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The priority in managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below: (continued)

e. Changes In Liabilities Arising From Financing Activities

	Three-month Period Ended March 31, 2021 (Unaudited)						
	Beginning Balances	Cash Flows	Foreign Exchange	Deduction	Amortization of Transaction and Issuance Cost	Acquisition Right of Use Asset Through Lease Liabilities	Ending Balances
Short term bank loans	40,000,000	-	-	-	-	-	40,000,000
Bonds payables	345,719,977	-	-	-	623,659	-	346,343,636
Lease liabilities	39,681,633	(8,836,051)	(1,062,577)	(89,358)	-	76,758,229	106,451,876
Total liabilities from financing activities	**425,401,610**	**(8,836,051)**	**(1,062,577)**	**(89,358)**	**623,659**	**76,758,229**	**492,795,512**

	Three-month Period Ended March 31, 2020 (Unaudited)						
	Beginning Balances	Cash Flows	Foreign Exchange	Adoption of PSAK 73	Amortization of Transaction and Issuance Cost	Acquisition Right of Use Asset Through Lease Liabilities	Ending Balances
Short term bank loans	35,000,000	11,000,000	-	-	-	-	46,000,000
Bonds payables	343,337,404	-	-	-	570,148	-	343,907,552
Lease liabilities	11,943,076	(6,472,412)	(4,474,680)	29,698,743	-	15,738,278	46,433,005
Total liabilities from financing activities	**390,280,480**	**4,527,588**	**(4,474,680)**	**29,698,743**	**570,148**	**15,738,278**	**436,340,557**

	Year Ended December 31, 2020						
	Beginning Balances	Cash Flows	Foreign Exchange	Adoption of PSAK 73	Amortization of Transaction and Issuance Cost	Acquisition Right of Use Asset Through Lease Liabilities	Ending Balances
Short term bank loans	35,000,000	5,000,000	-	-	-	-	40,000,000
Bonds payables	343,337,404	-	-	-	2,382,573	-	345,719,977
Lease liabilities	11,943,076	(23,217,837)	(429,532)	29,698,743	-	21,687,183	39,681,633
Total liabilities from financing activities	**390,280,480**	**(18,217,837)**	**(429,532)**	**29,698,743**	**2,382,573**	**21,687,183**	**425,401,610**

	Year Ended December 31, 2019				
	Beginning Balance	Cash Flow	Foreign Exchange	Amortization of Transaction and Issuance Cost	Ending Balance
Short-term bank loans	-	35,000,000	-	-	35,000,000
Bonds payable	341,188,988	-	-	2,148,416	343,337,404
Lease liabilities	20,442,932	(8,499,856)	-	-	11,943,076
Total liabilities from financing activities	**361,631,920**	**26,500,144**	**-**	**2,148,416**	**390,280,480**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Risk Management (continued)

e. Changes In Liabilities Arising From Financing Activities

	Year Ended December 31, 2018					
	Beginning Balance	Cash Flow	Foreign Exchange	Amortization of Transaction and Issuance Cost	Deconsolidation of SS	Ending Balance
Loan from related party	15,230,845	(15,230,845)	-	-	-	-
Lease liabilities						
Third parties	3,301,451	(3,301,451)	-	-	-	-
Related parties	27,549,877	(7,106,357)	(588)	-	-	20,442,932
Bank and other financial institution loans	59,946,558	(435,631)	(3,306,381)	355,041	(56,559,587)	-
Bonds payable	381,575,093	(305,840)	(2,271,813)	1,944,595	(39,753,047)	341,188,988
Sukuk ijarah	14,492,863	(105,293)	(810,083)	105,152	(13,682,639)	-
Long-term loan from shareholder	15,000,000	(15,000,000)	-	-	-	-
Total liabilities from financing activities	**517,096,687**	**(41,485,417)**	**(6,388,865)**	**2,404,788**	**(109,995,273)**	**361,631,920**

b. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize stockholder value. The capital of the Group consists of share capital and retained earnings. The Group manages the capital structure and make adjustments to changes of economic conditions and to meet the requirements of the lenders.

The Group monitors its capital using gearing ratios, by dividing net debts with the net equity. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of the leading companies with similar industry in Indonesia in order to secure access to finance at a reasonable cost. The Group includes within net debt, lease liabilities, short-term bank loans and bonds payable, less cash and cash equivalents. Capital includes share capital, and equity attributable to the majority shareholders of the Company.

	March 31, 2021 (Unaudited)	December 31,		
		2020	2019	2018
Short-term bank loans	40,000,000	40,000,000	35,000,000	-
Bonds payable	346,343,636	345,719,977	343,337,404	341,188,988
Lease liabilities	106,451,876	39,681,633	11,943,076	20,442,932
Total	492,795,512	425,401,610	390,280,480	361,631,920
Less cash and cash equivalents	(117,326,710)	(109,212,396)	(101,923,463)	(144,052,684)
Net debts	375,468,802	316,189,214	288,357,017	217,579,236
Net equity	192,501,540	161,749,144	245,193,711	247,828,437
Net debt to equity ratio - unaudited	**1.95**	**1.95**	**1.18**	**0.88**
Debt to equity ratio - unaudited	**2.56**	**2.63**	**1.59**	**1.46**

There are no changes to the objectives, policies and processes as of March 31, 2021, and December 31, 2020, 2019, and 2018.

36. MINING REGULATIONS

Law on mineral and coal mining ("UU Minerba") and the related government regulations

On January 12, 2009, the Government of the Republic of Indonesia issued UU Minerba. The application of UU Minerba might create such risks as the lack of domestic buyers for certain mining products related to the obligation to supply the domestic markets, the decrease of mining reserves due to limitation in the mining exploration area and production activities, and Group's capability to build processing and refinery facilities within five years or up to 2014. On February 1, 2010, the Government of the Republic of Indonesia issued Government Regulation No. 22 Year 2010 regarding "Mining Areas" ("PP No. 22") and Government Regulation No. 23 Year 2010 regarding "The Implementation of Coal and Mineral Mining Operations" ("PP No. 23"). PP No. 22 regulates further provisions concerning the boundary, area, and mechanism in determining the mine area, assignment procedures for investigation, research and data processing. PP No. 23 regulates further provisions concerning preferential treatment of minerals and/or coal for domestic purposes; procedures for granting the IUP, Special Mining Right ("IUPK") and People Mining Right ("IPR"); implementation of community development and empowerment; the procedures for reporting the results of exploration and production operations and the share divestment of IUP holder and IUPK holder whose shares are owned by foreign shareholders. PP No. 23 also requires a KP to be converted into an IUP within three months of the issue of PP No. 23, however, the details of procedures remain to be specified by the Government.

On January 5, 2018, the Minister of Energy and Mineral Resources issued Decision No.23 K/30/MEM/2018 regarding Determination of Percentage of Domestic Market Obligation ("KEPMEN No.23/2018"). This decision letter stated that 25% of coal sales of a company with Coal Contract of Works ("CCOW") and/ or Coal Mining Permit for Operation and Production is allocated for domestic market.

On June 10, 2020, the Government of the Republic of Indonesia issued Law No. 3 year 2020 regarding the Amendment to Law No. 4 year 2009 regarding Mineral and Coal Mining ("UU No. 3/2020"). UU No. 3/2020 amends various provisions from the previous law, the Law No. 4 year 2009, among others the provision regarding the centralization of licensing, provision on the extension of CCOW, divestment of foreign investment company, transfer of IUP, encumbrance prohibition for IUP and mining commodities. Within one year of the enactment of this UU No. 3/2020, the government must establish the implementing regulation of this law.

The Group has monitored the development and implementation of the UU No. 3/2020 and analyzed the impact on the Group's operations. The Group's management believes that the provisions of the new Mining Law will have no significant impact to the Group's operations in the near term.

37. RECLAMATION GUARANTEE

On February 28, 2014, the Minister of Energy and Mineral Resources issued Ministerial Regulation No. 7/2014 ("Permen ESDM 07/2014") regarding mine reclamation and post-mining activities in the mineral and coal mining activities. As of the effective date of this regulation, Ministerial Regulation No. 18/2008 regarding mine reclamation and mine closure was revoked and was no longer valid.

Permen ESDM 7/2014 states that a company is required to provide mine reclamation and postmining guarantees which may be in the form of a time deposit, bank guarantee, or accounting reserve, all of which have a duration corresponding to the reclamation schedule.

37. RECLAMATION GUARANTEE (continued)

On March 20, 2010, the Government released an implementing regulation for Law No. 4/2009 on Mineral and Coal Mining ("2009 Mining Law"), which is Government Regulation No. 78/2010 ("PP No. 78") that deals with reclamation and post-mining activities for both Ijin Usaha Pertambangan-Exploration ("IUP-Exploration") and Ijin Usaha Pertambangan-Production Operation ("IUP-Production Operation") holders.

An IUP-Production Operation holder, among other requirements, must: (1) prepare a five-year reclamation plan; (2) prepare a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed in a state-owned bank, a bank guarantee or an accounting reserve (if eligible); and (4) provide a post-mine guarantee in the form of a time deposit in a state-owned bank. The requirement to provide reclamation and post-mining guarantees does not release the IUP holder from the requirement to perform reclamation and post-mining activities.

The Company, TIA, MIFA and BEL provided Reclamation Guarantee in the form of joint account, time deposit and bank guarantee. The guarantee, which has been placed by the Company TIA, MIFA and BEL, totaling to Rp23.04 billion (equivalent to US$1,580,915) as of March 31, 2021, Rp23.29 billion (equivalent to US$1,651,353) as of December 31, 2020, Rp19.32 billion (equivalent to US$1,390,316) as of December 31, 2019 and Rp18.12 billion (equivalent to US$1,251,727) as of December 31, 2018.

In addition, TIA, MIFA and BEL provided a post-mining activities guarantee in the form of joint account in state-owned bank. As of March 31, 2021 and December 31, 2020, 2019, and 2018, TIA has placed post-mining activities guarantee amounted to US$583,621 and US$583,621, US$433,483, and US$283,345, respectively.

As of March 31, 2021 and December 31, 2020, 2019, and 2018, MIFA has placed post-mining activities guarantee amounted to Rp1.0 billion (equivalent to US$71,467), Rp1.0 billion (equivalent to US$67,352), Rp0.9 billion (equivalent to US$64,739), and Rp0.6 billion (equivalent to US$40,075).

As of March 31, 2021 and as of December 31, 2020, 2019, and 2018, BEL has placed post-mining activities guarantee amounted to Rp2.3 billion (equivalent to US$154,998), Rp2.3 billion (equivalent to US$160,226), Rp1.0 billion (equivalent to US$69,587), and Rp1.8 billion (equivalent to US$123,861)

38. SUPPLEMENTARY CASH FLOWS INFORMATION

Significant non-cash transactions:

	Three-Month Periods Ended March 31,		Years Ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	2020	2019	2018
Acquisition of right of use asset through lease liabilities	76,758,229	15,738,278	21,687,183	-	-
Reclassification of fixed assets to right of use assets	1,373,944	11,712,976	11,712,981	-	-
Acquisition of fixed assets through:					
Payables	1,312,337	3,089,047	1,670,367	7,949,767	968,614
Advance for purchase of fixed assets	494,316	458,077	458,077	684,812	-
Transfer of right of use assets to fixed assets	-	2,408,100	5,447,781	-	-
Reclassification of fixed assets to intangible assets	-	703,434	703,434	-	-
Sale of fixed assets through receivables	-	72,404	177,140	1,221,514	-
Reclassification of fixed assets to other non-current assets	-	-	-	23,896,465	-
Acquisition of intangible asset through payables	-	-	-	13,265,848	1,146,506

39. EVENTS AFTER THE REPORTING PERIOD

The Company

Changes of the Company's Board of Commissioners

Based on the Summary of Minutes of the Annual General Shareholders Meeting, the shareholders approved the changes to the Company's Board of Commissioners. Effective May 10, 2021, the composition of the Boards of Commissioners and Directors of the Company is as follows:

Board of Commissioners:

President Commissioner	: Rachmat Mulyana Hamami
Commissioner	: Mivida Hamami
Independent Commissioner	: Arief Tarunakarya Surowidjojo
Independent Commissioner	: Manggi Taruna Habir

Board of Directors:

President Director	: Achmad Ananda Djajanegara
Director	: Adrian Erlangga
Director	: Haris Mustarto

Changes of the Company's Audit Commitee

Based on the Decree of the Board of Commissioners No. 029/ABM-BOC-CIR/VI/2021 dated June 9, 2021, the Company's Board of Commissioners appointed members of the Company's Audit Committee for the term of 2021 - 2024 with the following composition:.

Audit Committee:

Chairman	: Manggi Taruna Habir
Member	: Ferry A.J. Alis
Member	: Agus Yulianto

Working Capital Loan Facility from PT Bank Negara Indonesia (Persero) Tbk ("BNI")

Based on Notarial Deed of Arry Supratno S.H., No 6 dated May 11, 2021, the Company entered into a Working Capital Loan Facility with BNI, with maximum limit of US$50,000,000 and can be used for the operations activities of the Company's subsidiaries.

This facility bears interest at 3.5% per annum. The facility will end in one year since the signing of the loan agreement.

Based on the loan agreement, the Company is required to maintain financial ratios as follows:
- Net debt to EBITDA at the maximum 3.50:1.00.
- Interest service coverage ratio at the minimum 2.00:1.00.
- Net debt to equity ratio at the maximum 2.50:1.00.

39. EVENTS AFTER THE REPORTING PERIOD (continued)

The Company (continued)

Banking Facility from PT Bank Permata Tbk ("Permata")

On June 29, 2021 the Company, CK, TIA and Reswara entered into loan agreement with Permata, a third party, for revolving loan, LC/SKBDN, post import financing and bank guarantee with a maximum limit of US$10,000,000. The facility will end in one year since the signing of the loan agreement.

This loan bears interest at London Interbank Offered Rate ("LIBOR") plus a margin of 3.00% per annum.

Based on the loan agreement, the Company is required to maintain certain financial ratios which will be tested quarterly as follows:
- Interest service coverage ratio at the minimum 2.50:1.00.
- Net debt to EBITDA at the maximum 3.00:1.00.
- Net debt to equity ratio at the maximum 2.00:1.00.
- Priority indebtedness at the maximum 10.00%.

2019 Corporate Income Tax

On June 25, 2021, the Company received a SKPLB for 2019 corporate income tax amounting to US$1,855,299.

In accordance to the SKPLB, the Company's tax loss for 2019 was corrected to become fiscal loss of US$6,459,792 out of the fiscal loss previously reported amounting to US$10,848,708. The difference amounting to US$4,388,916 is recorded as deduction to accumulated tax loss and the Company did not submit an objection to the SKPLB.

40. MACROECONOMIC UNCERTAINTY

The Group operation has and may continue to be impacted by the outbreak of Covid-19 virus which started in China and subsequently spread to other countries including Indonesia. The effects of Covid-19 virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of Covid-19 virus to Indonesia and the Group are unclear at this time. A significant rise in the number of Covid-19 virus infections or prolongation of the outbreak may affect Indonesia and the Group's operation. The Group's management will continue to monitor and overcome the risks and uncertainties regarding this matter in the future.

41. PURPOSE OF PREPARATION AND ISSUANCE THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared and issued solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, as amended.

APPENDIX A — RESERVE STATEMENT FOR TIA

RPMGLOBAL

Statement of Open Cut Coal Resources and Reserves as at 31 December 2020

PT. Tunas Inti Abadi

JOB Number : ADV-JA-04043
Date : 9 July 2021

DOCUMENT CONTROL SHEET

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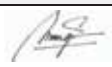
Name		**Position**	**Signature**	**Date**
Prepared By:	Oki Wijayanto	Practice Lead Coal Asia - Geology		5/7/2021
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5. Mining Unknown Factors

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond RPM's control and that RPM cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

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Executive Summary

RungePincockMinarco ("RPM") was commissioned by PT. ABM Investama Tbk (the "Client" or "ABM") to prepare an independent estimate (hereafter, referred to as the "Statement") of the Open Cut Coal Resources and Reserves of PT. Tunas Inti Abadi coal mining concession ("TIA" or the "Project"), located in the Tanah Bumbu Regency, Kalimantan Selatan Province, Indonesia. ABM is a subholding integrated coal mine company, currently operating 3 mining concessions in production status, including TIA. The Statement reports the Coal Resources as at 31 December 2020 and has been undertaken in accordance with the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia ("The JORC Code").

The topography of the TIA concession is low undulating terrain varying in height from approximately 30 m to 80 m ASL.

The Project contains lignite to sub-bituminous coal-bearing stratigraphy deposited in the Middle Miocene age Warukin Formation. The geology is best described as multiple-seam deposit overlying the eastern limb of a syncline structure. Strata gently dips at up to 4 degrees to the west. No faulting has been interpreted within the project, although it is recognised that some minor faulting may occur in the area.

A total of 30 seams and sub-seams (or seam splits) have been identified across the TIA Project area, with vertical seam thickness ranging from 0.1 m to 6.9 m. The B, C, and D group seams, ordered stratigraphically from youngest to oldest, are the main seams which have an average vertical thickness of 2.7 m, 2.5 m and 2.6 m respectively.

According to the ASTM Classification standard the coal is classified as lignite to sub-bituminous rank coal, with the majority of lignite. The coal quality is characterised by low ash (average 4.5% adb), low sulphur (average 0.13% adb), and a low Calorific Value ("CV") average of 4,095 kcal/kg (gar).

The TIA Resource area has been subjected to detailed drilling. The typical drill hole spacing is 200 m over the target Resource areas. A total of 350 drill holes, which included 34 drill holes from recent exploration program in 2018 were used to build the geological model, with average depth 72 m and maximum depth of 150 m. The majority of the drillholes are geophysically logged. Drill hole collar survey and topographic data were acquired by high accuracy total station.

RPM is of the opinion that the geological database and geological model are adequate for Coal Resource estimates to be reported in accordance with the JORC 2012 Code. Coal Resources have been estimated from the geological model prepared by TIA geologists based on the drill hole data available at 31 March 2021.

The Coal Resource estimations were completed based on the geological confidence with the consideration of geological assumptions along with the evaluation of reasonable prospect for eventual economic extraction. RPM categorised the Coal Resources at the Project into three categories; Measured, Indicated and Inferred. The categorisations relied on the structural and coal quality Point of Observations which were derived from drill hole information. The determination of the Coal Resource category was mainly based on seam characteristic which were related to the variability of seam thickness, quality and structural complexity. The Coal Resource classification was based on a seam group basis.

The Coal Resources at the Project are estimated by RPM to total 21 Mt of which 6 Mt are classed as Inferred, 6 Mt are classed as Indicated and 9 Mt are classed as Measured.

A summary of the Resources Estimate by Resource Category is provided in **Table ES1**. The Resources are estimated as of 31 December 2020.

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Table ES 1 Coal Resources Summary as at 31 December 2020

Area/ Block	Resources (Mt)				TM (%)	IM (%)	Ash (%)	TS (%)	CV (kcal/kg)	RD
	Inferred	Indicated	Measured	Total	(ar)	(adb)	(adb)	(adb)	(gar)	In situ
Inferred Resources										
TIA	6			6	36.7	16.6	4.4	0.14	4,085	1.25
Indicated Resources										
TIA		6		6	36.3	16.6	4.4	0.13	4,100	1.25
Measured Resources										
TIA			9	9	36.3	16.4	4.5	0.13	4,095	1.26
Grand Total/ Average	**6**	**6**	**9**	**21**	**36.4**	**16.5**	**4.5**	**0.13**	**4,095**	**1.25**

Note:
1. The Statement of JORC Coal Resources for TIA has been compiled under the supervision of Mr. Oki Wijayanto who is a full-time employee of RPM and a Registered Member of the Australian Institute of Mining and Metallurgy. Mr. Wijayanto has sufficient experience that is relevant to the style of Coal and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
2. All Coal Resources figures reported in the table above represent estimates at 31 December, 2020. Coal Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results.
3. Figures reported are rounded which may result in small tabulation errors.
4. Resources are reported inclusive of Reserves.
5. Coal Resources have been estimated in accordance with the guidelines of the 2012 Edition of the JORC Code and the Australian Coal Guidelines 2014 edition.
6. Resources are reported on 100% equity basis.

A long-term average coal benchmark price of USD80 per tonne at 6,322 kcal/kg gar calorific value was adopted and RPM is of the opinion that this benchmark price is a reasonable forecast at the time of reporting.

An independent study of the long-term coal price forecast has been commissioned by the Client and provided to RPM to be used as the basis for estimating Reserves at the time of this report (refer to "Coal market prices, news and analysis, Argus media, April 2021" or "Argus Report").

RPM used cost data provided from the Client to determine the Break-even Strip Ratio ("BESR") and conduct Mine Optimisation using Minex "Optimiser" software. A series of incremental pit shells which reflect different economic scenarios and changes in the break-even incremental strip ratio were generated from the Optimiser. RPM selected the optimum shell with an incremental strip ratio less than the BESR to be used as the basis for a practical pit and life of mine plan.

A Life of Mine ("LOM") plan has been completed by the Client to support the JORC coal Reserve estimate. The LOM describes the mining plan and mining sequence until the end of mine life. A production schedule report and mass balance include the NPV for the Project has been provided by Client as a part of the LOM study.

Open Cut Coal Reserves were estimated by applying modifying factors and exclusion criteria to the Coal Resources. As per the requirements of the JORC code only Measured Resources were converted to Proved Resources and Measured and/or Indicated Resources were converted to Probable Reserves. Conversion of Resources to Reserves was controlled through the application of modifying factors (such as recovery, dilution and global losses). No Inferred Resources were converted to Reserves.

The Coal Reserves and weighted average coal qualities are listed by block in **Table ES 2**. Open Cut Coal Reserves were estimated to total 8 Mt, of which 7 Mt are classed as Proved with the balance of 1 Mt classed as Probable.

The Coal Resources are reported inclusive of Coal Reserves, (that is, Coal Reserves are not additional to Coal Resources).

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Table ES. 2 Coal Reserves Summary as at 31 December 2020

Area/Block	Reserves (Mt)			TM	IM	Ash	TS	CV	RD
				%	%	%	%	kcal/kg	
	Probable	Proved	Total	(ar)	(adb)	(ar)	(ar)	(gar)	In situ
Probable Reserves									
TIA	1	0	1	35.6	15.3	4.2	0.13	4,070	1.26
Proved Reserves									
TIA	0	7	7	36.2	15.8	4.6	0.12	4,020	1.26
Grand Total/Average	**1**	**7**	**8**	**36.1**	**15.7**	**4.6**	**0.12**	**4,030**	**1.26**

Notes:
1. The Statement of JORC Open Cut Coal Reserves has been compiled under the supervision of Mr. Gusti Sumardika who is a full-time employee of RPM and a Registered Member of the Australian Institute of Mining and Metallurgy Mr. Gusti Sumardika has sufficient experience which is relevant to the style of Coal and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.
2. Tonnages are metric tonnes.
3. Coal Reserve estimates are not precise calculations. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
4. Coal Reserves have been estimated in accordance with the guidelines of the 2012 Edition of the JORC Code and the Guidelines 2003 Edition.
5. Coal Reserves have been estimated on a 100% ownership basis.
6. Marketable Reserves are the same as Coal Reserves. Product is sold as a crushed coal product with no coal washing activity undertaken.
7. Marketable Reserves and Coal Reserves are inclusive and not additional to the Coal Resources.

There are a number of technical, marketing, planning and statutory inputs which may impact on the stated Coal Reserves in future JORC statements. When the next JORC statement is prepared it is likely to have different pit shells and quantities. The changed inputs could include:

- Results from further geotechnical studies;
- Results from ongoing exploration drilling (including coal quality coring), and subsequent updates to the geological model;
- Updates to the life of mine plan;
- Changes in regulatory requirements;
- Changes in the coal prices; and
- Changes in the operating cost.

The Coal Resources were estimated by Mr Oki Wijayanto, BSc (Geology) who is a Member of the Australasian Institute of Mining and Metallurgy. He is a full-time employee of RPM and has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity undertaken to qualify him as a Competent Person as defined in the 2012 Edition of the JORC Code. The estimates are based on information compiled and reviewed by RPM geologists under the supervision of Mr Oki Wijayanto.

The Coal Reserves were estimated by Mr Gusti Sumardika, BSc (Mining) who is a Member of the Australasian Institute of Mining and Metallurgy. He is a full-time employee of RPM and has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity undertaken to qualify him as a Competent Person as defined in the 2012 Edition of the JORC Code. The estimates are based on information compiled and reviewed by RPM engineers under the supervision of Mr Gusti Sumardika.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY IV

ACRONYMS & ABBREVIATIONS XI

1. INTRODUCTION 1

1.1 General 1
1.2 Approach 1
1.3 Relevant Reports and Studies 3
1.4 Purpose of this Report 4
1.5 Previous Coal Resource and Reserve Statements 4
1.6 Limitations and Exclusions 4
1.7 Independence 4
1.8 Indemnification 5
1.9 Inherent Mining Risks 5

2. COMPETENT PERSONS STATEMENT 6

3. PROJECT DESCRIPTION 8

3.1 Location 8
3.2 Physiography and Climate 8
3.3 Accessibility and Local Resources 8
3.4 Coal Tenements, Mining Approvals and Land Tenure Status 8
3.4.1 Mining Concession 8
3.5 Mining Operations 9
3.6 Infrastructure of Coal Handling Facilities 9
3.7 Site Visit 9

4. GEOLOGY & MINERALISATION 13

4.1 Regional Geology 13
4.1.1 Warukin Formation 16
4.2 Local Geology 16

5. EXPLORATION 26

5.1 Summary 26
5.2 Exploration To April 2011 26
5.3 Exploration Post April 2011 – 2016 27
5.4 Exploration 2018 27
5.5 Pit Sampling 2020 - 2021 27
5.6 Geological Dataset 29
5.7 Sampling 29
5.8 RPM QA – QC 30
5.8.1 Topography and Collar Survey 30
5.8.2 Geophysical Logging 31
5.8.3 Lithological Logging 32
5.8.4 Core Recovery 32
5.8.5 Seam Picks and Correlation 33
5.8.6 Sample Intervals 35
5.8.7 Coal Quality 35
5.9 Laboratory Testing Quality Analysis 36
5.9.1 QA – QC Regression Analysis 36

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5.9.2 Total Moisture 37
5.9.3 Relative Density Conversion 37

6. DEPOSIT MODELLING 38
6.1 Resource Dataset 38
6.2 Topographic Surface 38
6.3 Weathering 38
6.4 Structural Model 38
6.5 Quality Model 42

7. RESOURCE ESTIMATION 47
7.1 Basis of Estimation 47
7.2 Reasonable Prospects for Eventual Economic Extraction 47
7.3 Definition of Points of Observation 48
7.3.1 Structural PoO 49
7.3.2 Quality PoO 49
7.4 Resource Classification 49
7.5 Resource Risk Assessment 51
7.6 Coal Reconciliation 2017 - 2020 52
7.7 Coal Resource Estimate 2020 53
7.8 Previous Resource Estimate 54

8. MINING RESERVE ESTIMATES 57
8.1 Coal Reserve Estimate Process 57
8.2 Coal Resource Estimate 57
8.3 Mining Study Status 57
8.3.1 TIA Life of Mine Plan (LOM) 57
8.4 Mining Factors 58
8.5 Cut-off Parameters and Pit Limits 59
8.6 Metallurgical Factors 59
8.7 Cost and Revenue Factors 59
8.8 TIA Economic Shell 60
8.9 TIA Mineable Quantities 64
8.10 TIA Production Profile 64
8.11 Marketing and Product Specifications 66
8.12 Economic Assessment 66
8.13 Other Relevant Factors 66
8.14 Classification 66
8.15 Audits and Reviews - JORC Code Check List 67
8.16 Results 67
8.17 Discussion of Relative Accuracy and Confidence 68
8.18 Previous Reserve Estimates 69

LIST OF TABLES

Table ES 1 Coal Resources Summary as at 31 December 2020 v
Table ES. 2 Coal Reserves Summary as at 31 December 2020 vi

Table 3.1 TIA Mining Concession 9
Table 4.1 Seam Groups Average Thicknesses & Interburdens, TIA 17
Table 5.1 Exploration Drilling Statistics 26

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