

NEWS RELEASE

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DESPITE THE CHALLENGING COAL MARKET CONDITIONS, ADARO ENERGY IS ON TRACK TO REACH ITS TARGETS

First half performance remains on track to achieve annual guidance

- Adaro Energy's revenue increased 7% to US\$1,693 million on the back of higher sales volume of 13% while our average selling price (ASP) declined 5%. Our cost of revenue stayed fairly flat at 1% to US\$1,260 million leading to a 31% increase in EBITDA to US\$513 million. **(page 4-6)**
- Our 1H14 Operational EBITDA, which excluded non-operational accounting items, increased 31% to US\$513 million. Operational EBITDA excludes a one-time gain from sale of 35% interest in PT Servo Meda Sejahtera (SMS) and an expense related to a prior tax assessment for fiscal year 2012. **(6)**
- Our net income for 1H14 decreased 31% to US\$172 million mainly due to the inclusion of a gain from the Balangan acquisition in 1H13. Our core earnings, which exclude non-operational accounting items, rose by 59% to US\$210 million. **(7)**
- We lowered our coal cash cost (excluding royalty) 13% to US\$31.74 per tonne in 1H14, mostly due to the lower strip ratio as well as lower freight and handling, lower fuel cost, and other cost reduction initiatives, while overburden volumes increased 5%. **(4-5)**

Demand remained healthy with solid free cash flow generation

- We increased production volume 12% in 1H14 to 27.8 Mt and sales volume by 13% to 28.2 Mt due to solid demand for our coal. **(4)**
- Our net capital expenditure during 1H14 decreased by 31% to US\$67 million. We are on track to achieve our capital expenditure guidance of US\$200 million to US\$250 million. **(10)**
- We generated positive free cash flow of US\$259 million. **(10)**

Strong capital structure with robust liquidity

- Our liquidity remained strong with access to cash and long term undrawn facilities totaling US\$1 billion providing us with flexibility during the current coal price downturn. **(9)**
- Our capital structure improved as we reduced total interest bearing debt by 4% and increased our cash position 68% to \$938 million, resulting in net debt to last 12 months EBITDA of 1.39x and net debt to equity of 0.40x as of the end of 1H14. **(8)**
- We have completed a new unsecured Amortizing Term Loan Facility of US\$1 billion. Combined with the internal cash balance, we plan to use the proceeds to redeem the US\$800 million Guaranteed Senior Notes issued in October 2009 and to refinance the US\$750 million loan facility signed in July 2011. **(9)**
- We will continue to preserve cash, strengthen our capital structure and extend the maturities of our borrowings. **(9)**

SUMMARY FOR THE FIRST HALF 2014

Operational Performance

	1H 2014	1H 2013*	% Change
Production Volume (Mt)	27.8	24.9	12%
Sales Volume (Mt)	28.2	25.0	13%
Overburden Removal (Mbcm)	149.5	142.1	5%

Financial Performance

<i>(US\$ Million, except otherwise stated)</i>	1H 2014	1H 2013*	% Change
Net Revenue	1,693	1,579	7%
Cost of Revenue	(1,260)	(1,251)	1%
Gross Profit	433	328	32%
Operating Income	361	398	-9%
Net Income	172	249	-31%
Core Earnings ¹	210	132	59%
EBITDA ²	513	393	31%
Operational EBITDA ³	513	393	31%
Total Assets	6,903	6,861	1%
Total Liabilities	3,592	3,629	-1%
Stockholders' Equity	3,311	3,232	2%
Interest Bearing Debt	2,248	2,346	-4%
Cash	938	559	68%
Net Debt	1,310	1,787	-27%
Capital Expenditure ⁴	67	96	-31%
Free Cash Flow ⁵	259	301	-14%
Basic Earnings Per Share (EPS) in US\$	0.00525	0.00775	-32%
Coal cash cost (ex. royalty) in US\$	31.74	36.54	-13%

*As restated due to implementation of ISAK 29, "Stripping Costs in the Production Phase of a Surface Mining" and finalization of the accounting for business combination, or the one-time gain of Balangan.

¹ Net income excluding non-operational accounting items net of tax (amortization of mining properties, gain from sales of interest in associate and prior tax assessment for fiscal year 2012).

² Profit before income tax + finance costs - finance income + foreign exchange loss - unrealized one time non cash gain from Balangan acquisition + depreciation and amortization

³ EBITDA excluding non-operational accounting item of gain from sales of interest in associate and prior tax assessment for fiscal year 2012.

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

	1H 2014	1H 2013*	% Change
Gross Profit Margin (%)	25.6%	20.8%	23%
Operating Margin (%)	21.3%	25.2%	-15%
EBITDA Margin (%)	30.3%	24.9%	22%
Net Debt to Equity (x)	0.40	0.55	-
Net Debt to last 12 months EBITDA (x)	1.39	2.16	-
Cash from Operations to Capex (x)	5.47	3.75	-

Operating Segment

<i>(US\$ Million)</i>	Revenue			Net Profit		
	1H 2014	1H 2013*	% Change	1H 2014	1H 2013*	% Change
Coal mining & trading	1,583	1,476	7%	163	140	16%
Mining services	68	74	-8%	7	-18	138%
Others	42	29	45%	32	8	300%
Elimination	-	-		-30	119	-125%
Adaro Energy Group	1,693	1,579	7%	172	249	-31%

*As restated due to implementation of ISAK 29, "Stripping Costs in the Production Phase of a Surface Mining" and finalization of the accounting for business combination, or the one-time gain of Balangan.

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST HALF 2014

Net Revenue and Average Selling Price

Demand for our coal remained solid and our core operations at PT Adaro Indonesia (AI) continue to deliver its targets throughout 1H14. During the period, Balangan Coal, which we acquired in 2013 started production from PT Semesta Centramas (SCM), one of the three coal license companies, producing 77,335 tonnes of coal. We have sold 53,274 tonnes of Balangan Coal to a customer in Thailand. In total, our production volume increased by 12% to 27.8 Mt and our sales volume went up by 13% to 28.2 Mt in 1H14. These translated into 7% higher revenue of US\$1,693 million in 1H14 despite a 5% lower Average Selling Price (ASP), year over year, as coal prices remained under pressure.

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

“We were able to deliver solid operational and financial results in 1H14, on track to achieve our annual guidance for 2014. Our continued focus on efficiency and productivity has resulted in healthy margins. Our strong liquidity provides us with flexibility to weather the current market headwinds. We believe the long-term fundamental for coal remains intact, and as market rebalances, the coal price will eventually improve. Our strategy has not changed and we continue to focus on delivering reliable supply to our customers, improving efficiency and strengthening our capital structure.”

Mining Assets and Trading

Our coal mining and trading division, AI, Coaltrade Services International Pte Ltd (CTI) and SCM generated 93% of our revenue, of which AI accounted for the largest portion. In 1H14, net revenue from coal mining and trading increased 7% to US\$1,583 million due to higher sales volume.

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\$68 million in 1H14 was 8% lower from US\$74 million last year as SIS focused more on AI and SCM operations.

Logistic, Others

Our other business segments include 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 contractor 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 1H14 from these other business segments grew 45% to US\$42 million.

Cost of Revenue and Coal Cash Cost

Our cost of revenue increased slightly by 1% to US\$1,260 million in 1H14 even though production volumes were 12% higher as we maintained a lower strip ratio than the plan and we continued to implement cost reduction initiatives. We lowered freight and handling expense, reduced fuel price, carried out more volumes by in-house contractors as well as initiated other

cost reductions. Meanwhile, our overburden removal in 1H14 went up 5% year over year to 149.5 Mbcm or 19% higher quarter over quarter as we were able to remove more overburden as the wet season ended. Our 2Q14 strip ratio was 5.88x or 20% higher than the previous quarter of 4.88x. However, our consolidated strip ratio for 1H14 decreased by 6% year over year to 5.37x. Coupled with lower freight and handling, lower fuel cost, and other cost reduction initiatives, our coal cash cost (excluding royalty) was 13% lower at US\$31.74 per tonne. We expect more overburden removal in the coming quarters as we have entered the dry season. AI is on track to achieve annual consolidated planned strip ratio of 5.78x and the bottom end of our coal cash cost guidance of \$35 to \$38 per tonne.

We continue to improve efficiency along our coal supply chain in order to have better cost control and improved reliability. 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.

Coal Cash Cost per tonne (US\$)					
	1H 2013	FY 2013	1Q 2014	1H 2014	FY2014E ⁶
Coal Cash Cost (ex. royalty)	36.54	34.86	29.82	31.74	35 - 38

Mining Assets and Trading

Total cost of revenue for mining and trading for 1H14 increased slightly by 1% to US\$1,173 million. We paid higher royalties to the government as revenue increased. This was offset by lower costs from the overburden strip ratio and a 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 increased 3% to US\$656 million in 1H14 as we removed more overburden compared to last year. Mining accounted for 52% of our total cost of revenue.

- ***Fuel***

Our fuel cost for 1H14 decreased by 2% 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.

- ***Coal Processing***

The cost of coal processing decreased 2% to US\$63 million for 1H14 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.

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

- **Royalties to Government**

Our royalties to the Government of Indonesia increased 8% to US\$180 million, which was in-line with the higher revenue. Royalties accounted for 14% of our total cost of revenue for 1H14.

- **Freight and Handling**

Our freight and handling cost declined 21% to US\$120 million. Freight and handling accounted for 10% of our total cost of revenue for 1H14.

Mining Services

The cost of mining services decreased by 14% to US\$62 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 5% of our total cost of revenue.

Logistics, Others

The cost of other subsidiaries, which are substantially associated to the third party cost of revenue of Adaro Logistics, increased 24% to US\$25 million. The cost related to our other subsidiaries accounted for 2% of our total cost of revenue for 1H14.

EBITDA and Operational EBITDA

We delivered healthy profitability despite market challenges. We posted EBITDA of US\$513 million up 31% compared to last year with an EBITDA margin of 30% driven by a lower strip ratio, cost reduction initiatives and robust sales volume. We continued to focus on cost discipline and efficiency across our operations. Our Operational EBITDA excludes a US\$11 million one-time gain from the sales of interest in SMS and a US\$11 million expense related to prior tax assessment for fiscal year 2012. We are on track to achieve our EBITDA guidance for 2014 of US\$750 million to US\$1 billion.

	1H 2013	FY 2013	1Q 2014	1H 2014
EBITDA margin	24.9%	25.0%	36.2%	30.3%

Operating Expenses and Other Expenses

We lowered our operating expenses for 1H14 by 3% to US\$73 million primarily due to lower selling and marketing expenses as well as lower general and administrative costs (G&A). Selling and marketing expenses decreased 1% to US\$21 million while other G&A costs decreased 15% to US\$24 million.

Other income / (expenses), net

In 1H14, we booked other income of US\$2 million as follows:

Other income / (expenses), net			
(US\$ Million, except otherwise stated)	1H 2014	1H 2013	% Change
Gain from sales of interest in associates	11	-	
Gain (negative goodwill) from business acquisition	-	146	
Others	(9)	0	
Total	2	146	-99%

- Gain from sales of interest in SMS through our wholly owned subsidiary ATA in which we divested our entire 35% interest or 360,500 shares in SMS for US\$25 million in 1Q14.
- Unrealized one time non cash gain from our Balangan acquisition amounted to \$146 million. We had not recognized the one-time gain in the previously issued interim consolidated statement of comprehensive income for the six-month period ended 30 June 2013 since we had not concluded the business combination calculation at that time. As we have now finalized the business combination calculation, we restated the interim consolidated statement of comprehensive income for the six-month period ended 30 June 2013 to reflect the one-time gain.

Net Income and Core Earnings

Our 1H14 net income was down 31% to US\$172 million since we restated the interim consolidated statement of comprehensive income for the six-month period ended 30 June 2013 to include the one-time gain from Balangan acquisition. Our underlying core earnings however increased 59% to US\$210 million. Core earnings excludes non-operational accounting items net of tax, which consisted of US\$32 million amortization of mining properties, US\$11 million gain from sales of interest in an associate and US\$17 million expense related to prior tax assessment for fiscal year 2012. For 1H13 core earnings, we excluded US\$146 million unrealized one time non cash gain from the Balangan acquisition. Higher core earnings were mainly driven by higher revenue and a relatively flat cost of revenue.

Total Assets

Our total assets increased 1% to US\$6,903 million. Current assets increased by 26% to US\$1,605 million mainly due to a higher cash balance. Meanwhile, non-current assets decreased by 5% to US\$5,298 million primarily due to the impairment of goodwill on our logistics business that was recognized in our audited accounts for FY13.

Cash

Cash increased by 68% to US\$938 million as of the end of 1H14, due to our efforts to preserve cash and strong cash flow generation. Cash accounted for 14% of total assets, of which 84% was held in US Dollars.

<i>(US\$ million)</i>	Cash in Banks	Deposits	Total	%
Rupiah (Rp)	55	95	150	16%
US Dollar (US\$)	355	431	786	84%
Other currencies	2	-	2	0%
Total	412	526	938	100%

Fixed Assets

Our fixed assets as at the end of 1H14 decreased 4% to US\$1,691 million. Fixed assets accounted for 24% of total assets.

Mining Properties

Our mining properties decreased by 2% to US\$2,176 million. Mining properties accounted for 32% of our total assets.

Goodwill

Our goodwill decreased 10% as at the end of 1H14 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

We no longer book deferred stripping costs as of 1H14. In line with the requirement of the new standard ISAK 29, we have reviewed our capitalized deferred stripping costs and have written off the entire balance of deferred stripping assets to retained earnings as well as recognized the related tax effect. We determined the previous recognized deferred stripping cost was unable to be associated with an identifiable coal component. Due to this adoption, our interim consolidated financial statements as at and for the six-month period ended 30 June 2013 has been restated.

Total Liabilities

Our total liabilities decreased 1% to US\$3,592 million. Current liabilities increased 5% to US\$815 million, due to higher tax payables.

Non-current liabilities decreased by 3% to US\$2,777 million mainly due to lower net of current maturities of long-term borrowings, which were partially offset by the increase in finance lease payables, provision for mine reclamation and closure and retirement benefit obligation.

We lowered our interest bearing debt by 4% in 1H14 to US\$2,248 million leading to net debt to last twelve months EBITDA of 1.39x and net debt to equity of 0.40x. Our healthy balance sheet provides us with more options to create long term growth.

Current Maturities of Long-term Borrowings

As of the end of 1H14, our current maturities of long-term borrowings were relatively flat with an increase of 0.3% to US\$192 million.

Long-term Borrowings

Our long-term borrowings decreased 5% to US\$2,056 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 of lower prices and continue to execute on our business model. As of 1H14, we had access to liquidity of US\$1 billion, consisting of US\$938 million in cash and US\$64 million in undrawn long term fully committed credit facilities.

Borrower	Facility (year secured)	Undrawn (US\$ mn)
SIS	US\$400 million (2011)	4.0
MBP	US\$160 million (2012)	20.0
MBP	US\$40 million (2012)	40.0
Total		64.0

Our average debt repayment schedule for the next five years from 2015 to 2019 is at a manageable level of around US\$171 million per year. We expect our operating subsidiaries, especially AI, to continue to generate strong cash flow to comfortably meet our financing needs.

<i>(US\$ million)</i>	2014	2015	2016	2017	2018	2019
Debt repayment schedule	84.8 ⁷	195.8	167.5	194.0	219.5	79.0

Adaro Indonesia Obtained a US\$1 Billion Loan for Refinancing Activities

AI, our wholly-owned subsidiary has completed a new unsecured Amortizing Term Loan Facility of US\$1 billion. We received total commitments of US\$9.1 billion, 9.1x oversubscribed, from a group of 14 international banks. Combined with the internal cash balance, we plan to use the proceeds to redeem our US\$800 million Guaranteed Senior Notes issued in October 2009 and to refinance the outstanding loan of the US\$750 million loan facility signed in July 2011.

Obtaining the New Facility is in line with our strategy to maintain a strong capital structure and a solid balance sheet. This new seven-year facility will further improve our debt maturity profile, financial flexibility and enable us to lower our average cost of debts.

Adaro Energy's Director and Chief Financial Officer, Mr. David Tendian, said:

“Despite market headwinds, we obtained a strong interest and support from lenders as we maintain our profitability and healthy capital structure. We continue to focus on operational excellence, cost efficiency, capital discipline and remain on track to achieve the guidance we set at the beginning of the year as well as deliver on our long term strategies.”

Cash Flows from Operating Activities

Our cash flows from operating activities during 1H14 increased 1% to US\$364 million mainly due to higher receipts on income tax refund, which was offset by lower receipts from customers, higher payment to suppliers and higher royalties to the government. Receipts on income tax refund surged 482% to US\$73 million. Receipts from customers decreased 2% to US\$1,626 million and payment to suppliers was up 3% to US\$969 million. Payments of royalties increased 81% due to higher revenue booked.

Cash Flows from Investing Activities

We booked net cash flow provided from investing activities of US\$5 million as compared to net cash flow used in investing activities of US\$107 million in 1H13. 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\$57 million. Purchases of fixed assets decreased 55% to US\$35 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 1H14 decreased by 31% to US\$67 million. However, we are on track to achieve our capital expenditure guidance of US\$200 million to US\$250 million for 2014 with expenditure on regular maintenance, SIS heavy equipment replacements and preparing mining readiness at our concessions.

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

Free Cash Flow

We generated positive free cash flow of US\$259 million, down 14%, mainly due to changes in net working capital. 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 1H14 was US\$114 million. We have made our cash dividend payment for this year of US\$75 million. During 1H14, we drew down US\$96 million through SIS's revolving loan facility and made total bank loan principal repayments of US\$116 million as follows:

Borrower	Facility (year secured)	Bank loan repayment (US\$ mn)
AI & CTI	US\$750 million (2007)	50.0
SIS	US\$400 million (2011)	30.0
AI	US\$750 million (2011)	11.0
AI	US\$380 million (2013)	18.0
MBP	US\$160 million (2012)	5.0
SDM	US\$15 million (2013)	2.0
Total		116.0

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 1/1 Schedule

LAPORAN POSISI KEUANGAN
KONSOLIDASIAN INTERIM
30 JUNI 2014, 31 DESEMBER 2013
DAN 1 JANUARI 2013

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

INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2014, 31 DECEMBER 2013
AND 1 JANUARY 2013

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

	Catatan/ Notes	30 Juni/ June 2014	31 Desember/ December 2013*	1 Januari/ January 2013*	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	6	938,021	680,904	500,368	Cash and cash equivalents
Kas di bank dan deposito berjangka yang dibatasi penggunaannya - bagian lancar	7	-	389	-	Restricted cash in banks and time deposits - current portion
Piutang usaha - pihak ketiga	8	376,640	309,565	474,013	Trade receivables - third parties
Persediaan	10	107,073	102,747	64,487	Inventories
Pajak dibayar dimuka	34a	130,115	186,716	142,906	Prepaid taxes
Pajak yang bisa dipulihkan kembali - bagian lancar	34b	21,025	9,866	89,266	Recoverable taxes - current portion
Piutang lain-lain - pihak ketiga		2,371	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		7,443	1,379	-	Derivative financial instruments
Uang muka dan biaya dibayar dimuka - bagian lancar	9	19,846	18,469	46,062	Advances and prepayments - current portion
Aset lancar lain-lain		<u>2,510</u>	<u>1,961</u>	<u>4,336</u>	Other current assets
Jumlah aset lancar		<u>1,605,044</u>	<u>1,370,879</u>	<u>1,413,875</u>	Total current assets
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Kas di bank dan deposito berjangka yang dibatasi penggunaannya - bagian tidak lancar	7	1,163	601	801	Restricted cash in banks and time deposits - non-current portion
Investasi pada entitas asosiasi	13	396,013	402,021	393,647	Investments in associates
Uang muka dan biaya dibayar dimuka - bagian tidak lancar	9	71,700	68,170	88,157	Advances and prepayments - non-current portion
Pajak yang bisa dipulihkan kembali - bagian tidak lancar	34b	12,547	12,301	15,451	Recoverable taxes - non-current portion
Aset eksplorasi dan evaluasi	11	168	111	570	Exploration and evaluation assets
Properti pertambangan	14	2,176,148	2,186,801	1,927,467	Mining properties
Aset tetap	12	1,691,185	1,705,799	1,769,016	Fixed assets
Goodwill	15	920,296	920,296	1,022,173	Goodwill
Aset pajak tangguhan	34e	6,499	8,694	8,340	Deferred tax assets
Aset tidak lancar lain-lain		<u>22,259</u>	<u>20,278</u>	<u>9,951</u>	Other non-current assets
Jumlah aset tidak lancar		<u>5,297,978</u>	<u>5,325,072</u>	<u>5,235,573</u>	Total non-current assets
JUMLAH ASET		<u>6,903,022</u>	<u>6,695,951</u>	<u>6,649,448</u>	TOTAL ASSETS

* Disajikan kembali (lihat Catatan 3)

As restated (refer to Note 3) *

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

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 1/2 Schedule

LAPORAN POSISI KEUANGAN
KONSOLIDASIAN INTERIM
30 JUNI 2014, 31 DESEMBER 2013
DAN 1 JANUARI 2013

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

INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2014, 31 DECEMBER 2013
AND 1 JANUARY 2013

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

	Catatan/ Notes	30 Juni/ June 2014	31 Desember/ December 2013*	1 Januari/ January 2013*	
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS					LIABILITIES
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Utang usaha	17	344,405	326,987	352,675	Trade payables
Utang dividen	28	-	39,983	35,185	Dividend payable
Beban akrual	19	45,729	44,836	35,539	Accrued expenses
Utang pajak	34c	107,156	37,468	40,637	Taxes payable
Utang royalti	18	118,655	117,022	128,392	Royalties payable
Bagian lancar atas pinjaman jangka panjang:					Current maturity of long-term borrowings:
- Utang sewa pembiayaan	20	36,374	32,289	31,643	Finance lease payables -
- Utang bank	21	155,852	155,577	268,408	Bank loans -
Instrumen keuangan derivatif		-	-	1,979	Derivative financial instruments
Utang lain-lain		6,415	19,517	4,765	Other liabilities
Jumlah liabilitas jangka pendek		814,586	773,679	899,223	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	87,127	47,511	58,819	Finance lease payables -
- Utang bank	21	1,178,476	1,195,541	1,298,082	Bank loans -
Senior Notes	22	790,580	789,870	788,530	Senior Notes
Instrumen keuangan derivatif		-	-	467	Derivative financial instruments
Liabilitas pajak tangguhan	34e	623,248	631,734	581,825	Deferred tax liabilities
Utang pihak berelasi non-usaha		-	-	500	Non-trade related party payables
Liabilitas imbalan kerja	23	49,262	43,068	34,281	Retirement benefits obligation
Provisi reklamasi dan penutupan tambang	24	48,650	40,355	16,211	Provision for mine reclamation and closure
Jumlah liabilitas jangka panjang		2,777,343	2,748,079	2,778,715	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 Rp 100 per saham	25	342,940	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 Rp 100 per share
Tambahan modal disetor, neto	26	1,154,494	1,154,494	1,154,494	Additional paid-in-capital, net
Laba ditahan	27	1,329,515	1,196,797	1,043,117	Retained earnings
Pendapatan komprehensif lainnya	2i	(6,909)	(10,256)	(5,125)	Other comprehensive income
Jumlah ekuitas yang diatribusikan kepada pemilik entitas induk		2,820,040	2,683,975	2,535,426	Total equity attributable to owners of the parent
Kepentingan non-pengendali	29	491,053	490,218	436,084	Non-controlling interests
Jumlah ekuitas		3,311,093	3,174,193	2,971,510	Total equity
JUMLAH LIABILITAS DAN EKUITAS		6,903,022	6,695,951	6,649,448	TOTAL LIABILITIES AND EQUITY

* Disajikan kembali (lihat Catatan 3)

As restated (refer to Note 3) *

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

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

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/1 Schedule

LAPORAN LABA RUGI KOMPREHENSIF
KONSOLIDASIAN INTERIM
UNTUK PERIODE ENAM BULAN YANG BERAKHIR
30 JUNI 2014 DAN 2013

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

INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED
30 JUNE 2014 AND 2013

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

	Catatan/ Notes	30 Juni/June		
		2014	2013*	
Pendapatan usaha	30	1,693,140	1,579,372	Revenue
Beban pokok pendapatan	31	(1,260,477)	(1,251,410)	Cost of revenue
Laba bruto		432,663	327,962	Gross profit
Beban usaha	32	(73,420)	(75,895)	Operating expenses
Pendapatan lain-lain, neto	33	1,851	145,891	Other income, net
Laba usaha		361,094	397,958	Operating income
Biaya keuangan		(61,077)	(56,569)	Finance costs
Pendapatan keuangan		7,662	6,469	Finance income
Bagian atas rugi neto entitas asosiasi	13	(2,064)	(5,997)	Share in net loss of associates
		(55,479)	(56,097)	
Laba sebelum pajak penghasilan		305,615	341,861	Profit before income tax
Beban pajak penghasilan	34d	(133,846)	(93,140)	Income tax expense
Laba periode berjalan		171,769	248,721	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		(2,026)	(227)	Exchange difference due to financial statement translation
Bagian atas pendapatan komprehensif lainnya dari entitas asosiasi		(310)	30	Share of other comprehensive income of associates
Bagian efektif dari keuntungan/ (kerugian) instrumen lindung nilai dalam rangka lindung nilai arus kas	34d	6,063	(5,311)	Effective portion of gains/(losses) on hedging instruments designated as cash flow hedges
Beban pajak penghasilan terkait pendapatan komprehensif lainnya	34d	(2,729)	2,390	Related income tax expense on other comprehensive income
Jumlah pendapatan komprehensif lainnya periode berjalan setelah pajak		998	(3,118)	Total other comprehensive income for the period, net of tax
Jumlah laba komprehensif periode berjalan		172,767	245,603	Total comprehensive income for the period

* Disajikan kembali (lihat Catatan 3)

As restated (refer to Note 3) *

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

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PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 2/2 Schedule

LAPORAN LABA RUGI KOMPREHENSIF
KONSOLIDASIAN INTERIM
UNTUK PERIODE ENAM BULAN YANG BERAKHIR
30 JUNI 2014 DAN 2013

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

INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED
30 JUNE 2014 AND 2013

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

	Catatan/ Notes	30 Juni/June		
		2014	2013*	
Laba periode berjalan yang diatribusikan kepada:				Profit for the period attributable to:
Pemilik entitas induk		167,903	247,956	Owners of the parent
Kepentingan non-pengendali	29	<u>3,866</u>	<u>765</u>	Non-controlling interests
Laba periode berjalan		<u>171,769</u>	<u>248,721</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		171,250	244,532	Owners of the parent
Kepentingan non-pengendali	29	<u>1,517</u>	<u>1,071</u>	Non-controlling interests
Total laba rugi komprehensif periode berjalan		<u>172,767</u>	<u>245,603</u>	Total comprehensive income for the period
Laba bersih per saham	36			Earnings per share
- dasar		0.00525	0.00775	basic -
- dilusian		0.00489	0.00721	diluted -

* Disajikan kembali (lihat Catatan 3)

As restated (refer to Note 3) *

PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 3 Schedule

LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN INTERIM
UNTUK PERIODE ENAM BULAN YANG BERAKHIR 30 JUNI 2014 DAN 2013
(Dinyatakan dalam ribuan Dolar AS)

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2014 AND 2013**
(Expressed in thousands of US Dollars)

Catatan/ Notes	Modal saham/ Share capital	Tambahhan modal disetor, neto/ Additional paid-in- capital, net	Diatribusikan kepada pemilik entitas induk/Attributable to owners of the parent				Laba ditahan/Retained earnings Belum dicaadangkan/ Unappropriated	Translasi mata uang asing/ Foreign currency translation	Bagian pendapatan, komprehensif lainnya dari entitas asosiasi/ Share of other comprehensive income of associates	Lindung nilai arus kas/ Cash flow hedges	Jumlah/ Total	Kepentingan non- pengendali/ Non- controlling interests	Jumlah ekuitas/ Total equity
			Pendapatan komprehensif lainnya/ Other comprehensive income		Pendapatan komprehensif lainnya/ Other comprehensive income								
Saldo pada 1 Januari 2013 sebelum disajikan kembali	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 before restatement	
Efek penerapan ISAK 29 (Catatan 3)	-	-	-	(23,544)	-	-	-	(23,544)	-	(23,544)		Impact on adoption of IFAS 29 (Note 3)	
Saldo pada 1 Januari 2013*	342,940	1,154,494	43,235	999,882	(2,988)	(287)	(1,850)	2,535,426	436,084	2,971,510		Balance as at 1 January 2013*	
Jumlah laba rugi komprehensif periode berjalan*	-	-	-	247,956	(533)	30	(2,921)	244,532	1,071	245,603		Total comprehensive income for the period*	
Pencadangan laba ditahan	-	-	3,853	(3,853)	-	-	-	-	-	-		Appropriation of retained earnings	
Dividen	-	-	-	(40,302)	-	-	-	(40,302)	(705)	(41,007)		Dividend	
Akuisisi dan penambahan entitas anak periode berjalan	-	-	-	-	-	-	-	-	-	-		Acquisition and addition of subsidiaries in the period	
Saldo pada 30 Juni 2013*	342,940	1,154,494	47,088	1,203,683	(3,521)	(257)	(4,771)	2,739,656	492,617	3,232,273		Balance as at 30 June 2013*	
Saldo pada 1 Januari 2014 sebelum disajikan kembali	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 before restatement	
Efek penerapan ISAK 29 (Catatan 3)	-	-	-	(20,810)	-	-	-	(20,810)	-	(20,810)		Impact on adoption of IFAS 29 (Note 3)	
Saldo pada 1 Januari 2014*	342,940	1,154,494	47,088	1,149,709	(11,273)	310	707	2,683,975	490,218	3,174,193		Balance as at 1 January 2014*	
Jumlah laba rugi komprehensif periode berjalan	-	-	-	167,903	323	(310)	3,334	171,250	1,517	172,767		Total comprehensive income for the period	
Penambahan modal saham oleh kepentingan non- pengendali	-	-	-	-	-	-	-	-	-	350		Additional share capital subscribed by non-controlling interests	
Pencadangan laba ditahan	-	-	2,312	(2,312)	-	-	-	-	-	-		Appropriation of retained earnings	
Dividen	-	-	-	(35,185)	-	-	-	(35,185)	(1,032)	(36,217)		Dividend	
Saldo pada 30 Juni 2014	342,940	1,154,494	49,400	1,280,115	(10,950)	-	4,041	2,820,040	491,053	3,311,093		Balance as at 30 June 2014	

* Disajikan kembali (lihat Catatan 3)

As restated (refer to Note 3) *

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

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PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 4/1 Schedule

LAPORAN ARUS KAS KONSOLIDASIAN INTERIM
UNTUK PERIODE ENAM BULAN YANG BERAKHIR
30 JUNI 2014 DAN 2013

(Dinyatakan dalam ribuan Dolar AS)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED
30 JUNE 2014 AND 2013

(Expressed in thousands of US Dollars)

	<u>30 Juni/June</u>		
	<u>2014</u>	<u>2013</u>	
Arus kas dari aktivitas operasi			Cash flows from operating activities
Penerimaan dari pelanggan	1,626,065	1,665,710	Receipts from customers
Pembayaran kepada pemasok	(969,233)	(943,906)	Payments to suppliers
Pembayaran kepada karyawan	(66,684)	(71,145)	Payments to employees
Penerimaan pendapatan bunga	7,662	3,262	Receipts of finance income
Pembayaran royalti	(169,014)	(93,227)	Payments of royalties
Pembayaran pajak penghasilan	(75,579)	(166,012)	Payments of income taxes
Penerimaan restitusi pajak penghasilan	73,207	12,570	Receipts on income tax refund
Pembayaran beban bunga dan keuangan (Pembayaran)/Penerimaan lain-lain, neto	(57,314) (4,771)	(53,108) 6,714	Payments of interest and finance costs Other (payments)/receipts, net
Arus kas bersih yang diperoleh dari aktivitas operasi	<u>364,339</u>	<u>360,858</u>	Net cash flows provided from operating activities
Arus kas dari aktivitas investasi			Cash flows from investing activities
Pembelian aset tetap	(35,309)	(78,508)	Purchase of fixed assets
Hasil penjualan aset tetap	611	8,987	Proceeds from disposal of fixed assets
Penambahan kepemilikan pada perusahaan asosiasi	(9,750)	(4,550)	Purchase of additional interest in associates
Penerimaan atas penjualan investasi pada entitas asosiasi	25,130	-	Proceeds from sale of investment in associate
Penerimaan pembayaran kembali pinjaman dari pihak ketiga	16,670	15,000	Receipt from repayment of loan from third party
Penerimaan pembayaran kembali pinjaman dari pihak berelasi	40,233	-	Receipt from repayment of loan from related party
Transfer ke kas di bank dan deposito berjangka yang dibatasi penggunaannya	(173)	-	Transfer to restricted cash and time deposits
Arus kas keluar bersih dari akuisisi entitas anak	-	(20,949)	Net cash outflow from acquisition of subsidiaries
Pembayaran atas penambahan properti pertambangan	(31,879)	(26,691)	Payment for addition of mining properties
Pembayaran atas penambahan aset eksplorasi dan evaluasi	(57)	(68)	Payment for addition of exploration and evaluation assets
Arus kas bersih yang diperoleh dari (digunakan untuk) aktivitas investasi	<u>5,476</u>	<u>(106,779)</u>	Net cash flows provided from/ (used in) investing activities
Arus kas dari aktivitas pendanaan			Cash flows from financing activities
Pembayaran beban yang berhubungan dengan pinjaman	-	(10,556)	Payments of loan related costs
Penerimaan utang bank	96,000	380,000	Proceeds from bank loans
Pembayaran utang bank	(116,000)	(465,000)	Repayments of bank loans
Pembayaran dividen kepada pemegang saham Perusahaan	(75,168)	(75,487)	Payments of dividends to the Company's shareholders
Pembayaran dividen kepada kepentingan non-pengendali	(1,032)	(705)	Payments of dividends to non-controlling interests
Penerimaan setoran modal dari kepentingan non-pengendali	350	94	Receipt of capital injection from non-controlling interests
Pembayaran utang sewa pembiayaan	(18,118)	(21,145)	Payments of finance lease payables
Arus kas bersih yang digunakan untuk aktivitas pendanaan	<u>(113,968)</u>	<u>(192,799)</u>	Net cash flows used in financing activities

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

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PT ADARO ENERGY Tbk DAN ENTITAS ANAK/AND SUBSIDIARIES

Lampiran 4/2 Schedule

LAPORAN ARUS KAS KONSOLIDASIAN INTERIM
UNTUK PERIODE ENAM BULAN YANG BERAKHIR
30 JUNI 2014 DAN 2013
(Dinyatakan dalam ribuan Dolar AS)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED
30 JUNE 2014 AND 2013
(Expressed in thousands of US Dollars)

	<u>30 Juni/June</u>		
	<u>2014</u>	<u>2013</u>	
Kenaikan bersih kas dan setara kas	<u>255,847</u>	<u>61,280</u>	<i>Net increase in cash and cash equivalents</i>
Kas dan setara kas pada awal periode	680,904	500,368	<i>Cash and cash equivalents at the beginning of the period</i>
Efek perubahan nilai kurs pada kas dan setara kas	<u>1,270</u>	<u>(2,713)</u>	<i>Effect of exchange rate changes on cash and cash equivalents</i>
Kas dan setara kas pada akhir periode (lihat Catatan 6)	<u><u>938,021</u></u>	<u><u>558,935</u></u>	<i>Cash and cash equivalents at the end of the period (refer to Note 6)</i>

Lihat Catatan 38 untuk penyajian transaksi non-kas Grup.

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

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

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