

# NEWS RELEASE

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## **ADARO ENERGY IMPROVES EFFICIENCY TO GENERATE STRONG EBITDA OF US\$822 MILLION**

*Resilient Business Model Generated Operational EBITDA of US\$860 million and Core Earnings of US\$284 million.*

- We posted revenue of US\$3,285 million and cost of revenue of US\$2,546 million. We hit our FY13 EBITDA guidance of US\$750 million to US\$900 million, recording EBITDA of US\$822 million, a decline of 25%, and EBITDA margin of 25%. **(page 5-6)**
- Our FY13 Operational EBITDA, which excludes non-operational accounting items, declined by 23% to US\$860 million, reflecting the resiliency of the business model and the earning power of the firm. **(7)**
- We beat our FY13 coal cash cost (excluding royalty) target of US\$35 to US\$38 per tonne for FY13 posting coal cash cost of US\$34.86 per tonne, down 11% due to cost reduction initiatives and lower than expected fuel prices. **(5-6)**
- Our net income for FY13 decreased 40% to US\$229 million mainly driven by lower revenue from softer ASP. **(7)**
- Our FY13 core earnings, which excludes non-operational accounting items, declined by 36% to US\$284 million, representing our quality after tax earnings. **(7-8)**

*Solid Growth, Low Capital Expenditure and Strong Free Cash Flow*

- We achieved record annual production and delivered on the higher end of our guidance of 50 Mt to 53 Mt, growing by 11% y-o-y to 52.3 Mt from 47.2 Mt. Our 4Q13 production of 13.59 Mt was our second highest quarterly production. **(5)**
- Capital expenditure decreased 66% to US\$165 million in-line with our target of US\$150 million to US\$200 million. We achieved record annual production without spending for heavy equipment. **(10)**
- On the back of strong cash flow from operating activities and reduced capital expenditure, our FY13 free cash flow increased by 141% to US\$568 million. **(10)**

*Maintained Strong Financial Position for Long Term Growth*

- Our liquidity remained solid with access to cash of approximately US\$1.1 billion, allowing us to weather the current cyclical downturn and continue to execute on our business model. **(9-10)**
- We continued to reduce our debt position and lowered our interest bearing debt by 9% to US\$2,221 million, resulting in net debt to EBITDA of 1.87x and net debt to equity of 0.48x as of the end of FY13. **(9)**
- We will continue to preserve cash, strengthen our capital structure and extend the maturity profiles of our borrowings **(9-10)**

## SUMMARY FOR FINANCIAL YEAR 2013

### Operational Performance

	2013	2012	% Change
Production Volume (Mt)	52.3	47.2	11%
Sales Volume (Mt)	53.5	48.6	10%
Overburden Removal (Mbcm)	294.9	331.5	-11%

Achieved a new annual record for production of 52.3Mt during FY13

### Financial Performance

<i>(US\$ Million, except otherwise stated)</i>	2013	2012	% Change
Net Revenue	3,285	3,722	-12%
Cost of Revenue	(2,546)	(2,680)	-5%
Gross Profit	739	1,043	-29%
Operating Income	534	836	-36%
Net Income	229	383	-40%
Core Earnings <sup>1</sup>	284	440	-36%
EBITDA <sup>2</sup>	822	1,101	-25%
Operational EBITDA <sup>3</sup>	860	1,111	-23%
Total Assets	6,734	6,692	1%
Total Liabilities	3,539	3,697	-4%
Stockholders' Equity	3,195	2,995	7%
Interest Bearing Debt	2,221	2,445	-9%
Cash	681	500	36%
Net Debt	1,540	1,945	-21%
Capital Expenditure <sup>4</sup>	165	485	-66%
Free Cash Flow <sup>5</sup>	568	235	141%
Basic Earnings Per Share (EPS) in US\$	0.00723	0.01205	-40%
Coal cash cost (ex. royalty) in US\$	34.86	38.95	-11%

Higher free cash flow by 141% y-o-y on the back of strong operating cash flow and low capex

Beat coal cash cost guidance, posting US\$34.86 of cash cost per tonne

### Financial Ratios

	2013	2012	% Change
Gross Profit Margin (%)	22.5%	28.0%	-20%
Operating Margin (%)	16.3%	22.5%	-28%
EBITDA Margin (%)	25.0%	29.6%	-15%
Net Debt to Equity (x)	0.48	0.65	-
Net Debt to EBITDA (x)	1.87	1.77	-
Cash from Operations to Capex (x)	4.01	0.88	-

Maintained solid margins and capital structure with robust cash flow generation

<sup>1</sup> Net income excluding non-operational accounting items net of tax (provision for doubtful account in trade receivable, provision for other receivables related to a non-coal investment, prior tax assessment for fiscal year 2007 and 2010, impairment for unrecoverable overland conveyor (OLC) project costs, unrealized one time non cash gain from Balangan acquisition, goodwill impairment of logistics business line and amortization of mining properties)

<sup>2</sup> Net income before income tax + finance costs - interest income + foreign exchange loss – unrealized one time non cash gain from Balangan acquisition + goodwill impairment of logistics business line + depreciation and amortization

<sup>3</sup> EBITDA excluding non-operational accounting items (provision for doubtful account in trade receivable, provision for other receivables related to a non-coal investment, prior tax assessment for fiscal year 2007 and 2010 and impairment for unrecoverable OLC project costs).

<sup>4</sup> Purchase of fixed assets –proceed from disposal of fixed assets+ payment for addition of mining properties + payment for addition of exploration and evaluation

<sup>5</sup> EBITDA – taxes – change in net working capital – capital expenditure

**Operating Segment**

<i>(US\$ Million)</i>	Revenue			Net Profit		
	2013	2012	% Change	2013	2012	% Change
Coal mining & trading	<b>3,069</b>	3,439	-11%	<b>246</b>	413	-40%
Mining services	<b>148</b>	210	-30%	<b>-17</b>	15	-215%
Others	<b>68</b>	74	-7%	<b>22</b>	17	29%
Elimination	-	-	-	<b>-22</b>	-62	-65%
<b>Adaro Energy Group</b>	<b>3,285</b>	<b>3,722</b>	<b>-12%</b>	<b>229</b>	<b>383</b>	<b>-40%</b>

## MESSAGE FROM OUR PRESIDENT DIRECTOR AND CEO

Dear Capital Market Participants,

Adaro delivered on our 2013 targets, despite macro headwinds. Our operations are running well and we had a record year of production with 52.3 Mt. Our low-cost business model remained resilient and we were able to lower our cash cost and deliver robust cash flow through an improved focus on cost discipline and productivity. We lowered cash cost of 11% of US\$34.86 thus beating our cost guidance of US\$35 to US\$38. We hit our FY13 EBITDA guidance of US\$750 million to US\$900 million, recording EBITDA of US\$822 million, a decline of 25%. Our EBITDA margin of 25% was among the best in Indonesian thermal coal. Our net income for FY13 decreased 40% to US\$229 million mainly due to lower revenue from softer ASP.

We are now publishing our Operational EBITDA and Core Earnings, both of which exclude non-operational accounting items. We believe these figures better reflect the core earning power of the firm. These are numbers that the Board of Directors and the key shareholders of the firm use to judge the performance of the Company. Operational EBITDA declined by 23% to US\$860 million and our core earnings declined by 36% to US\$284 million. As these results declined at a lower rate than our reported figures, the results demonstrate the high quality of our earnings and the sustainability of our business model.

Coal prices continued to be under pressure in 2013, mainly due to an oversupply in the coal market and softer domestic prices in China. However, for Adaro, the effects of such macro challenges were offset by the strong performance of our core business. We continue to work together with our contractors, improve the business process and productivity along the coal supply chain, further instill a culture of cost discipline throughout the company, and provide reliable coal supply to our customers.

We lowered our capital spending, generated positive cash flows, and continued to pay down our debt. We have access to approximately US\$1.1 billion of liquidity, with long dated maturities on our credit facilities, which gives us significant headroom to weather the downturn.

We believe the fundamentals for the coal industry remain strong supported by increasing demand for energy. ASEAN countries together with China and India will play a major role in energy demand due to large population base, robust economic growth and current low levels of electrification. Indonesian coal will remain competitive due to its low cost of production and close proximity to major export destinations.

As for Adaro, we will keep doing what we do best: maintain reliability of coal supply to our customers, continue to improve operational efficiency and strengthen our capital structure. It all boils down to creating maximum value from Indonesian coal and giving our maximum contribution to national development.

On behalf of the Board of Directors

**Garibaldi Thohir**  
**President Director and CEO**

## FINANCIAL PERFORMANCE ANALYSIS FOR FISCAL YEAR 2013

### Net Revenue and Average Selling Price

For the twelve months ended December 31, 2013, we booked a 12% lower revenue y-o-y of US\$3,285 million. The decrease was attributed to lower average selling price (ASP), which was 19% lower y-o-y.

Our operations continued to run well and demand for our coal was strong as we achieved record annual production and delivered on the higher end of our guidance of 50 Mt to 53 Mt, growing by 11% y-o-y to 52.3 Mt from 47.2 Mt. Our 4Q13 production of 13.59 Mt was our second highest quarterly production.

### **Adaro Coal Mining and Trading**

Our coal mining and trading division, PT Adaro Indonesia (AI) and Coaltrade Services International Pte Ltd (CTI) generated 93% of our revenue. In FY13, net revenue from coal mining and trading decreased 11% to US\$3,069 million due to weaker ASP.

### **Adaro Mining Services**

PT Saptaindra Sejati (SIS), our mining service division, is the second largest contributor to our revenue, accounting for 4% of our total revenue. SIS's third party revenue of US\$148 million in FY13 was 30% lower from US\$210 million in 2012. This was mainly due to SIS's decision not to extend its contract with two customers and other customers' requests to reduce overburden removal.

### **Adaro Logistic Services, Others**

Our other business segment includes PT Alam Tri Abadi (ATA), coal port operator PT Indonesia Bulk Terminal (IBT), barging and ship loading division PT Maritim Barito Perkasa (MBP) and water toll contractor PT Sarana Daya Mandiri (SDM). Total third party net revenue in FY13 from these other business segments decreased 7% to US\$68 million due to lower fuel sales to third party barging companies by ATA and lower coal volumes loaded at IBT, despite increased third party barging by MBP.

### Cost of Revenue and Coal Cash Cost

Cost of revenue for FY13 was US\$2,546 million, a decrease of 5% y-o-y due to lower third party output of SIS, which offset higher production cost from longer overburden hauling distances and larger production volumes at higher cost mines, mainly Paringin.

We beat our 2013 coal cash cost (excluding royalty) guidance of US\$35 to US\$38 per tonne, posting US\$34.86 per tonne 11% lower y-o-y due to lower stripping ratio, lower fuel price, more contractors' volumes in-house and other cost reduction initiatives. In 2013, we continued to promote efficiency, increase productivity and improve safety. We also negotiated a more competitive mining rate with our contractors for the new contract term. We remained at the bottom end of the cost curve for coal miners worldwide.

#### Coal Cash Cost (US\$)

	FY 2012	1Q 2013	1H 2013	9M 2013	FY2013
Coal Cash Cost (ex. royalty)	38.95	37.10	35.51	34.68	<b>34.86</b>

### **Adaro Coal Mining and Trading**

Total cost of revenue for mining and trading for FY13 was US\$2,369 million, a 2% decrease y-o-y on the back of a lower stripping ratio and lower realized fuel price, despite the larger production volumes from higher cost mines in Paringin and longer overburden hauling distance. Coal mining and trading accounted for the biggest portion of our total cost of revenue at 93%.

- **Fuel**

Our fuel cost for FY13 decreased 4% to mid-US\$0.80s per liter. To anticipate oil price fluctuations and to lock in our margins, we hedged approximately 80% of our 2013 fuel needs in the low US\$0.80's per liter. Our hedged fuel prices were below the budget we set at the beginning of FY13, helping us to stay below our coal cash cost guidance.

- **Coal Processing**

Coal processing costs consist of the cost to crush our coal at the Kelanis River Terminal and other costs not borne by mining contractors, including the cost for repair and maintenance of the hauling road. Cost of coal processing was US\$126 million for FY13, which increased 7% due to higher production volume. Coal processing accounted for 5% of our total cost of revenue.

- **Royalties to Government**

Our royalties to the Government of Indonesia decreased 9% to US\$348 million due to lower revenues. Royalties accounted for 14% of our total cost of revenue for FY13.

- **Freight and Handling**

Our freight and handling cost declined 2% y-o-y to US\$269 million. Freight and handling accounted for 11% of our total cost of revenue for FY13.

### **Adaro Mining Services**

Cost of mining services decreased by 35% y-o-y to US\$135 million. The decrease was due to lower third party volume as well as associated decrease in repair and maintenance, consumables, employee costs and subcontractors. Mining services cost is associated with our mining contractor SIS and accounted for 5% of our total cost of revenue.

### **Adaro Logistics Services, Others**

The cost of other subsidiaries, which are substantially associated to third party cost of revenue of Adaro Logistics, decreased 34% y-o-y to US\$43 million, in-line with the decrease in third party revenue from this division. The cost related to our other subsidiaries accounted for less than 2% of our total cost of revenue for FY13.

### **EBITDA and Operational EBITDA**

Despite weaker coal prices, we delivered EBITDA of US\$822 million, in-line with our FY13 guidance of US\$750 million to US\$900 million. EBITDA, which declined 25%, includes the US\$146 million unrealized one time non cash gain (negative goodwill) from our Balangan acquisition, a one-time goodwill impairment of US\$102 million from our logistics business line and a foreign exchange loss of US\$53 million. We maintained a solid EBITDA margin of 25%, among the highest in Indonesian thermal coal. Our measures to promote efficiency, negotiate competitive contracting prices and marketing efforts enabled us to maintain a favorable EBITDA margin.

Our Operational EBITDA declined 23% to US\$860 million excluding non-operational accounting items, which consisted of a US\$10 million provision for a doubtful account in trade receivables, US\$7.5 million provision in other receivables related to a non-coal investment, US\$14.3 million for a prior tax assessment for fiscal year 2007 and 2010 and US\$5.9 million impairment for unrecoverable OLC project costs.

	FY 2012	1Q 2013	1H 2013	9M 2013	FY 2013
EBITDA margin	29.6%	25.9%	26.5%	27.2%	25.0%

### **Operating Expenses and Other Expenses**

Operating expenses for FY13 were flat at US\$173 million primarily due to lower selling and marketing expenses that were offset by an increase in general and administrative costs (G&A). Selling and marketing expenses decreased 17% y-o-y to US\$42 million as we did more marketing activities in-house. Employee costs decreased by 4% to US\$52 million on the back of emphasized cost discipline across the company, while other G&A costs increased 15% y-o-y to US\$79 million mainly due to G&A of our subsidiaries, which commenced operational activities.

### **Other income / (expenses), net**

In FY13 we booked other income / (expenses) of US\$32 million with details as follows:

<b>Other income / (expenses), net</b>			
<b>(US\$ Million, except otherwise stated)</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
Negative goodwill from business acquisition	146	-	
Loss on goodwill impairment	(102)	-	
Foreign exchange loss	(53)	(12)	332%
Others	(23)	(21)	7%
<b>Total</b>	<b>(32)</b>	<b>(33)</b>	<b>-4%</b>

- Unrealized one time non cash gain (negative goodwill) from our Balangan acquisition amounted to \$146 million. The higher fair value than the initial value was a result of Balangan's distressed purchase price, its close proximity to AI's existing infrastructure, low capex for development and improvement on mineable tonnage.
- Loss on goodwill impairment of our logistics business line amounted to US\$102 million. The fair value of our logistics business line was lower than the carrying value due to changes in the business model of our logistics business line resulting in less business for it. This impairment strengthens our balance sheet position by reducing an under-performing asset.
- We experienced a foreign exchange loss of US\$53 million due to the revaluation of our Rupiah monetary assets and liabilities as the Rupiah depreciated against US Dollar by 26% in FY13. We held an equivalent of US\$270 million of assets and US\$145 million of liabilities denominated in currencies other than US Dollar, primarily in Rupiah.

### **Net Income and Core Earnings**

Our net income for FY13 decreased 40% to US\$229 million. Our underlying core earnings decreased by 36% to US\$284 million. Core earnings excludes non-operational accounting items net of tax, which consisted of US\$146 million unrealized one time non cash gain (negative goodwill) from our Balangan acquisition, a one-time goodwill impairment of US\$102 million from

our logistics business line, a US\$59 million amortization of mining properties, US\$5.5 million provision for a doubtful account in trade receivables, US\$7.5 million provision in other receivables related to a non-coal investment, US\$20 million for a prior tax assessment for fiscal year 2007 and 2010 and US\$5.9 million impairment for unrecoverable OLC project costs. Lower net income was mainly driven by lower ASP and other charges.

### **Total Assets**

Our total assets were relatively flat y-o-y at US\$6,734 million. Current assets decreased by 3% to US\$1,371 million mainly due to lower trade receivable and recoverable taxes. Meanwhile, non-current assets increased by 2% to US\$5,363 million primarily due to an increase in mining properties from the acquisition of Balangan.

### **Cash**

Cash increased by 36% to US\$681 million as a result of our continuous effort to preserve cash and strong cash flow generation. Cash accounted for 10% of total assets, of which 86% is held in US Dollar.

<i>(US\$ million)</i>	<b>Cash in Banks</b>	<b>Deposits</b>	<b>Total</b>	<b>%</b>
Rupiah (Rp)	69.4	27.6	<b>97.0</b>	<b>14%</b>
US Dollar (US\$)	412.0	170.4	<b>582.4</b>	<b>86%</b>
Other currencies	1.1	0.3	<b>1.5</b>	<b>0%</b>
<b>Total</b>	<b>482.6</b>	<b>198.3</b>	<b>680.9</b>	<b>100%</b>

### **Fixed Assets**

Our fixed assets for FY13 decreased 4% to US\$1,706 million. Fixed assets accounted for 25% of total assets.

### **Mining Properties**

Our mining properties increased by 13% to US\$2,187 million from US\$1,927 million. This increase was mainly attributed to the addition of the Balangan acquisition. The valuation of Balangan was derived from 172 Mt of resources, good quality and low pollutant coal with a 4,400 calorific value and initial capital expenditure of US\$15 million to ramp up Balangan's production to reach 8 Mt in the medium term. We continued drilling to define the coal reserves at Balangan and expect reserves to be JORC certified in phases. First production is planned for 2014.

The unrealized one time non cash gain from Balangan offsets one time non-operational costs including the impairment of our logistics business line, provision for a doubtful account in trade receivables, provision for other receivables related to a non-coal investment, and impairment for unrecoverable OLC project costs.

### **Goodwill**

Our goodwill for FY13 decreased 10% to US\$920 million due to the impairment of goodwill on our logistics business line. In accordance to our accounting policy, we test our goodwill annually for impairment. As the fair value of our logistics business line was below its carrying value, we recognized an impairment charge of US\$102 million. This condition was due to changes in the business model of our logistics business line, in which the business outlook was not as robust as expected.



### ***Deferred Stripping Costs***

Our deferred stripping costs for FY13 decreased 12% to US\$38 million due to amortization of the previous year balance on deferred stripping cost. We were able to lower the average planned strip ratio in 2013 to 5.75x from 6.40x in 2012 without harming our long-term mine plan due to our investment in overburden removal during the higher coal price environment in FY11 and FY12. The lower average planned strip ratio is still above the life of mine strip ratio. Actual strip ratio for FY13 was 5.64x lower than 7.02x in 2012. We expensed FY13 deferred stripping costs since 2013 actual strip ratio was not significantly different from the planned strip ratio.

### **Total Liabilities**

Our total liabilities decreased 4% to US\$3,539 million. Current liabilities decreased 14% to US\$774 million, due to lower current portion of long term borrowings.

Non-current liabilities decreased by 1% to US\$2,765 million mainly due to lower net of current maturities long-term borrowings, which were partially offset by increase in provision for mine reclamation and closure and deferred tax liabilities.

We continue to deleverage as interest bearing debt was down by 9% in FY13 to US\$2,221 million. Our balance sheet remains healthy with net debt to EBITDA of 1.87x and debt to equity of 0.48x. This provides us with more options to create long term growth strategy and strengthen capital structure.

### ***Current Maturities of Long-term Borrowings***

Our current maturities of long-term borrowings for FY13 decreased 37% to US\$188 million. This was largely due to our successful refinancing effort converting short duration and maturing loans into long term liabilities and thus creating more flexibility.

### ***Long-term Borrowings***

Our long-term borrowings for FY13 decreased 5% to US\$2,033 million as we continue to deleverage as per our debt repayment schedule.

### **Debt Management and Liquidity**

We have a strong capital structure due to long maturity profiles of our borrowings, a healthy cash position and solid liquidity, allowing us to weather these challenging times and continue to execute on our business model. As of the end of December 2013, we had access to liquidity of more than US\$1.1 billion, consisting of US\$681 million in cash and US\$433 million in undrawn long term fully committed credit facilities.

<b>Borrower</b>	<b>Facility (year secured)</b>	<b>Undrawn (US\$ mn)</b>
AI & CTI	US\$750 million (2007)	-
SDM	US\$15 million (2009)	-
SIS	US\$400 million (2011)	100.0
AI	US\$750 million (2011)	278.5
MBP	US\$160 million (2012)	15.0
MBP	US\$40 million (2012)	40.0
AI	US\$380 million (2013)	-
AI	US\$800 million Notes (2009)	-
<b>Total</b>		<b>433.5</b>

As a measure to deleverage, we made voluntary accelerated repayment totaling US\$54 million during the year to some facilities on top of fixed amortization of the debt repayment schedule. Hence, in total we made US\$214 million of debt repayment in 2013. Our average debt repayment schedule for the next five years from 2014 to 2018 is at a manageable level of around US\$175 million per year. Further, we expect our operating subsidiaries, especially AI, to continue to generate strong cash flow to comfortably meet our financing needs.

<i>(US\$ million)</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Debt repayment schedule	159.2	210.0	148.8	170.3	188.3

### **Cash Flows from Operating Activities**

Our cash flows from operating activities for FY13 increased 67% y-o-y to US\$722 million mainly due to lower income taxes and payment to suppliers. Payment of income taxes dropped 45% to US\$247 million due to lower revenues. Payment to suppliers decreased 16% to US\$2,003 million as we continued to execute cost discipline across our organization.

### **Cash Flows from Investing Activities**

Our cash flows used in investing activities during FY13 decreased 64% to US\$184 million as we lowered our capital expenditure. Purchases of fixed assets decreased by 68% to US\$136 million as we continued to optimize the capacity of our heavy equipment fleet and benefited from higher productivity gains.

#### ***Capital Expenditure***

Our net capital expenditure during FY13 decreased significantly by 66% to US\$165 million, in line with our 2013 guidance of US\$150 million to US\$200 million. We had completed our project spending and did not spend on heavy equipment in 2013. Capex spending in 2013 was mainly for maintenance and land acquisitions. Our infrastructure projects are in their final stages and our current heavy equipment fleet provides us with adequate capacity to achieve our 2014 production target. The low capital expenditure allowed us to preserve more cash.

#### ***Free Cash Flow***

Our free cash flow during FY13 increased 141% to US\$568 million as we applied strict capital discipline across the organization resulting in lower operational costs and capital expenditure. Combined with strong cash flow generation from our operating activities we expect to enhance value and returns for shareholders.

### **Cash Flows from Financing Activities**

Net cash flow used in financing activities during FY13 was US\$332 million. During the full year of 2013, we made total bank loans principal repayments of US\$594 million with the following detail:

<b>Borrower</b>	<b>Facility (year secured)</b>	<b>Bank loan repayment (US\$ mn)</b>
AI & CTI	US\$750 million (2007)	100.0
AI	US\$500 million (2009)	380.0
SDM	US\$15 million (2009)	3.5
SIS	US\$400 million (2011)	53.0
AI	US\$750 million (2011)	24.5
AI	US\$380 million (2013)	18.0
MBP	US\$160 million (2012)	15.0
<b>Total</b>		<b>594.0</b>

We secured a US\$380 million loan facility in May 2013 to refinance the outstanding balance of AI's 2009 facility. This new seven-year facility will mature in May 2020 and helped us extend and spread out our bank loan maturity. For this transaction, AI received total commitments of US\$2.85 billion, 7.5x oversubscribed, from a group of 12 international banks.

### **Dividend**

Adaro pays a regular cash dividend every year. As approved during the annual general meeting of shareholders on 19 April 2013, our dividend payout ratio was 30.38% of 2012 net income, or US\$117.1 million or US\$0.00366 per share. This included interim cash dividend for 2012 of US\$76.8 million, which was paid in June 2012 and January 2013. In June 2013, we made final dividend payment of US\$40.3 million based on 2012 net income. Furthermore, as approved at the Company's Board of Commissioners and Board of Directors Meeting held on 2 December 2013, an interim cash dividend for 2013 of US\$40.0 million or US\$0.00125 per share was approved and paid in January 2014.

**PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES**

**Lampiran 1/1 Schedule**

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN  
31 DESEMBER 2013 DAN 2012**

(Dinyatakan dalam ribuan Dolar AS,  
kecuali nilai nominal dan data saham)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013 AND 2012**

(Expressed in thousands of US Dollars,  
except for par value and share data)

	<b>Catatan/ Notes</b>	<b>2013</b>	<b>2012</b>	
<b>ASET LANCAR</b>				<b>CURRENT ASSETS</b>
Kas dan setara kas	5	680,904	500,368	Cash and cash equivalents
Kas dan deposito berjangka yang dibatasi penggunaannya - bagian lancar	6	389	-	Restricted cash and time deposits - current portion
Piutang usaha - pihak ketiga	7	309,565	474,013	Trade receivables - third parties
Persediaan	9	102,747	64,487	Inventories
Pajak dibayar dimuka	34a	186,716	142,906	Prepaid taxes
Pajak yang bisa dipulihkan kembali - bagian lancar	34b	9,866	89,266	Recoverable taxes - current portion
Piutang lain-lain - pihak ketiga		1,980	11,205	Other receivables - third parties
Pinjaman ke pihak ketiga	16	16,670	36,670	Loans to third parties
Pinjaman ke pihak berelasi	35b	40,233	44,562	Loan to a related party
Instrumen keuangan derivatif		1,379	-	Derivative financial instruments
Uang muka dan biaya dibayar dimuka - bagian lancar	8	18,469	46,062	Advances and prepayments - current portion
Aset lancar lain-lain		<u>1,961</u>	<u>4,336</u>	Other current assets
<b>Jumlah aset lancar</b>		<u>1,370,879</u>	<u>1,413,875</u>	<b>Total current assets</b>
<b>ASET TIDAK LANCAR</b>				<b>NON-CURRENT ASSETS</b>
Kas dan deposito berjangka yang dibatasi penggunaannya - bagian tidak lancar	6	601	801	Restricted cash and time deposits - non current portion
Investasi pada entitas asosiasi	13	402,021	393,647	Investments in associates
Uang muka dan biaya dibayar dimuka - bagian tidak lancar	8	68,170	88,157	Advances and prepayments - non-current portion
Pajak yang bisa dipulihkan kembali - bagian tidak lancar	34b	12,301	15,451	Recoverable taxes - non-current portion
Biaya pengupasan tanah yang ditangguhkan	10	37,836	42,808	Deferred stripping costs
Aset eksplorasi dan evaluasi	11	111	570	Exploration and evaluation assets
Properti pertambangan	14	2,186,801	1,927,467	Mining properties
Aset tetap	12	1,705,799	1,769,016	Fixed assets
Goodwill	15	920,296	1,022,173	Goodwill
Aset pajak tangguhan	34e	8,694	8,340	Deferred tax assets
Aset tidak lancar lain-lain		<u>20,278</u>	<u>9,951</u>	Other non-current assets
<b>Jumlah aset tidak lancar</b>		<u>5,362,908</u>	<u>5,278,381</u>	<b>Total non-current assets</b>
<b>JUMLAH ASET</b>		<u>6,733,787</u>	<u>6,692,256</u>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 1/2 Schedule

LAPORAN POSISI KEUANGAN KONSOLIDASIAN  
31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS,  
kecuali nilai nominal dan data saham)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars,  
except for par value and share data)

	Catatan/ Notes	2013	2012	
<b>LIABILITAS DAN EKUITAS</b>				<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>				<b>LIABILITIES</b>
<b>LIABILITAS JANGKA PENDEK</b>				<b>CURRENT LIABILITIES</b>
Utang usaha	17	326,987	352,675	Trade payables
Utang dividen	28	39,983	35,185	Dividend payable
Beban akrual	19	44,836	35,539	Accrued expenses
Utang pajak	34c	37,468	40,637	Taxes payable
Utang royalti	18	117,022	128,392	Royalties payable
Bagian lancar atas pinjaman jangka panjang:				Current maturity of long-term borrowings:
- Utang sewa pembiayaan	20	32,289	31,643	Finance lease payables -
- Utang bank	21	155,577	268,408	Bank loans -
Instrumen keuangan derivatif		-	1,979	Derivative financial instruments
Utang lain-lain		19,517	4,765	Other liabilities
<b>Total liabilitas jangka pendek</b>		<b>773,679</b>	<b>899,223</b>	<b>Total current liabilities</b>
<b>LIABILITAS JANGKA PANJANG</b>				<b>NON-CURRENT LIABILITIES</b>
Pinjaman jangka panjang setelah dikurangi bagian yang akan jatuh tempo dalam satu tahun:				Long-term borrowings, net of current maturities:
- Utang sewa pembiayaan	20	47,511	58,819	Finance lease payables -
- Utang bank	21	1,195,541	1,298,082	Bank loans -
Senior Notes	22	789,870	788,530	Senior Notes
Instrumen keuangan derivatif		-	467	Derivative financial instruments
Liabilitas pajak tangguhan	34e	648,760	601,089	Deferred tax liabilities
Utang pihak berelasi non-usaha	35b	-	500	Non-trade related party payables
Liabilitas imbalan kerja	23	43,068	34,281	Retirement benefits obligation
Provisi reklamasi dan penutupan tambang	24	40,355	16,211	Provision for mine reclamation and closure
<b>Total liabilitas jangka panjang</b>		<b>2,765,105</b>	<b>2,797,979</b>	<b>Total non-current liabilities</b>
<b>EKUITAS</b>				<b>EQUITY</b>
<b>Ekuitas yang diatribusikan kepada pemilik entitas induk</b>				<b>Equity attributable to owners of the parent</b>
Modal saham - modal dasar 80.000.000.000 lembar; ditempatkan dan disetor penuh 31.985.962.000 lembar dengan nilai nominal Rp100 per saham	25	342,940	342,940	Share capital - authorised 80,000,000,000 shares; issued and fully paid 31,985,962,000 shares at par value of Rp100 per share
Tambahan modal disetor, neto	26	1,154,494	1,154,494	Additional paid-in-capital, net
Laba ditahan	27	1,217,607	1,066,661	Retained earnings
Pendapatan komprehensif lainnya	2i	(10,256)	(5,125)	Other comprehensive income
<b>Total ekuitas yang diatribusikan kepada pemilik entitas induk</b>		<b>2,704,785</b>	<b>2,558,970</b>	<b>Total equity attributable to owners of the parent</b>
<b>Kepentingan non-pengendali</b>	29	<b>490,218</b>	<b>436,084</b>	<b>Non-controlling interests</b>
<b>Total ekuitas</b>		<b>3,195,003</b>	<b>2,995,054</b>	<b>Total equity</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>		<b>6,733,787</b>	<b>6,692,256</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/1 Schedule

LAPORAN LABA RUGI KOMPREHENSIF  
KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR  
31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS,  
kecuali laba bersih per saham dasar dan dilusian)

CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME  
FOR THE YEARS ENDED  
31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars,  
except for basic and diluted earnings per share)

	Catatan/ Notes	2013	2012	
Pendapatan usaha	30	3,285,142	3,722,489	Revenue
Beban pokok pendapatan	31	(2,545,956)	(2,679,867)	Cost of revenue
Laba bruto		739,186	1,042,622	Gross profit
Beban usaha	32	(173,089)	(173,067)	Operating expenses
Pendapatan/(beban) lain-lain, neto	33	(31,812)	(33,171)	Other income/(expenses), net
Laba usaha		534,285	836,384	Operating income
Biaya keuangan		(116,582)	(118,347)	Finance costs
Pendapatan keuangan		16,139	11,119	Finance income
Bagian atas rugi neto entitas asosiasi	13	(14,558)	(15,432)	Share in net loss of associates
		(115,001)	(122,660)	
Laba sebelum pajak penghasilan		419,284	713,724	Profit before income tax
Beban pajak penghasilan	34d	(190,021)	(330,417)	Income tax expense
Laba tahun berjalan		229,263	383,307	Profit for the year
Pendapatan komprehensif lainnya tahun berjalan setelah pajak				Other comprehensive income for the year, net of tax
Selisih kurs karena penjabaran laporan keuangan		(7,006)	(2,143)	Exchange difference due to financial statement translation
Bagian atas pendapatan komprehensif lain dari entitas asosiasi		597	(166)	Share of other comprehensive income of associates
Bagian efektif dari keuntungan instrumen lindung nilai dalam rangka lindung nilai arus kas		4,066	1,324	Effective portion of gains on hedging instruments designated as cash flow hedges
Beban pajak penghasilan terkait pendapatan komprehensif lainnya	34d	(1,509)	(577)	Related income tax expense on other comprehensive income
Total pendapatan komprehensif lainnya tahun berjalan setelah pajak		(3,852)	(1,562)	Total other comprehensive income for the year, net of tax
Total laba komprehensif tahun berjalan		225,411	381,745	Total comprehensive income for the year

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/2 Schedule

LAPORAN LABA RUGI KOMPREHENSIF  
KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR  
31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS,  
kecuali laba bersih per saham dasar dan dilusian)

CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME  
FOR THE YEARS ENDED  
31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars,  
except for basic and diluted earnings per share)

	<u>Catatan/ Notes</u>	<u>2013</u>	<u>2012</u>	
<b>Laba tahun berjalan yang diatribusikan kepada:</b>				<b>Profit for the year attributable to:</b>
Pemilik entitas induk		231,231	385,347	Owners of the parent
Kepentingan non-pengendali	29	<u>(1,968)</u>	<u>(2,040)</u>	Non-controlling interests
<b>Laba tahun berjalan</b>		<u><u>229,263</u></u>	<u><u>383,307</u></u>	<b>Profit for the year</b>
<b>Total laba rugi komprehensif tahun berjalan yang diatribusikan kepada:</b>				<b>Total comprehensive income for the year attributable to:</b>
Pemilik entitas induk		226,100	383,785	Owners of the parent
Kepentingan non-pengendali	29	<u>(689)</u>	<u>(2,040)</u>	Non-controlling interests
<b>Total laba rugi komprehensif tahun berjalan</b>		<u><u>225,411</u></u>	<u><u>381,745</u></u>	<b>Total comprehensive income for the year</b>
<b>Laba bersih per saham</b>	36			<b>Earnings per share</b>
- dasar		0.00723	0.01205	basic -
- dilusian		0.00673	0.01155	diluted -

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 3 Schedule

LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR 31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars)

Catatan/ Notes	Modal saham/ Share capital	Tambah modal disetor, neto/ Additional paid-in- capital, net	Laba ditahan/Retained earnings		Pendapatan komprehensif lainnya/ Other comprehensive income			Jumlah/ Total	Kepentingan non- pengendali/ Non- controlling interests	Jumlah ekuitas/ Total equity	
			Dicadangkan/ Appropriated	Belum dicadangkan/ Unappropriated	Translasi mata uang asing/ Foreign currency translation	Bagian pendapatan komprehensif lain dari entitas asosiasi/ Share of other comprehensive income of associates	Lindung nilai arus kas/ Cash flow hedges				
<b>Saldo pada 1 Januari 2012</b>	342,940	1,154,494	37,731	904,269	(845)	(121)	(2,597)	2,435,871	6,352	2,442,223	<b>Balance as at 1 January 2012</b>
Total laba rugi komprehensif tahun berjalan	-	-	-	385,347	(2,143)	(166)	747	383,785	(2,040)	381,745	Total comprehensive income for the year
Pencadangan laba ditahan	27	-	5,504	(5,504)	-	-	-	-	-	-	Appropriation of retained earnings
Dividen	28,29	-	-	(260,686)	-	-	-	(260,686)	(487)	(261,173)	Dividend
Akuisisi dan pengurangan atas entitas anak tahun berjalan	29	-	-	-	-	-	-	-	432,259	432,259	Acquisition and deduction of subsidiaries in the year
<b>Saldo pada 31 Desember 2012</b>	<u>342,940</u>	<u>1,154,494</u>	<u>43,235</u>	<u>1,023,426</u>	<u>(2,988)</u>	<u>(287)</u>	<u>(1,850)</u>	<u>2,558,970</u>	<u>436,084</u>	<u>2,995,054</u>	<b>Balance as at 31 December 2012</b>
Total laba rugi komprehensif tahun berjalan	-	-	-	231,231	(8,285)	597	2,557	226,100	(689)	225,411	Total comprehensive income for the year
Pencadangan laba ditahan	27	-	3,853	(3,853)	-	-	-	-	-	-	Appropriation of retained earnings
Dividen	28,29	-	-	(80,285)	-	-	-	(80,285)	(705)	(80,990)	Dividend
Akuisisi, penambahan dan pengurangan atas entitas anak tahun berjalan	29	-	-	-	-	-	-	-	55,528	55,528	Acquisition, addition and deduction of subsidiaries in the year
<b>Saldo pada 31 Desember 2013</b>	<u>342,940</u>	<u>1,154,494</u>	<u>47,088</u>	<u>1,170,519</u>	<u>(11,273)</u>	<u>310</u>	<u>707</u>	<u>2,704,785</u>	<u>490,218</u>	<u>3,195,003</u>	<b>Balance as at 31 December 2013</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan

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PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 4/1 Schedule

LAPORAN ARUS KAS KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR  
31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED  
31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars)

	<u>2013</u>	<u>2012</u>	
<b>Arus kas dari aktivitas operasi</b>			<b>Cash flows from operating activities</b>
Penerimaan dari pelanggan	3,439,590	3,709,818	Receipts from customers
Pembayaran kepada pemasok	(2,002,640)	(2,371,050)	Payments to suppliers
Pembayaran kepada karyawan	(131,974)	(131,694)	Payments to employees
Penerimaan pendapatan bunga	10,377	7,173	Receipts of finance income
Pembayaran royalti	(235,267)	(201,759)	Payments of royalties
Pembayaran pajak penghasilan	(247,260)	(445,866)	Payments of income taxes
Pembayaran beban bunga dan keuangan	(104,597)	(114,879)	Payments of interest and finance costs
Pembayaran lain-lain, neto	<u>(6,484)</u>	<u>(19,026)</u>	Other payments, net
<b>Arus kas bersih yang diperoleh dari aktivitas operasi</b>	<u>721,745</u>	<u>432,717</u>	<b>Net cash flows provided from operating activities</b>
<b>Arus kas dari aktivitas investasi</b>			<b>Cash flows from investing activities</b>
Pembelian aset tetap	(136,397)	(424,431)	Purchase of fixed assets
Hasil penjualan aset tetap	15,087	5,723	Proceeds from disposal of fixed assets
Penambahan kepemilikan pada perusahaan asosiasi	(17,426)	-	Purchase of additional interest in associates
Penerimaan pembayaran kembali pinjaman dari pihak ketiga	20,000	-	Receipt from repayment of loan from third party
Pemberian pinjaman pada pihak berelasi	-	(26,474)	Loan given to a related party
Arus kas (keluar)/masuk bersih dari akuisisi entitas anak	(20,949)	1,345	Net cash (outflow)/inflow from acquisition of subsidiaries
Pembayaran atas penambahan properti pertambangan	(43,805)	(65,603)	Payment for addition of exploration properties
Pembayaran atas penambahan aset eksplorasi dan evaluasi	<u>(37)</u>	<u>(340)</u>	Payment for addition of exploration and evaluation assets
<b>Arus kas bersih yang digunakan untuk aktivitas investasi</b>	<u>(183,527)</u>	<u>(509,780)</u>	<b>Net cash flows used in investing activities</b>
<b>Arus kas dari aktivitas pendanaan</b>			<b>Cash flows from financing activities</b>
Pembelian kepentingan non-pengendali	-	(231)	Purchase of non-controlling interests
Pembayaran beban yang berhubungan dengan pinjaman	(10,556)	(5,451)	Payments of loan related costs
Penerimaan utang bank	380,000	495,000	Proceeds from bank loans
Pembayaran utang bank	(594,000)	(162,500)	Repayments of bank loans
Pembayaran pinjaman ke pihak ketiga	-	(35,745)	Repayments of loan to third parties
Transfer (untuk)/dari kas dan deposito berjangka yang dibatasi penggunaannya	(189)	140	Transfer (to)/from restricted cash and time deposits
Pembayaran dividen kepada pemegang saham Perusahaan	(75,487)	(225,501)	Payments of dividend to the Company's shareholders
Pembayaran dividen kepada kepentingan non-pengendali	(705)	(487)	Payments of dividend to non-controlling interests
Penerimaan setoran modal dari kepentingan non-pengendali	444	-	Receipt of capital injection from non-controlling interests
Pembayaran utang sewa pembiayaan	<u>(31,007)</u>	<u>(40,560)</u>	Payments of finance lease payables
<b>Arus kas bersih yang (digunakan untuk)/diperoleh dari aktivitas pendanaan</b>	<u>(331,500)</u>	<u>24,665</u>	<b>Net cash flows (used in)/provided from financing activities</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan

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PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 4/2 Schedule

LAPORAN ARUS KAS KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR  
31 DESEMBER 2013 DAN 2012

(Dinyatakan dalam ribuan Dolar AS)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED  
31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollars)

	<u>2013</u>	<u>2012</u>	
Kenaikan/(penurunan) bersih kas dan setara kas	206,718	(52,398)	<i>Net increase/(decrease) in cash and cash equivalents</i>
Kas dan setara kas pada awal tahun	500,368	558,872	<i>Cash and cash equivalents at the beginning of the year</i>
Efek perubahan nilai kurs pada kas dan setara kas	(26,182)	(6,106)	<i>Effect of exchange rate changes on cash and cash equivalents</i>
Kas dan setara kas pada akhir tahun (lihat Catatan 5)	<u>680,904</u>	<u>500,368</u>	<i>Cash and cash equivalents at the end of the year (refer to Note 5)</i>

Lihat Catatan 38 untuk penyajian transaksi non-kas Grup.

*Refer to Note 38 for presentation of the Group's non-cash transactions.*