

NEWS RELEASE

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ADARO ENERGY DELIVERS SOLID EBITDA OF US\$306 MILLION ON TRACK TO ACHIEVE ANNUAL GUIDANCE

Solid Performance Despite Market Challenges, EBITDA of US\$306 million and Net Income of US\$131 million.

- Our revenue increased 14% to US\$845 million due to higher sales volume as our average selling price (ASP) declined 7%. Cost of revenue declined 1% to US\$599 million while EBITDA increased 81% to US\$306 million, resulting in an EBITDA margin of 36%. Our net income for 1Q14 increased 344% to US\$131 million mainly due to higher sales volume and lower costs. **(page 4)**
- Our 1Q14 Operational EBITDA and Core Earnings, which excluded non-operational accounting items, increased 74% to US\$294 million and 221% to US\$137 million, respectively. Operational EBITDA was lower than the reported EBITDA due to a one-time gain. **(6-7)**
- We lowered our coal cash cost (excluding royalty) 24% to US\$29.82 per tonne in 1Q14, mostly due to the seasonally lower strip ratio, although overburden volumes increased 10%, as well as lower freight and handling, lower fuel cost, and other cost reduction initiatives. We started reporting stripping costs in 2014 on an actual cost basis. **(5)**

Strong Production Growth and Prudent Capital Spending

- We increased production volume 22% in 1Q14 to 14.0 Mt and sales volume by 23% to 13.9 Mt due to strong demand for our coal. **(4)**
- Our coal volumes slightly exceeded the plan for 1Q14, while overburden volumes were 95% of the plan. **(4)**
- Our net capital expenditure during 1Q14 decreased by 62% to US\$18 million due to delays. We are on track to achieve our capital expenditure guidance of US\$200 million to US\$250 million. **(9)**
- We generated strong positive free cash flow of US\$84 million. **(9-10)**

Maintained Strong Balance Sheet and Liquidity

- Our capital structure improved as we reduced debt by 6% and increased our cash position 48% to \$828 million, resulting in net debt to last 12 months EBITDA of 1.48x and net debt to equity of 0.43x as of the end of 1Q14. **(8)**
- Our liquidity was strong with access to cash of approximately US\$1.2 billion, allowing us to weather the cyclical downturn and continue to execute on our business model. **(8)**
- We will continue to preserve cash, strengthen our capital structure and extend the maturity profiles of our borrowings. **(8)**

SUMMARY FOR THE THREE MONTHS 2014

Operational Performance

	1Q 2014	1Q 2013	% Change
Production Volume (Mt)	14.0	11.4	22%
Sales Volume (Mt)	13.9	11.2	23%
Overburden Removal (Mbcm)	68.2	62.3	10%

Financial Performance

<i>(US\$ Million, except otherwise stated)</i>	1Q 2014	1Q 2013*	% Change
Net Revenue	845	741	14%
Cost of Revenue	(599)	(605)	-1%
Gross Profit	245	136	81%
Operating Income	242	99	144%
Net Income	131	30	344%
Core Earnings ¹	137	43	221%
EBITDA ²	306	169	81%
Operational EBITDA ³	294	169	74%
Total Assets	6,895	6,602	4%
Total Liabilities	3,567	3,574	0%
Stockholders' Equity	3,327	3,028	10%
Interest Bearing Debt	2,247	2,391	-6%
Cash	828	558	48%
Net Debt	1,419	1,833	-23%
Capital Expenditure ⁴	18	47	-62%
Free Cash Flow ⁵	84	157	-46%
Basic Earnings Per Share (EPS) in US\$	0.00401	0.00090	351%
Coal cash cost (ex. royalty) in US\$	29.82	39.05	-24%

*As restated due to implementation of ISAK 29, "Stripping Costs in the Production Phase of a Surface Mining".

¹ Net income excluding non-operational accounting items: net of tax amortization of mining properties and gain from sales of interest in associate (net of tax).

² Profit before income tax + finance costs - finance income + foreign exchange loss – foreign exchange gain + depreciation and amortization

³ EBITDA excluding non-operational accounting item of gain from sales of interest in associate

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

⁵ EBITDA – taxes – change in net working capital – capital expenditure

Financial Ratios

	1Q 2014	1Q 2013*	% Change
Gross Profit Margin (%)	29.0%	18.3%	58%
Operating Margin (%)	28.6%	13.4%	114%
EBITDA Margin (%)	36.2%	22.9%	58%
Net Debt to Equity (x)	0.43	0.61	-
Net Debt to last 12 months EBITDA (x)	1.48	1.95	-
Cash from Operations to Capex (x)	5.65	4.29	-

Operating Segment

(US\$ Million)	Revenue			Net Profit		
	1Q 2014	1Q 2013	% Change	1Q 2014	1Q 2013*	% Change
Coal mining & trading	792	692	14%	109	65	68%
Mining services	34	35	-3%	9	(20)	-147%
Others	19	14	39%	27	3	728%
Elimination	-	-		(14)	(19)	-24%
Adaro Energy Group	845	741	14%	131	30	345%

*As restated due to implementation of ISAK 29, "Stripping Costs in the Production Phase of a Surface Mining".

FINANCIAL PERFORMANCE ANALYSIS FOR THE THREE MONTHS 2014

Net Revenue and Average Selling Price

Our operations continued to run well and demand for our coal was strong in 1Q14 despite challenging market conditions. We achieved 23% higher sales volume of 13.9 Mt while revenue increased 14% to US\$845 million. Overburden removal increased 10% to 68.2 million bcm. In terms of coal volumes we achieved over 100% of the plan for the quarter and we achieved 95% of the overburden removal plan. We are on track to achieve our production guidance of 54 Mt to 56 Mt (pending government approval) for full year 2014. Our ASP was down 7% compared to 1Q13 as prices have continued to be under pressure but relatively flat compared to FY13.

Adaro Energy's President Director, Mr. Garibaldi Thohir said:

“We delivered solid results in the first quarter of 2014, despite macro headwinds, demonstrating the strength and efficiency of our core business and the resiliency of our business model. We achieved a new sales record and improved our cost discipline and productivity. We believe the fundamentals for the coal industry remain intact as demand for energy continues to grow. We anticipate the oversupply situation may rebalance in another 12 to 18 months, but we are ready to weather this cyclical downturn, like we have the others. Our focus this year is to maintain reliability of supply to our customers, continue to improve operational efficiency and strengthen our capital structure. We are on track to deliver on our long-term objective to create sustainable value from Indonesian coal.”

Adaro Coal Mining and Trading

Our coal mining and trading division, PT Adaro Indonesia (AI) and Coaltrade Services International Pte Ltd (CTI) generated 94% of our revenue, of which AI accounted for most of the revenue. In 1Q14, net revenue from coal mining and trading increased 14% to US\$792 million due to higher sales volume.

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\$34 million in 1Q14 was 3% lower from US\$35 million last year as SIS assumed more volumes from AI.

Adaro Logistic Services, Others

Our other business segment includes PT Alam Tri Abadi (ATA), coal storage terminal operator PT Indonesia Bulk Terminal (IBT), barging and ship loading division PT Maritim Barito Perkasa (MBP), channel dredging and maintenance operator in the mouth of the Barito River PT Sarana Daya Mandiri (SDM) and the owner and operator of the Tanjung Tabalong 2x30 MW coal fired power plant project PT Makmur Sejahtera Wisesa (MSW). Total third party net revenue in 1Q14 from these other business segments grew 39% to US\$19 million.

Cost of Revenue and Coal Cash Cost

Despite cost reduction initiatives, our cost of revenue for 1Q14 was almost flat at US\$599 million due to higher production volumes. However, our 1Q14 coal cash cost (excluding royalty) was down 24% to US\$29.82 per tonne mainly due to a lower strip ratio, which measures the volume of overburden removal per tonne of coal, lower freight and handling, reduced fuel price, more volumes carried out by in-house contractors and other cost reduction initiatives. Our actual strip ratio for 1Q14 declined 11% to 4.88x and was below the 2014 planned strip ratio of 5.78x due to the normal wet season. We removed enough overburden last year, such that we were able to maintain a strong first quarter of coal getting. We expect the overburden removal activity to increase in the second quarter as the wet season concludes. We are on track to achieve our average planned strip ratio of 5.78x.

We worked together with our contractors to find ways to improve efficiency and share the benefits. We remained at the bottom end of the cost curve for coal miners worldwide.

New Accounting Treatment for Stripping Costs

We have implemented the new accounting policy of ISAK 29 to present actual production cost to be reflected in our income statement replacing the standard costing method as stipulated in PSAK 33. Thus any significant deviation from average planned strip ratio will not be capitalized but accounted for in our income statement. As a result of implementation of ISAK 29, we restated the consolidated interim financial statements for the three month period ended 31 March 2013.

Coal Cash Cost per tonne (US\$)				
	1Q 2013	FY 2013	1Q 2014	FY2014E ⁶
Coal Cash Cost (ex. royalty)	39.05	34.86	29.82	35 - 38

Adaro Coal Mining and Trading

Total cost of revenue for mining and trading for 1Q14 was flat at US\$556 million. We paid higher royalties to the government as revenue increased. This was offset by lower costs from overburden strip ratio and lower realized fuel price, despite the larger production volumes from the higher cost mine Paringin and longer overburden hauling distance. Coal mining and trading accounted for the biggest portion of our total cost of revenue at 93%.

- **Mining**

Our mining cost decreased 4% to US\$303 million in 1Q14. We reduced mining cost as the actual strip ratio of 4.88x was below our planned strip ratio of 5.78x. Additionally, the restated 1Q13 mining cost increased due to pending overburden volumes incurred in that period. Mining accounted for 51% of our total cost of revenue.

- **Fuel**

Our fuel cost for 1Q14 decreased by 4% to the low US\$0.80s per liter. To anticipate oil price fluctuations and to lock in our margins, we hedged approximately 60% of our 2014 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 2014, helping us to stay below our coal cash cost guidance.

⁶ Adaro Energy's coal cash cost (ex. Royalty) annual guidance 2014

- **Coal Processing**

Cost of coal processing decreased 7% to US\$29 million for 1Q14 on the back of improved equipment utilization that effectively handled higher coal volumes. Coal processing costs consist of the cost to crush our coal at the Kelanis dedicated coal terminal and other costs not borne by mining contractors, including the cost for repair and maintenance of the hauling road. Coal processing accounted for 5% of our total cost of revenue.

- **Royalties to Government**

Our royalties to the Government of Indonesia increased 19% to US\$91 million, which was in-line with higher revenue. Royalties accounted for 15% of our total cost of revenue for 1Q14.

- **Freight and Handling**

Our freight and handling cost declined 12% to US\$65 million. Freight and handling accounted for 11% of our total cost of revenue for 1Q14.

Adaro Mining Services

Cost of mining services decreased by 14% to US\$33 million. The decrease was due to lower third party volume as well as decreases in consumables, employee costs and subcontractors. Mining services cost is associated with our mining contractor SIS and accounted for 6% of our total cost of revenue.

Adaro Logistics Services, Others

The cost of other subsidiaries, which are substantially associated to the third party cost of revenue of Adaro Logistics, was flat at US\$11 million. The cost related to our other subsidiaries accounted for 2% of our total cost of revenue for 1Q14.

EBITDA and Operational EBITDA

Despite market headwinds, our 1Q14 EBITDA increased 81% to US\$306 million with an EBITDA margin of 36%. We achieved this EBITDA performance largely because of a lower strip ratio and robust sales volume as a result of our marketing efforts. We also continued to focus on cost discipline and efficiency across our operations. We are on track to achieve our EBITDA guidance for 2014 of US\$750 million to US\$1 billion. Our Operational EBITDA increased 74% to US\$294 million as it excluded the gain from sale of interest in PT Servo Meda Sejahtera (SMS).

	1Q 2013	FY 2013	1Q 2014
EBITDA margin	22.9%	25.0%	36.2%

Operating Expenses and Other Expenses

We lowered our operating expenses for 1Q14 by 12% to US\$34 million primarily due to lower selling and marketing expenses as well as general and administrative costs (G&A). Selling and marketing expenses decreased 15% to US\$8 million as we did more marketing activities in-house. Employee costs decreased by 1% to US\$16 million on the back of emphasized cost discipline across the company, while other G&A costs decreased 23% to US\$11 million.

Other income / (expenses), net

In 1Q14, we booked other income of US\$31 million as follows:

Other income / (expenses), net			
(US\$ Million, except otherwise stated)	1Q 2014	1Q 2013	% Change
Gain from sales of interest in associates	11.4	-	
Foreign exchange gain / (loss)	11.2	(1.6)	
Others	7.9	4.1	89%
Total	30.5	2.5	1,107%

- Gain from sales of interest in SMS through our wholly owned subsidiary PT Alam Tri Abadi (ATA) in which we divested the entire 35% interest or 360,500 shares in SMS for US\$25 million.
- We experienced a foreign exchange gain of US\$11 million due to the revaluation of our Rupiah monetary assets and liabilities as the Rupiah appreciated against the US Dollar by 6.4% in 1Q14. We held an equivalent of US\$304 million of assets and US\$114 million of liabilities denominated in currencies other than US Dollar, primarily in Rupiah.

Net Income and Core Earnings

Our 1Q14 net income increased 344% to US\$131 million. Our underlying core earnings increased 221% to US\$137 million. Core earnings excludes non-operational accounting items net of tax, which consisted of US\$16 million amortization of mining properties and US\$11 million gain from sales of interest in SMS. Higher net income was mainly driven by higher revenue and lower mining cost.

Total Assets

Our total assets increased 4% to US\$6,895 million. Current assets increased by 19% to US\$1,591 million mainly due to a higher cash balance. Meanwhile, non-current assets increased slightly by 1% to US\$5,304 million primarily due to an increase in mining properties from the acquisition of Balangan.

Cash

Cash increased by 48% to US\$828 million as at the end of 1Q14, as a result of our continuous effort to preserve cash and strong cash flow generation. We earned additional cash from the sale of our interest in SMS. Cash accounted for 12% of total assets, of which 90% was held in US Dollar.

(US\$ million)	Cash in Banks	Deposits	Total	%
Rupiah (Rp)	29.0	49.4	78.4	10%
US Dollar (US\$)	234.1	514.9	749.0	90%
Other currencies	0.8	-	0.8	0%
Total	263.9	564.3	828.2	100%

Fixed Assets

Our fixed assets as at the end of 1Q14 decreased 5% to US\$1,670 million. Fixed assets accounted for 24% of total assets.

Mining Properties

Our mining properties increased by 13% to US\$2,172 million from US\$1,921 million largely because of the addition of the Balangan acquisition. Mining properties accounted for 31% of our total assets.

Goodwill

Our goodwill decreased 10% as at the end of 1Q14 to US\$920 million due to the impairment of goodwill on our logistics business line that was reflected in our audited accounts for FY13. The impairment occurred due to changes in the business model of our logistics business line, as the outlook had worsened.

Deferred Stripping Costs

Our 1Q14 deferred stripping costs decreased 12% to US\$37 million due to the routine amortization of the previous year's balance. In 1Q14, our actual strip ratio of 4.88x was below the 2014 planned strip ratio of 5.78x, due to the normal wet season.

Total Liabilities

Our total liabilities decreased 0.2% to US\$3,567 million. Current liabilities decreased 7% to US\$775 million, due to lower current portion of long term borrowings.

Non-current liabilities increased by 2% to US\$2,792 million mainly due to the increase in provision for mine reclamation and closure and deferred tax liabilities, which were partially offset by a lower net of current maturities of long-term borrowings.

We continued to deleverage and lowered interest bearing debt by 6% in 1Q14 to US\$2,247 million. Our balance sheet remains healthy with net debt to last twelve months EBITDA of 1.48x and debt to equity of 0.43x. This provides us with more options to create long term growth and to further strengthen our capital structure.

Current Maturities of Long-term Borrowings

As at the end of 1Q14, our current maturities of long-term borrowings decreased 38% to US\$185 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 decreased 1% to US\$2,062 million as we continued to deleverage as per our debt repayment schedule.

Debt Management and Liquidity

We have a strong capital structure due to the 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 1Q14, we had access to liquidity of US\$1.2 billion, consisting of US\$828 million in cash and US\$338 million in undrawn long term fully committed credit facilities.

Borrower	Facility (year secured)	Undrawn (US\$ mn)
AI & CTI	US\$750 million (2007)	-
SDM	US\$15 million (2009)	-
SIS	US\$400 million (2011)	4.0
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)	-
Total		337.5

We made voluntary accelerated repayments totaling US\$30 million during the quarter on top of the fixed amortization schedule. Hence, in total we made US\$70 million of debt repayments in 1Q14. Our average debt repayment schedule for the next five years from 2015 to 2019 is at a manageable level of around US\$172 million per year. We expect our operating subsidiaries, especially AI, to continue to generate strong cash flow to comfortably meet our financing needs.

(US\$ million)	2014	2015	2016	2017	2018	2019
Debt repayment schedule	126.3 ⁷	195.8	167.5	194.0	219.5	84.0 ⁸

Cash Flows from Operating Activities

Our cash flows from operating activities during 1Q14 decreased 51% to US\$100 million mainly due to lower receipts from customers as well as higher payment to suppliers and royalties to the government. Receipts from customers decreased 10% to US\$749 million and payment to suppliers was up 0.3% to US\$471 million. Payments of royalties increased 129% due to higher revenue booked.

Cash Flows from Investing Activities

We booked net cash flow provided from investing activities of US\$67 million as compared to net cash flow used in investing activities of US\$52 million in 1Q13. We obtained proceeds from the sale of our interest in SMS of US\$25 million and loan repayments from third and related parties totaling US\$59 million. Purchases of fixed assets decreased 69% to US\$12 million as we continued to optimize the capacity of our heavy equipment fleet and benefit from higher productivity gains.

Capital Expenditure

Our net capital expenditure during 1Q14 decreased by 62% to US\$18 million. However, we are on track to achieve our capital expenditure guidance of US\$200 million to US\$250 million for 2014 with spend on maintenance, SIS heavy equipment, replacement and preparing mining readiness at our concessions.

⁷ The remaining debt repayment schedule for 2Q, 3Q and 4Q 2014

⁸ Excluding US\$800 million Senior Notes scheduled to mature in 2019

Free Cash Flow

We booked positive free cash flow of US\$84 million, down 46%, mainly due to changes in net working capital. In the first quarter, net working capital includes activities from the previous year. In 1Q13, we generated higher free cash flow due to a record profitability in 2012, which was the key component for the reduction in the year over year free cash flow. We continue to apply strict capital discipline across the organization, resulting in lower operational costs and capital expenditures. 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 1Q14 was US\$25 million. On January 16 2014, we made our interim cash dividend payment of US\$40 million based on our expected 2013 net income. During 1Q14 we drew down US\$96 million through SIS's revolving loan facility and made total bank loan principal repayments of US\$70 million as followed:

Borrower	Facility (year secured)	Bank loan repayment (US\$ mn)
AI & CTI	US\$750 million (2007)	25.0
SIS	US\$400 million (2011)	30.0
AI	US\$750 million (2011)	5.5
AI	US\$380 million (2013)	9.0
Total		69.5

Dividend

We pay a regular cash dividend every year. As approved during the Annual General Meeting of Shareholders on April 25, 2014, our dividend payout ratio was 32.51% of 2013 net income, or US\$75.17 million. This includes the interim cash dividend of US\$39.98 million paid on January 16, 2014. The remaining US\$35.18 million will be distributed as a cash dividend.

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 1/1 Schedule

**LAPORAN POSISI KEUANGAN INTERIM
KONSOLIDASIAN**

31 MARET 2014 DAN 31 DESEMBER 2013

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

**CONSOLIDATED INTERIM STATEMENTS OF
FINANCIAL POSITION**

AS AT 31 MARCH 2014 AND 31 DECEMBER 2013

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

	<u>Catatan/ Notes</u>	<u>31 Maret/ March 2014</u> <i>(tidak diaudit)/ (unaudited)</i>	<u>31 Desember/ December 2013</u> <i>(diaudit)/ (audited)</i>	
ASET				ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	5	828,185	680,904	<i>Cash and cash equivalents</i>
Kas di bank dan deposito berjangka yang dibatasi penggunaannya - bagian lancar	6	1,000	389	<i>Restricted cash in banks and time deposits - current portion</i>
Piutang usaha - pihak ketiga	7	405,070	309,565	<i>Trade receivables - third parties</i>
Persediaan	9	106,689	102,747	<i>Inventories</i>
Pajak dibayar dimuka	34a	204,073	186,716	<i>Prepaid taxes</i>
Pajak yang bisa dipulihkan kembali - bagian lancar	34b	10,132	9,866	<i>Recoverable taxes - current portion</i>
Piutang lain-lain - pihak ketiga		3,196	1,980	<i>Other receivables - third parties</i>
Pinjaman ke pihak ketiga	16	-	16,670	<i>Loans to third parties</i>
Pinjaman ke pihak berelasi	35b	-	40,233	<i>Loan to a related party</i>
Instrumen keuangan derivatif		2,109	1,379	<i>Derivative financial instruments</i>
Uang muka dan biaya dibayar dimuka - bagian lancar	8	24,122	18,469	<i>Advances and prepayments - current portion</i>
Aset lancar lain-lain		<u>6,498</u>	<u>1,961</u>	<i>Other current assets</i>
Jumlah aset lancar		<u>1,591,074</u>	<u>1,370,879</u>	Total current assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Kas di bank dan deposito berjangka yang dibatasi penggunaannya - bagian tidak lancar	6	1,161	601	<i>Restricted cash in banks and time deposits - non-current portion</i>
Investasi pada entitas asosiasi	13	388,197	402,021	<i>Investments in associates</i>
Uang muka dan biaya dibayar dimuka - bagian tidak lancar	8	73,202	68,170	<i>Advances and prepayments - non-current portion</i>
Pajak yang bisa dipulihkan kembali - bagian tidak lancar	34b	13,180	12,301	<i>Recoverable taxes - non-current portion</i>
Biaya pengupasan tanah yang ditangguhkan	10	36,592	37,836	<i>Deferred stripping costs</i>
Aset eksplorasi dan evaluasi	11	153	111	<i>Exploration and evaluation assets</i>
Properti pertambangan	14	2,171,608	2,186,801	<i>Mining properties</i>
Aset tetap	12	1,669,953	1,705,799	<i>Fixed assets</i>
<i>Goodwill</i>	15	920,296	920,296	<i>Goodwill</i>
Aset pajak tangguhan	34e	7,535	8,694	<i>Deferred tax assets</i>
Aset tidak lancar lain-lain		<u>21,840</u>	<u>20,278</u>	<i>Other non-current assets</i>
Jumlah aset tidak lancar		<u>5,303,717</u>	<u>5,362,908</u>	Total non-current assets
JUMLAH ASET		<u><u>6,894,791</u></u>	<u><u>6,733,787</u></u>	TOTAL ASSETS

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

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 1/2 Schedule

**LAPORAN POSISI KEUANGAN INTERIM
KONSOLIDASIAN**

31 MARET 2014 DAN 31 DESEMBER 2013

(Dinyatakan dalam ribuan Dolar AS,
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**CONSOLIDATED INTERIM STATEMENTS OF
FINANCIAL POSITION**

AS AT 31 MARCH 2014 AND 31 DECEMBER 2013

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

	<u>Catatan/ Notes</u>	<u>31 Maret/ March 2014</u> <i>(tidak diaudit/ unaudited)</i>	<u>31 Desember/ December 2013</u> <i>(diaudit/ audited)</i>	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Utang usaha	17	305,131	326,987	Trade payables
Utang dividen	28	-	39,983	Dividend payable
Beban akrual	19	62,828	44,836	Accrued expenses
Utang pajak	34c	94,916	37,468	Taxes payable
Utang royalti	18	120,687	117,022	Royalties payable
Bagian lancar atas pinjaman jangka panjang:				Current maturity of long-term borrowings:
- Utang sewa pembiayaan	20	28,786	32,289	Finance lease payables -
- Utang bank	21	156,352	155,577	Bank loans -
Utang lain-lain		<u>6,583</u>	<u>19,517</u>	Other liabilities
Jumlah liabilitas jangka pendek		<u>775,283</u>	<u>773,679</u>	Total current liabilities
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES
Pinjaman jangka panjang setelah dikurangi bagian yang akan jatuh tempo dalam satu tahun:				Long-term borrowings, net of current maturities:
- Utang sewa pembiayaan	20	48,613	47,511	Finance lease payables -
- Utang bank	21	1,222,871	1,195,541	Bank loans -
Senior Notes	22	790,222	789,870	Senior Notes
Liabilitas pajak tangguhan	34e	643,633	648,760	Deferred tax liabilities
Liabilitas imbalan kerja	23	44,395	43,068	Retirement benefits obligation
Provisi reklamasi dan penutupan tambang	24	<u>42,482</u>	<u>40,355</u>	Provision for mine reclamation and closure
Jumlah liabilitas jangka panjang		<u>2,792,216</u>	<u>2,765,105</u>	Total non-current liabilities
EKUITAS				EQUITY
Ekuitas yang diatribusikan kepada pemilik entitas induk				Equity attributable to owners of the parent
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	1,345,740	1,217,607	Retained earnings
Pendapatan komprehensif lainnya	2i	<u>(7,271)</u>	<u>(10,256)</u>	Other comprehensive income
Jumlah ekuitas yang diatribusikan kepada pemilik entitas induk		<u>2,835,903</u>	<u>2,704,785</u>	Total equity attributable to owners of the parent
Kepentingan non-pengendali	29	<u>491,389</u>	<u>490,218</u>	Non-controlling interests
Jumlah ekuitas		<u>3,327,292</u>	<u>3,195,003</u>	Total equity
JUMLAH LIABILITAS DAN EKUITAS		<u><u>6,894,791</u></u>	<u><u>6,733,787</u></u>	TOTAL LIABILITIES AND EQUITY

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

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/1 Schedule

LAPORAN LABA RUGI KOMPREHENSIF
INTERIM KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR
31 MARET 2014 DAN 2013

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

CONSOLIDATED INTERIM STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED
31 MARCH 2014 AND 2013

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

	Catatan/ Notes	31 Maret/March		
		2014 (tidak diaudit/ (unaudited)	2013* (tidak diaudit/ (unaudited)	
Pendapatan usaha	30	844,699	740,580	Revenue
Beban pokok pendapatan	31	(599,392)	(604,866)	Cost of revenue
Laba bruto		245,307	135,714	Gross profit
Beban usaha	32	(34,359)	(39,120)	Operating expenses
Pendapatan/(beban) lain-lain, neto	33	30,567	2,533	Other income/(expense), net
Laba usaha		241,515	99,127	Operating income
Biaya keuangan		(30,510)	(29,685)	Finance costs
Pendapatan keuangan		3,003	3,295	Finance income
Bagian atas rugi neto entitas asosiasi	13	(130)	(1,411)	Share in net loss of associates
		(27,637)	(27,801)	
Laba sebelum pajak penghasilan		213,878	71,326	Profit before income tax
Beban pajak penghasilan	34d	(82,560)	(41,781)	Income tax expense
Laba periode berjalan		131,318	29,545	Profit for the period
Pendapatan komprehensif lainnya periode berjalan setelah pajak				Other comprehensive income for the period, net of tax
Selisih kurs karena penjabaran laporan keuangan		880	817	Exchange difference due to financial statement translation
Bagian atas pendapatan komprehensif lain dari entitas asosiasi		(310)	(4)	Share of other comprehensive income of associates
Bagian efektif dari keuntungan instrumen lindung nilai dalam rangka lindung nilai arus kas	34d	729	4,757	Effective portion of gains on hedging instruments designated as cash flow hedges
Beban pajak penghasilan terkait pendapatan komprehensif lainnya	34d	(328)	(2,141)	Related income tax expense on other comprehensive income
Jumlah pendapatan komprehensif lainnya periode berjalan setelah pajak		971	3,429	Total other comprehensive income for the period, net of tax
Jumlah laba komprehensif periode berjalan		132,289	32,974	Total comprehensive income for the period

* Disajikan kembali (lihat Catatan 2b)/As restated (refer to Note 2b)

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/2 Schedule

LAPORAN LABA RUGI KOMPREHENSIF
INTERIM KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR
31 MARET 2014 DAN 2013

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

CONSOLIDATED INTERIM STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED
31 MARCH 2014 AND 2013

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

	Catatan/ Notes	31 Maret/March		
		2014 (tidak diaudit)/ (unaudited)	2013* (tidak diaudit)/ (unaudited)	
Laba periode berjalan yang diatribusikan kepada:				Profit for the period attributable to:
Pemilik entitas induk		128,133	28,628	Owners of the parent
Kepentingan non-pengendali	29	<u>3,185</u>	<u>917</u>	Non-controlling interests
Laba periode berjalan		<u><u>131,318</u></u>	<u><u>29,545</u></u>	Profit for the period
Total laba rugi komprehensif periode berjalan yang diatribusikan kepada:				Total comprehensive income for the period attributable to:
Pemilik entitas induk		131,118	31,783	Owners of the parent
Kepentingan non-pengendali	29	<u>1,171</u>	<u>1,191</u>	Non-controlling interests
Total laba rugi komprehensif periode berjalan		<u><u>132,289</u></u>	<u><u>32,974</u></u>	Total comprehensive income for the period
Laba bersih per saham	36			Earnings per share
- dasar		0.00401	0.00090	basic -
- dilusian		0.00373	0.00084	diluted -

* Disajikan kembali (lihat Catatan 2b)/As restated (refer to Note 2b)

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 3 Schedule

LAPORAN PERUBAHAN EKUITAS INTERIM KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR 31 MARET 2014 DAN 2013

(Dinyatakan dalam ribuan Dolar AS)

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2014 AND 2013

(Expressed in thousands of US Dollars)

Catatan/ Notes	Distribusikan kepada pemilik entitas induk/Attributable to owners of the parent										Jumlah/ Total	Kepentingan non-pengendali/ Non-controlling interests	Jumlah ekuitas/ Total equity		
	Modal saham/ Share capital	Tambahan modal disetor, neto/ Additional paid-in-capital, net	Laba ditahan/Retained earnings		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								
			Dicadangkan/ Appropriated	Belum dicadangkan/ Unappropriated											
Saldo pada 1 Januari 2013 (diaudit)	342,940	1,154,494	43,235	1,023,426	(2,988)	(287)	(1,850)	2,558,970	436,084	2,995,054		Balance as at 1 January 2013 (audited)			
Total laba rugi komprehensif periode berjalan	-	-	-	28,628	543	(4)	2,616	31,783	1,191	32,974		Total comprehensive income for the period			
Saldo pada 31 Maret 2013 (tidak diaudit)*	<u>342,940</u>	<u>1,154,494</u>	<u>43,235</u>	<u>1,052,054</u>	<u>(2,445)</u>	<u>(291)</u>	<u>766</u>	<u>2,590,753</u>	<u>437,275</u>	<u>3,028,028</u>		Balance as at 31 March 2013 (unaudited)*			
Saldo pada 1 Januari 2014 (diaudit)	342,940	1,154,494	47,088	1,170,519	(11,273)	310	707	2,704,785	490,218	3,195,003		Balance as at 1 January 2014 (audited)			
Total laba rugi komprehensif periode berjalan	-	-	-	128,133	2,894	(310)	401	131,118	1,171	132,289		Total comprehensive income for the period			
Saldo pada 31 Maret 2014 (tidak diaudit)	<u>342,940</u>	<u>1,154,494</u>	<u>47,088</u>	<u>1,298,652</u>	<u>(8,379)</u>	<u>-</u>	<u>1,108</u>	<u>2,835,903</u>	<u>491,389</u>	<u>3,327,292</u>		Balance as at 31 March 2014 (unaudited)			

* Disajikan kembali (lihat Catatan 2b)/As restated (refer to Note 2b)

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

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 4/1 Schedule

**LAPORAN ARUS KAS INTERIM KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR
31 MARET 2014 DAN 2013**

(Dinyatakan dalam ribuan Dolar AS)

**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED
31 MARCH 2014 AND 2013**

(Expressed in thousands of US Dollars)

	<u>31 Maret/March</u>		
	<u>2014</u>	<u>2013</u>	
	<i>(tidak diaudit)/ (unaudited)</i>	<i>(tidak diaudit)/ (unaudited)</i>	
Arus kas dari aktivitas operasi			Cash flows from operating activities
Penerimaan dari pelanggan	749,194	829,591	<i>Receipts from customers</i>
Pembayaran kepada pemasok	(471,402)	(469,936)	<i>Payments to suppliers</i>
Pembayaran kepada karyawan	(38,702)	(40,791)	<i>Payments to employees</i>
Penerimaan pendapatan bunga	3,003	1,709	<i>Receipts of finance income</i>
Pembayaran royalti	(78,148)	(34,172)	<i>Payments of royalties</i>
Pembayaran pajak penghasilan	(50,732)	(76,390)	<i>Payments of income taxes</i>
Pembayaran beban bunga dan keuangan (Pembayaran)/penerimaan lain-lain, neto	(12,961) <u>(364)</u>	(12,110) <u>4,491</u>	<i>Payments of interest and finance costs Other (payments)/receipts, net</i>
Arus kas bersih yang diperoleh dari aktivitas operasi	<u>99,888</u>	<u>202,392</u>	Net cash flows provided from operating activities
Arus kas dari aktivitas investasi			Cash flows from investing activities
Pembelian aset tetap	(11,688)	(37,137)	<i>Purchase of fixed assets</i>
Hasil penjualan aset tetap	181	776	<i>Proceeds from disposal of fixed assets</i>
Penambahan kepemilikan pada perusahaan asosiasi	-	(4,550)	<i>Purchase of additional interest in associates</i>
Hasil penjualan kepemilikan pada perusahaan asosiasi	25,130	-	<i>Proceeds from sales of interest in associates</i>
Penerimaan pembayaran kembali pinjaman dari pihak ketiga	16,670	-	<i>Receipt from repayment of loan from third party</i>
Pemberian pembayaran kembali pinjaman dari pihak berelasi	42,406	-	<i>Receipt from repayment of loan from related party</i>
Pembayaran atas penambahan properti pertambangan	(6,142)	(10,769)	<i>Payment for addition of mining properties</i>
Pembayaran atas penambahan aset eksplorasi dan evaluasi	(42)	(31)	<i>Payment for addition of exploration and evaluation assets</i>
Arus kas bersih yang diperoleh dari/(digunakan untuk) aktivitas investasi	<u>66,515</u>	<u>(51,711)</u>	Net cash flows provided from/ (used in) from investing activities
Arus kas dari aktivitas pendanaan			Cash flows from financing activities
Penerimaan utang bank	96,000	-	<i>Proceeds from bank loans</i>
Pembayaran utang bank	(69,500)	(49,500)	<i>Repayments of bank loans</i>
Transfer untuk kas di bank dan deposito berjangka yang dibatasi penggunaannya	(1,171)	(750)	<i>Transfer to restricted cash in banks and time deposits</i>
Pembayaran dividen kepada pemegang saham Perusahaan	(39,983)	(35,185)	<i>Payments of dividend to the Company's shareholders</i>
Pembayaran utang sewa pembiayaan	(10,215)	(7,243)	<i>Payments of finance lease payables</i>
Arus kas bersih yang digunakan untuk aktivitas pendanaan	<u>(24,869)</u>	<u>(92,678)</u>	Net cash flows used in financing activities

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

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