

## NEWS RELEASE FROM ADARO ENERGY

**General Media:**

**For further information please contact:**

Mr. Andre J. Mamuaya  
Director and Corporate Secretary

**Tel: (6221) 521 1265**

Fax: (6221) 5794 4685

Email: corpsec@ptadaro.com

**Financial Media:**

**For further information please contact:**

Mr. Cameron Tough  
Head of Investor Relations

**Tel: (6221) 521 1265**

Fax: (6221) 5794 4685

Email: cameron.tough@ptadaro.com

### ADARO ENERGY'S NET PROFIT JUMPS 902% TO Rp887 BILLION

**Jakarta, March 31, 2009** – PT Adaro Energy Tbk (IDX - ADRO) is pleased to announce audited consolidated net profit for the year ended December 31<sup>st</sup>, 2008 increased 902% to Rp887 billion from the Rp89 billion year ended December 31<sup>st</sup>, 2007. Adaro Energy's 2008 basic earnings per share (EPS) was Rp35. The significant increase is attributed to higher achieved selling prices of coal as well as increased production, which increased revenue 56% to Rp18,093 billion. Meanwhile, the cost of revenue increased at a lesser rate of 45%, boosting the gross margin from 22% in 2007 to 27% in 2008. Adaro Energy's operating income increased 87% to Rp4,212 billion, resulting in a wider operation margin, which increased from 19% to 23%.

#### Summary of Full Year 2008 Performance

	<b>FY08</b>	<b>FY07</b>	<b>% change</b>
<b>Production Volume (Mt)</b>	38,482	36,038	7%
<b>Sales Volume (Mt)</b>	41,099	37,550	9%
<b>Net Revenue (Bn IDR)</b>	18,093	11,593	56%
<b>Cost of Revenue (Bn IDR)</b>	13,149	9,089	45%
<b>Operating Income (Bn IDR)</b>	4,212	2,253	87%
<b>Net Income (Bn IDR)</b>	887	89	902%
<b>EBITDA (Bn IDR)</b>	4,455	2,423	84%
<b>Return On Invested Capital</b>	6.3%	0.7%	5.6%
<b>Total Assets (Bn IDR)</b>	33,720	14,689	130%
<b>Cash and Cash Equivalent (Bn IDR)</b>	2,416	832	190%
<b>Interest Expense and Finance Charges (Bn)</b>	0.616	1,726	(64%)
<b>Total Interest Bearing Debt (Bn IDR)</b>	11,039	7,426	49%
<b>Cost of USD Bank Loans</b>	2.3%-6.9%	6.4%-17%	
<b>Stockholders' Equity (Bn IDR)</b>	14,009	2,151	551%
<b>Net Debt to Equity</b>	0.54x	2.26x	

## Subsidiary Information

*Subsidiary Performance (in millions of Rupiah, without elimination for inter-company transactions)*

	<b>Adaro</b>	<b>IBT</b>	<b>CTI</b>	<b>SIS</b>	<b>MSW</b>
<b>Revenue</b>	15,659,966	331,696	3,628,879	1,857,009	-
<b>Cost of Revenue</b>	(11,450,525)	(233,993)	(3,255,743)	(1,561,696)	-
<b>Gross Profit</b>	4,209,441	97,703	373,136	295,313	-
<b>Operating Income (Loss)</b>	3,684,395	97,703	354,926	174,748	(6,095)
<b>Net Income (Loss)</b>	1,578,619	88,431	315,192	(460,511)	(1,266)
<b>Total Assets</b>	14,072,445	1,932,771	2,556,820	4,390,190	371,268
<b>Interest bearing debt</b>	4,822,238	-	1,747,762	3,592,941	-
<b>Capital Expenditures</b>	216,684	16,439	184	1,114,272	101,444

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

**“We had an extraordinary year in 2008. We are delighted we achieved our 2008 production and sales targets, despite sometimes difficult and challenging conditions. Our EBITDA increased 86% to Rp4.5 trillion on the back of wider margins as the rate of revenue growth outpaced the increase in cost of revenue. With a good cash position, moderate and manageable gearing and higher prices we are well positioned to have a good year in 2009.”**

### **Net Sales**

Due to continued firm demand, combined sales volumes, which include 1.3 million tonnes of third party coal trading, increased by 9% to 41.1 million tonnes as production volumes increased 7% to 38.5 million tonnes.

This result is slightly ahead of the annual volume target for full year 2008 of 38.1 million tonnes, despite seasonally difficult weather conditions at the beginning of the year and minimal starting inventory. Good team work is a major factor in achieving the annual target, which was reached safely.

Due to increased average achieved selling prices and higher comparative volumes, in full year 2008, Adaro Energy's audited consolidated total revenues rose 56% to Rp18,093 billion or US\$1,869 million. Up until January 2008, Adaro Energy only had minority stakes CTI. As such its results are not consolidated in the FY07 consolidated performance figures. Adaro Energy's combined average achieved selling price increased due to higher demand and some supply constraints in the market for seaborne thermal coal.

Adaro Energy accounts for three business segments: Coal mining and Trading, Mining Services and Others. In full year 2008, the combined revenues from coal mining and trading, which is substantially all from Adaro Energy, Adaro Indonesia and Coaltrade, rose 56% to US\$1,735 million (Rp16,797 billion), and accounted for 93% of Adaro Energy's total revenues. Adaro Indonesia generated coal revenues of US\$1,618 million (Rp15,660 billion), of which US\$268 million (Rp2,592 billion) were revenues from sales to Coaltrade, its sister company in Singapore. Therefore, after elimination for inter-company transactions, Adaro Indonesia's revenues amounted to US\$1,350 million (Rp13,068 billion). By conducting related as well as third party trading activities, Coaltrade's revenues were US\$375 million (Rp3,629 billion) during FY08.

Exports, substantially all coal mining and trading, accounted for 72% of Adaro Energy's 2008 revenues. In 2007, Rp1,946 billion of revenues from coal mining and trading, or 17% of total revenues, and 18% of mining and trading revenues, were with a related party, which was Coaltrade before Adaro Energy acquired a majority stake in 2008 and consolidated Coaltrade's revenues into the group.

Mining services, which are conducted by the company's mining contactor SIS, generated revenues (after elimination of inter-company transactions) of Rp1,069 billion, a 59% increase, due to higher services fees and increased volumes. Down from 69% in 2007, in 2008, a 56%

portion of mining services revenues were with related parties, such as mining company PT Berau Coal.

Other revenues of Rp226 billion, resulted mostly from the activities of Adaro Energy's port facility and coal terminal operation, IBT. They were 83% domestic sales and less than 1% with related parties.

### **Related Party Revenue**

In 2008, Rp600 billion of revenue was generated through sales to related parties, an amount of less than 4% of total revenue. This is a 75% reduction from the Rp2,412, or 21% of revenue attributed to related parties in 2007. The large reduction is due to the acquisition and subsequent consolidation of Coaltrade into Adaro Energy. Coaltrade's portion of the 2007 revenues amounted to Rp1,946 billion. The largest share of revenue in 2008 came from coal miner PT Berau Coal.

### **Revenue Information Per Subsidiary**

#### *Adaro Indonesia*

Adaro Indonesia, the coal mining subsidiary 100% owned by Adaro Energy, and the major contributor to Adaro Energy's income, exceeded its 2008 production and sales targets of 38.1 million tonnes.

Coal production increased 7% in FY08 to 38.5 million tonnes, while sales volumes increased 9% to 39.8 million tonnes. Adaro Indonesia's planned strip ratio, which is measured as bcm of overburden per tonne of coal in situ, stayed the same as in 2007 at 4.25, well below the average for Indonesian coal mines.

In FY08 sales revenues increased 41% to US\$1,618 million (Rp15,660 billion).

#### *Coaltrade*

During FY08 Coaltrade revenues were US\$375 million (Rp3,629 billion), a 19% increase compared to the same period last year. Coaltrade sold 8.0 million tonnes of coal in FY08, of which 0.96 million tonnes was third party coal. In 2007, Coaltrade sold 9.3 million tonnes of coal.

#### *IBT*

During 2008, IBT revenues decreased 32% to US\$34 million (Rp332 billion), which after elimination for interrelated transactions revenues amounted to Rp125 billion. This drop in IBT's revenue has been more than offset by increased efficiencies achieved by Adaro Indonesia through loading more coal at the Taboneo anchorage. In 2008, IBT loaded 125 vessels and shipped 8.1 million tonnes of coal, of which 1.8 million tonnes was for a third party.

#### *SIS*

During FY08, SIS revenues increased 32% to Rp1,856 billion (US\$192 million), which after elimination for interrelated transactions revenues amounted to Rp1,069 billion (US\$110 million). Serving Adaro Indonesia and other customers, SIS removed 86 million bank cubic meters (bcm)

of overburden, transported 8.5 million tonnes of coal and barge loaded 1,292 million tonnes of coal.

### **Cost of Revenue**

Adaro Energy's cost of revenue for the year ended December 31<sup>st</sup>, 2008 increased 45% to Rp13,149 billion, due to higher mining costs and increased production. The cost of revenue is accounted for according to segment.

#### *Fuel*

As part of its business model of further integration, Adaro Energy has taken over substantially all of the fuel procurement activities for the entire group, from mining through to barging and other areas. By combining fuel purchase activities, Adaro Energy is able to benefit from bulk prices and greater efficiency. As well, by purchasing fuel forward, from a number of reputable international suppliers, Adaro Energy is able to lock in affordable prices and to benefit from the backwardation that normally exists in the fuel market. Fuel is not accounted for as a separate line item. In 2008, Adaro Energy consumed 339 million liters of fuel at an average price of \$0.87/ltr, which accounts for approximately 22% of Adaro Energy's cost of revenue.

#### *Coal Mining and Trading (mostly Adaro Indonesia and Coaltrade)*

The costs of coal mining and trading are substantially all attributed to Adaro Indonesia and Coaltrade. In 2008, the cost of coal mining and trading increased 43%, or Rp3,629 billion, to Rp12,130 billion and was the largest segment of Adaro Energy's cost of revenues, accounting for 92%. It encompasses the cost of the excavation, land transportation, crushing, barging, marketing and for some customers, the delivery of Adaro Indonesia's envirocoal.

#### Mining and Coal Processing

Coal mining increased 42% to Rp5,803 billion, while coal processing, or crushing, increased 25% to Rp774 billion. The increases are due to production volume increases as well as higher rates. Coal mining is the largest single component of Adaro Energy's cost of revenues, accounting for 44%. Coal processing accounts for 6% of the cost of revenue and is the fourth largest component.

Adaro Energy's main activity is coal mining, which is conducted by Adaro Indonesia at the Tutupan mine in South Kalimantan. Adaro Indonesia employs four mining contractors to carry out excavations from the mine as well as to haul the coal 75km along the company's privately-held sealed road to the Kelanis river facility. Mining costs account for the mining and hauling of coal to Kelanis. Adaro's contractors are paid per tonne for the overburden they remove and the coal that they extract and haul.

PT Pamapersada Nusantara ("PAMA"), owned by PT United Tractors Tbk, is responsible for nearly half of Adaro Indonesia's coal production volumes. PT Bukit Makmur Mandiri Utama ("BUMA") and the Adaro Energy's subsidiary PT Saptaindra Sejati ("SIS") are each responsible for 20% respectively. PT Rahman Abdijaya ("RAJ"), an affiliated party, conducts around 10% of the mining operations.

Adaro has increased annual production every year since 1992. The keys to meeting annual production targets include the continuity and stability of services from the management team in Kalimantan, the technical capability of the established mining team, the continuous improvement programs held jointly by Adaro and its contractors and the long standing, stable and mutually beneficial partnerships with Adaro's contractors.

The costs of mining and crushing activities make up the total production cost of coal mining and trading, which increased 40% to Rp6,577 billion and accounted for 50% of Adaro Energy's cost of revenue.

#### Freight and Handling

Adaro Energy's freight and handling cost was the second largest cost component, accounting for 22%. In 2008, freight and handling increased 22% to Rp2,924 billion, due to higher volumes and barge and crane rate increases.

#### Royalties to Government

Royalties were the third largest cost component and account for 11% of the cost of revenues. In 2008, Adaro Energy's royalties increased Rp587 billion, or 67% to Rp1,458 billion. Royalties are paid to the Government of Indonesia. The payment is calculated using a rate of 13.5%, levied against the net sales price arrived at by reducing for any charges incurred for transporting the coal beyond the final processing facility. Adaro Indonesia's final processing facility is the Kelanis River Terminal.

#### Purchase of Coal

Substantially all related to coal purchases made by Adaro Energy and Coaltrade, which buy and sell third party coal for either blending or marketing purposes, Adaro Energy's coal purchases increased 107% to Rp648 billion with the purchase of 1.3 million tonnes of coal.

#### Depreciation and Amortization

The depreciation and amortization component of Adaro Energy's cost of coal mining and trading increased 100% to Rp407 billion due to the Rp197 billion amortization of mining properties. Essentially none existent in 2007, Adaro Energy's amortization of mining properties jumped significantly due to the acquisition of PT Adaro Indonesia. Depreciation and other amortization increased 3% to Rp210 billion.

Adaro Energy's mining properties increased significantly, accounting for the difference between the book value and the acquisition price of Adaro Indonesia. At the end of 2008, following the IPO-funded acquisition, Adaro Energy's mining properties had jumped to Rp10,470 billion from Rp118 billion the year before. Mining properties have little tangible value on the balance sheet of the company that has been granted the use of those properties. Once an event occurs such as the takeover of a permit holder, the mining property will increase in value. Adaro Energy's mining properties shall be amortized using the unit of production method.

#### *Mining Services (mostly SIS)*

Adaro Energy's mining services are substantially all associated with the firm's mining contractor, SIS. The cost of mining services increased Rp367 billion, or 69%, to Rp898 billion.

The largest increase is attributed to consumables, which are largely fuel and explosives. The Rp140 billion, or 61% increase, is due to higher volumes and prices. In 2008, SIS spent US\$115 million on mining equipment to expand its operations. As such, depreciation and amortization increased 84% to Rp166 billion. Due to the addition of several new, mostly local employees, as well as due to salary increases, the employee cost component increased 73% to Rp126 billion. Repairs and maintenance increased 78% to Rp112 billion.

Mining services is a distant second to coal mining and trading, accounting for 7% of Adaro Energy's cost of revenues.

#### *Others (mostly IBT)*

The costs associated with the Others segment account for just 1% of the total cost of revenues. Mostly related to the cost of running Adaro Energy's port, IBT, due to twelve times increase in the price of consumables to Rp72 billion, the Others cost of revenue rose 112% to Rp121 billion.

#### *Significant Suppliers*

PT Pamapersada Nusantara ("Pama") is the sole supplier having transactions of more than 10% of total consolidated purchases. In 2008, Pama's transaction value decreased 4% to Rp1,757 billion. The decrease in FY08 with occurred as the 2007 amount includes the fuel expenses.

#### **Related Party Cost of Revenue**

Related party transactions accounted for 9% of the 2008 cost of revenue compared to 7% in 2007. An increase of 12% to Rp1,157 billion, the largest three companies accounted for substantially all of the costs and provided mining and coal transportation services.

#### **Gross Profit and Margin**

Due to higher volumes and higher prices, revenues increased 56% to Rp18,093 billion. The cost of revenue increased at the lower rate of 45%, to Rp13,149 billion. As such Adaro Energy's gross profit increased to Rp4,943 billion. The gross margin increased from 22% to 27%.

#### **Operating Expenses**

Adaro Energy's total operating expenses increased 192% to Rp731 billion due to higher sales commissions, linked to higher sales revenues, as well as higher employee costs. Operating expenses amount to 4% of revenue.

#### *Selling and Marketing*

Adaro Energy's selling and marketing expenses increased 205% to Rp528 billion, almost entirely due to the 215% increase of sales commissions to Rp504 billion. Sales commissions increased in relation to higher sales prices and increased sales volumes.

#### *General and Administration*

Adaro Energy's general and administration expenses increased 161% to Rp203 billion due to the 141% increase of employee costs to Rp106 billion, as well as Other expenses increasing 185% to Rp91 billion.

## **Operating Income and Margin**

Adaro Energy's operating income increased 87% to Rp4,212 billion, resulting in an operating margin increase from 19% to 23%.

## **Other Expenses**

Adaro Energy's Other Expenses declined 1% to Rp1,287 billion. A significant decrease in interest expense and finance charges was offset by much lower interest income, much higher foreign exchange losses and higher amortization of goodwill.

### *Interest Expenses and Finance Charges*

Due to the refinancing in November 2007 of a mezzanine borrowing as well as the early redemption of corporate notes, Adaro Energy's interest expenses and finance charges dropped 64% to Rp616 billion. The mezzanine facility and the notes both had higher interest rates than the syndicated bank loan used for refinancing. As well, in 2007 Adaro Energy had to pay early redemption charges.

In November 2007, Adaro Energy refinanced bank loans, a mezzanine facility and a corporate bond with an unsecured, 5 year, US\$750 million syndicated loan led by DBS Bank Ltd, SMBC, Standard Chartered Bank, MUFJ, and UOB (DBS Syndicated Loan). In March 2008, Adaro Energy locked in this low interest expense by swapping the USD-LIBOR portion of the syndicated term loan to a fixed rate, resulting in an interest rate below 4.5%.

### *Foreign Exchange Loss*

At the end of the first nine months of 2008, Adaro Energy had booked a slight foreign exchange gain. Due to the steep depreciation of the Rupiah in the fourth quarter following the onset of the global economic crisis, Adaro Energy incurred a foreign exchange loss of Rp455 billion, a 171% increase over the same period of 2007. The foreign exchange loss is attributed mainly to the US Dollar debt held by the Company's subsidiary SIS. As it is a better match to revenues, costs and debt, all of Adaro Energy's operating subsidiaries report their books in US Dollar, except for SIS. At the end of 2008, SIS had drawn down US\$240 million from a US\$300 loan facility. Due to the significant fall of the Rupiah, this borrowing became worth substantially more in Rupiah terms and thus incurred the foreign exchange loss.

### *Interest Income*

Interest income dropped 92% to Rp48 billion in 2008. Loans to related parties fell as Adaro Energy completed internal acquisitions of related parties using the proceeds from the IPO. By consolidating these parties, Adaro Energy eliminated internal borrowings.

### *Gain from Sales of Subsidiaries*

Prior to and following the IPO, Adaro Energy has been acquiring and disposing of entities under common control so as to simplify and consolidate its corporate structure. Due to these activities Adaro Energy realized a gain of Rp95 billion from the sale of subsidiaries.

### *Gain from Sale of Available-For-Sale Investments*

On December 17, 2008, Adaro Energy and two of its subsidiaries entered into a one year fund management agreement with PT Recapital Asset Management ("Recapital"). Adaro Energy

appointed Recapital to manage a fund of Rp1,728 billion. Part or all of the funds will be invested in a discretionary fund of mutual funds, bonds, marketable securities, shares, convertible bonds and warrants. In August 2008, Adaro Energy made partial redemptions amounting to Rp653 billion. The realised gain on investment for 2008 amounted to Rp 49 billion, compared to nil in 2007. At the end of 2008 Adaro Energy decided to extend the management of funds for another six months. At the end of 2008, the marked to market value of the available-for-sale investment was Rp 1,096. In February 2009, Adaro Energy made an additional partial redemption amounting to Rp 256 billion and a realised gain of Rp8 billion.

#### *Amortization of Goodwill*

The amortization of goodwill increased 1,025% times to Rp360 billion. The increase is linked to the increase of goodwill on the balance sheet to Rp9,128 billion from Rp1,226 billion. Adaro Energy's goodwill increased to reflect the acquisition activities carried out by Adaro Energy using the proceeds from the IPO, and the large differences between the acquisition price and the book value of the various subsidiaries which were acquired.

#### **Income Tax Expense**

Adaro Energy's profit before income tax increased 209% to Rp2,925 billion. The 2008 income tax expense increased 144% to Rp1,602 billion, with an effective tax rate of 55%. Under the terms of its Coal Cooperation Agreement of 1982, Adaro Indonesia, which is the main income earner, has an income tax rate of 45%. Lower than the effective tax rate of 69% in 2007, the higher effective tax rate is due to non-deductible expenses related to the amortization of goodwill and interest expense related to the LBO, among others.

#### **Pre-Acquisition Income**

Pre-acquisition income represents incomes attributable to the minority shareholders of subsidiaries prior to the acquisition of these subsidiaries by Adaro Energy with the proceeds of the IPO on July 16<sup>th</sup>, 2008. As such Adaro Energy's net income is reduced by the share of subsidiaries' incomes that Adaro Energy did not own, amounting to Rp126 billion.

#### **Net Income**

Adaro Energy's net income increased 902% to Rp887 billion and the net margin increased from 1% to 5%.

Earnings per Share (EPS) was Rp35 for 2008. For 2007, EPS was Rp62, however this is prior to the increase capital stock made in January 2008 and during the IPO.

To get an idea of Adaro Energy's earnings which are inherent to the activities of the business it is useful to look at net income after adding back the Rp126 billion of pre-acquisition income and the Rp373 billion one time extraordinary item related to the unusual wet weather conditions in the beginning of the year which caused high demurrage costs, and reducing for the Rp49 billion gain from the partial redemption of an available for sale investments and the Rp95 billion from the sale of subsidiaries. This results in income of Rp1,242 billion. If we further adjust to look at the "real" income earned by Adaro Energy, by adding back the "paper" loss of Rp455 billion attributed to foreign exchange loss due to the weakening Rupiah in the fourth quarter of 2008

and the non-cash expense of Rp360 billion related to the amortization of goodwill, we arrive at 2008 income of Rp2,057 billion.

### **EBITDA**

Adaro Energy's EBITDA increased 86% to Rp4,455 billion from Rp2,423 billion in 2007. The EBITDA margin increased from 21% to 25%.

### **Returns**

Returns on Assets and Return on Equity increased to 3% from 1% and to 6% from 4%.

	<b>FY08</b>	<b>FY07</b>	<b>% Change</b>
<b>ROA</b>	2.6%	0.6%	2.0%
<b>ROE</b>	6.3%	4.1%	2.2%
<b>ROIC</b>	6.3%	0.7%	5.6%

### **Cash Costs**

While Adaro Energy's fuel prices are decreasing, due to increased hauling road distances and a higher strip ratio (although still relatively low at 4.5-4.75), Adaro Energy expects its cash costs to remain flat compared to 2008. This continues to be a relatively low cost position in the industry. The Company will continue to make every effort to reduce costs and improve efficiencies.

### **Cost Reduction**

As well as postponing large capital expenditure on growth, Adaro Energy is preserving cash and improving operations by investing in cost reduction initiatives. One such project is the US\$41 million investment made in 2008 to dredge the new channel at the mouth of the Barito river. This has increased the capacity of the river delta and will reduce costs by halving the time and number of tugs it takes to transit barges through the river mouth. Additionally, Adaro Energy will be making greater use of the Taboneo anchorage for its shiploading activities, which decreases barging distances. Due to lower oil prices globally, Adaro's fuel costs, a significant cost component, will decrease. To preserve cash Adaro Energy has also cancelled the share repurchase program.

Additionally, Adaro Energy has implemented a group-wide cost cutting program, across all levels with all members of the group asked to reduce their costs. President Director Garibaldi Thohir said, **"During this period of global uncertainty we intend to get back to basics and focus on our core business."**

### **Balance Sheet**

#### *Total Assets*

Adaro Energy's total assets increased Rp19,031 billion or 130% to Rp33,720 billion by the end of 2008. The increase is mostly due to the jump in value of mining properties and goodwill, due to the internal acquisitions, funded by the July 2008 IPO. However, significant jumps in cash and cash equivalents and fixed assets also contributed to larger total assets.

### Current Assets

At the end of 2008, Adaro Energy's total current assets had increased 157%, or Rp2,859 billion, to Rp7,857 billion, representing 23% of total assets. The main reason for the substantial increase is due to large increases of cash and cash equivalents, third party trade receivables and advances.

### Cash and Cash Equivalents

Cash and cash equivalents, which were 85% US Dollars, increased by Rp1,584 billion to Rp2,416 billion, a 190% increase, mostly due to a higher average achieved selling price and higher volumes. Most of the rise is due to the Rp1,021 billion, or 173% increase of US Dollar cash in banks. While also holding Rupiah, Singapore Dollars, and Euros, US Dollars accounted for 85% of all Adaro Energy's cash in banks. Another significant increase was the Rp520 billion of on call deposits, of which 85% were held in US Dollars. The interest rates on the Rupiah on call and time deposits rose from a range of 4.3% - 6% in 2007, to 6% - 10.8% in 2008, while the interest rates on the US Dollar on call and time deposits decreased from 3% - 4.5% in 2007 to 0.3% - 4.3% in 2008. Cash and cash equivalents accounted for 31% of current assets.

### Available-for-Sale Investments

At the end of 2007, Adaro Energy and two of its subsidiaries appointed Recapital to manage a fund of Rp1,728 billion. In August 2008, Adaro Energy and its mining contractor subsidiary, SIS made full redemptions amounting to Rp228 billion, while another subsidiary, JPI, made partial redemptions amounting to Rp425 billion. The realised gain on investment for 2008 amounted to Rp 49 billion, compared to nil in 2007. At the end of 2008, the marked to market value of the available-for-sale investment was Rp1,096 billion. On December 17, 2008, JPI extended the management of the fund for another six months.

In February 2009, JPI made an additional partial redemption of Rp256 billion, with a realized gain of Rp8 billion.

### Trade Receivables

The second largest contributor to the increase of current assets was the Rp963 billion, or 83% increase in third party trade receivables, to Rp2,116 billion. Related party receivables decreased 46% to Rp216 billion. Of the total trade receivables of Rp2,332 billion, 98% were current and overdue 1 – 30 days. The top three parties were PT Paiton Energy, Taiwan Power Company and EON Kraftwerke, all bluechip customers, which were responsible for 30% of the third party trade receivables. Adaro Energy is of the opinion that these receivables will be collected in full.

### Advances and Prepayments

Adaro Energy's advances and prepayments rose 578% to Rp568 billion. The largest increase was the Rp277 billion advance to suppliers, a 47 times increase over 2007, and was mostly for an advance payment for construction of the 60 megawatt mine mouth power plant which will drive the conveyor. Another significant increase was the 6 times increase to Rp253 billion for advance payment of fuel.

### Inventories

Inventories increased 28% to Rp305 billion, with the largest increased attributed to tools and supplies, valued on a first-in, first out basis, which increased 237% to Rp169 billion. Coal

inventory, which is valued at the lower of cost or net realizable value, dropped 58% to Rp55 billion.

#### Prepaid Taxes

Due to higher corporate income tax at the subsidiary level, which more than doubled to Rp193 billion, Adaro Energy's prepaid taxes increased 86% to Rp287 billion.

#### Recoverable Tax

Under the terms of Adaro Indonesia's Coal Cooperation Agreement (CCA), the company must pay income tax and a sales tax and is not subject to any new taxes. If new taxes are paid during the course of running the business, Adaro can seek reimbursement from the Government of Indonesia.

Beginning January 1, 2001, raw coal was no longer subject to value added tax (VAT). Since that time, Adaro has been unable to seek reimbursement for VAT input, which is paid on services received. As such, since 2001, Adaro has offset the claim for VAT input against royalty payments due to the Government of Indonesia. From 2001 until the end of 2008, the amount offset totaled Rp1,990 billion (US\$215 million). For the year ended December 31, 2008, Adaro had offset the claim for VAT input amounting to US\$50.9 million.

Adaro Energy's recoverable tax increased 238%, or Rp500 billion, to Rp710 billion. VAT input receivable, which is value added tax that has yet to be offset against royalties owed to the Government of Indonesia, rose 104% to Rp430 billion.

In 2008, the Government of Indonesia, through the Financial Comptroller conducted an industry-wide audit of those coal companies that had offset VAT reimbursements against royalties for the period from 2001-2007. The results have not been issued. As a matter of "good faith", in September 2008, Adaro Energy paid Rp150 billion to an escrow account in the name of the Government of Indonesia in relation to the settlement of any payments the audit by the Financial Comptroller may determine are owed.

Adaro Energy believes, in accordance with its CCA, that this manner of VAT reimbursement is appropriate and the outstanding balance of VAT input can be fully recovered.

Adaro Energy will be compensated Rp130 billion for payments of vehicle fuel tax, as this is a new tax according to the provisions of the CCA.

#### **Liquidity**

Adaro Energy's liquidity improved compared to 2007 due to higher current assets, mostly due to an increase in cash and cash equivalents. Working capital increased to Rp1,135 billion from negative Rp120 billion in 2007. The liquidity ratio increased to 1.18 times from 0.97 times.

## Non-Current Assets

### Fixed Assets

Adaro Energy's fixed assets increased 66% to Rp5,924 billion by the end of 2008. The largest component of acquisition costs during 2008 was Rp579 billion for land compensation resolving an overlapping condition, when Adaro Energy paid US\$60 million for approximately 7,000 hectares of land near the mining concession for the most part to better access and so develop the Wara coal deposit. The second largest addition was the Rp373 billion spent on machinery, operational equipment and vehicles, mostly for Adaro Energy's mining services subsidiary, SIS. By comparison in 2007, Adaro Energy added Rp1,287 billion of machinery, operational equipment and vehicles. The second largest component of acquisition costs in 2007 was the Rp198 billion of additional infrastructure related to the consolidation of IBT. During 2008 Adaro Energy spent Rp73 billion on additional capacity at the Kelanis crushing and handling facility.

Another significant contribution to the rise of fixed assets was construction in progress which increased nearly 8 times to Rp722 billion from Rp96 billion in 2007 for river channel dredging, power plant and coal crushing and handling. Leased operational equipment, for use primarily by mining contractor SIS, rose 174% to Rp722 billion from Rp264 billion.

### Mining Properties

Mining properties, arises from the acquisition of Adaro Indonesia. Due to the large differences during the IPO-funded acquisition between the book value of the acquired company and the acquisition value, the asset value of Adaro Energy's mining properties increased 89 times to Rp10,470 billion. This amount is to be amortized using the unit-of-production method, which links the amount of amortization with future economic benefit, until the expected end of production (i.e. dividing the mining properties with amount of reserves, to come up with the amortization expense/ton). At the end of 2008, the amortization expense was roughly around Rp9,000/tonne. The amortization of mining properties in 2008 does not account for a full year of production, as the acquisition was not completed until July 2008.

### Goodwill

Similar to the acquisition of mining rights, Adaro Energy's goodwill increased to reflect the acquisition activities carried out by Adaro Energy using the proceeds from the IPO, and the large differences between the acquisition price and the book value of SIS, IBT, CTI and other companies. Goodwill is amortized using the straight line method, mostly over a period of 20 years. This translates to approximate amortization of goodwill of Rp 460 billion rupiah per year. Amortization of goodwill in 2008 (Rp360 billion) was less as some of the acquisitions were not completed until July 2008. The value of goodwill increased to Rp9,128 billion from Rp1,225 billion.

### Loans to Related Parties

Loans to related parties decreased 100% to nil from Rp4,498 billion after the company consolidated the related parties upon completion of the IPO-funded acquisitions of subsidiaries and such loans were eliminated upon consolidation.

### *Total Liabilities*

At the end of 2008, Adaro Energy's total liabilities had increased Rp7,713 billion, or 24%, to Rp19,693 billion. The increase is due to the Rp1,604 billion, or 31%, increase of current liabilities to Rp6,722 billion due mostly to doubling short-term bank loans, increased third party trade payables and higher taxes payable. The largest increase was the Rp6,109 billion, or 89% increase of non-current liabilities to Rp12,971 billion, due to increased bank loans and higher deferred tax liabilities. Total liabilities accounted for 58% of Adaro Energy's total assets.

### Current Liabilities

#### Short-term Borrowings

Adaro Energy's short-term borrowings, which were all bank loans denominated in US Dollars, increased 37% to Rp876 billion. Short-term bank loans increased 96% to Rp876 billion as Adaro took on US\$80 million of new debt to finance working capital. As well, two short-term bank loans from 2007 between Adaro Energy's subsidiary SIS and PT Bank Ekspor Indonesia and PT Bank Niaga, were refinanced in August 2008 with the US\$300 million SIS Senior Credit Facility, and a small loan with PT Bank DBS Indonesia was repaid April 2008. The Rp876 billion (US\$80 million) short-term syndicated loan was provided in February 2008 by several banks with DBS Bank Ltd acting as the facility agent (DBS Syndicated Short term Loan). In 2008, Adaro made a full drawdown on this facility, which expired February 28<sup>th</sup>, 2009 and has similar terms as the long-term syndicated bank loan led by DBS Bank Ltd. On February 24<sup>th</sup>, 2009, Adaro Energy successfully refinanced the revolving loan facility, to be repaid in four installments until the final maturity date on February 25<sup>th</sup>, 2010.

On December 31<sup>st</sup>, 2008 the interest rates on Adaro Energy's short-term bank loans were 2.3% - 5.0% down from the 7.4%-8.7% of December 31<sup>st</sup>, 2007.

#### Trade Payables

Adaro Energy's third party trade payables increased 59% to Rp2,392 billion. Related party trade payables increased 37% to Rp249 billion. Substantially all of the payables were due in 30 days, 85% were in US Dollars and 10% were in Rupiah. Most of the trade payables arose from purchases of spare parts, maintenance services, purchase of coal and mining services. The largest third party payable of Rp736.5 billion was with Adaro Indonesia's largest mining contractor, PAMA, followed by Rp300 billion owed to PT Bukit Makmur Mandiri Utama and Rp261 billion owed to PT Petronas Niaga Indonesia. The largest related party payable of Rp148 billion was with Orchard Maritime Logistics Pte Ltd for barging services, followed by Rp61 billion to PT Rahman Abdijaya, one of Adaro Indonesia's four mining contractors. Most of the Rupiah denominated payables were for fuel purchases and a small amount for mining and barging services.

#### Taxes Payable

Adaro Energy's taxes payable increased 13% to Rp1,151 billion as corporate income tax payable at the subsidiary level increased 23% to Rp1,115 billion.

#### Accrued Expenses

Accrued expenses decreased 13% to Rp265 billion due to lower freight, accrued interest and others.

### Current Maturities of Long-Term Borrowings

Adaro Energy's current maturities of long-term borrowings increased Rp279 billion or 32% to Rp1,153.5 billion, due mostly to the current portion of lease payables which increased Rp209 billion or 165% to Rp335 billion. Lease payables increased due to leases of mining equipment from PT Komatsu Astra Finance nearly tripling to Rp899 billion. Bank loan current maturities increased 9% to Rp818.5 billion.

### Royalties Payable

Government royalties payable, net of VAT to be reimbursed, held steady, declining 1% to Rp576.5 billion. Adaro Indonesia calculates royalties of 13.5% of coal revenues after subtracting the cost of transporting the coal beyond the final processing facility currently located at the Kelanis river facility, as well as other agreed upon costs. The Kelanis crushing and barge loading facility is located where the haul road from the mine meets the Barito river. Since 1999, Adaro has adopted a sales-based cash royalty method in accordance with the joint sales agreement, which satisfies the Government's entitlement of 13.5% of production.

### Non-Current Liabilities

#### Long-Term Borrowings Net of Current Maturities

Since the leveraged buyout of 2005, the level of borrowings attributed to what is today Adaro Energy have consistently and regularly been refinanced and repaid to reduce interest rates and the total amount of outstanding loans. This policy of reducing gearing and borrowing costs will continue.

Substantially all of Adaro Energy's borrowings are held in US Dollars, which matches the currency of substantially all of Adaro's revenues and a significant portion of costs. At the end of 9M08, Adaro Energy had reduced long-term borrowing net of current maturities by Rp325 billion, or 4% to Rp7,944 billion. However due to the weakening Rupiah in the fourth quarter, at the end of 2008, despite not having taken on any additional debt and having repaid an additional US\$17.4 million Adaro Energy's long-term borrowings net of current maturities rose 52% to Rp9,010. In US Dollars, due to the consolidation of a loan to CTI, Adaro Energy's long term borrowings net of current maturities increased 31% to US\$823 million. Not including lease payables Adaro Energy's interest bearing long term debt increased 50% to Rp8,326 billion (US\$760 million). The November 2007 syndicated loan, led by DBS Bank Ltd and the August 2008 Senior Credit Facility provided by a syndicate of banks, served to reduce the cost of debt. The interest rates on December 31<sup>st</sup>, 2008 on the US Dollar long-term bank loans decreased from 7.5% - 16.9% to 3.3 – 6.5%.

The non-current portion of Adaro Energy's lease payables increased 181% to Rp684 billion, due to a 198% increase in lease payables to PT Komatsu Astra Finance for mining equipment and a new lease for Rp53 billion with PT Caterpillar Finance Indonesia for mining equipment. The future minimum payments of the non-current lease payables are not later than 5 years.

In November 2007, Adaro Energy subsidiaries Adaro Indonesia and Coaltrade borrowed US\$750 million from a syndicate of international banks (SMBC, Standard Chartered Bank, MUFJ, and UOB) led by DBS Bank Ltd with a maturity date of December 2012, US\$550 million was

borrowed by Adaro Indonesia and US\$200 was borrowed by Coaltrade (DBS Syndicated Loan). Consisting of a US\$650 million term loan facility and a US\$100 million revolving loan facility, the borrowings, were used to refinance the US\$239 million outstanding loan from a mezzanine credit facility led by Goldman Sachs Credit Partners, the US\$144 million outstanding loan from a syndicate of banks, and the US\$ 400 million outstanding amount from the 5-year, Adaro Finance BV. 144-A Notes, with a maturity date of December 7, 2010. The cost of the DBS Syndicated Loan was much lower than the combined interest expense of the bank loans (USD-LIBOR + 2.00%), mezzanine facility (11.25%) and the Notes (8.5%). For the early settlement of the abovementioned syndicated mezzanine facility, syndicated loan and Notes, Adaro Energy paid finance charges of US\$60 million (Rp548 billion). As well as lowering borrowing costs, the DBS Syndicated Loan further improved Adaro Energy's financial structure as it is unsecured.

Of the US\$750 million DBS Syndicated Loan, by the end of 2008, Adaro Energy had an outstanding balance of US\$600 million. Of the US\$150 million repaid in 2008, US\$100 million was repaid from the IPO proceeds. The term loan facility is payable quarterly with US\$50 million to be paid in each of 2009 and 2010, US\$160 million in 2011 and US\$240 million in 2012. The US\$100 million revolving loan facility is due in December 2010 but can be extended to December 2012. In March 2008, Adaro Energy swapped the USD-LIBOR portion of the term loan to a fixed rate, resulting in a low cost fixed interest rate below 4.50%.

In August 2008, Adaro Energy's subsidiary SIS entered into a 5 year, Senior Credit Facility for US\$300 million provided by a syndicate of banks (SIS Senior Credit Facility). The facility was used to refinance US\$240 million owed in higher cost loan facilities with six domestic banks and two other lenders. The loan's collateral includes all trade receivables owned by SIS and fixed assets owned by SIS.

**Loan Repayment Schedules:**

a) For the balance of the US\$750 million facility (Adaro and CTI had repaid US\$150 million at December 2008):

2009	: US\$50 Mn
2010	: US\$50 Mn
2011	: US\$160 Mn
2012	: US\$240 Mn

Revolving facility of US\$100 million shall be paid in 2010 but it can be extended to 2012

b) For the balance of the US\$80 million short term loan facility of Adaro Indonesia:

2009	: US\$60 Mn
2010	: US\$20 Mn

c) For the balance of the US\$240 million SIS loan (SIS had repaid US\$5 million at December 2008):

2009	: US\$24.75 Mn
2010	: US\$ 46.2 Mn
2011	: US\$ 50.85 Mn
2012	: US\$ 53.25 Mn

2013 : US\$ 60 Mn

#### Deferred Tax Liabilities

At the end of 2008, Adaro Energy's deferred tax liabilities had increased Rp2,670 billion or 563% to Rp3,144 billion. The increase is attributed to the temporary differences arising between the tax bases of assets in relation to the acquisition of subsidiaries and their values for financial reporting purposes. Due to the difference in the acquisition price and the book value of the subsidiary, Adaro Energy booked the difference as mining properties which creates a timing difference between the tax bases asset and financial reporting asset. The amortization of mining rights is hence not tax deductible, and the associated deferred tax benefit needs to be recognized (reduction of deferred tax liabilities) so that the effective tax rate (under financial reporting bases) will not materially differ with the actual tax rate.

#### Accrued Stripping Costs

Adaro Energy's accrued stripping costs rose 41% to Rp596 billion, in line with an increase in the actual stripping ratio. In 2008, Adaro Indonesia increased overburden removal by 33% to 159 million bank (in situ) cubic meters (bcm). Adaro Indonesia's strip ratio, which is measured as bcm of overburden per tonne of coal in situ, increased in 2008 as planned, as Adaro began to excavate from deeper areas of the pit. The 2008 planned stripping ratio stayed the same as in 2007 at 4.25, well below the average for Indonesian coal mines. However the actual average stripping ratio for the Tutupan mine increased from 3.3 in 2007 to 4.14 in 2008, therefore increasing accrued stripping costs.

As per common mining industry practice, Adaro Energy uses annual planned stripping ratios in recognizing production costs. As the actual stripping ratios in 2007 and 2008 were less than the planned stripping ratio, the differences were recorded in the balance sheet as accrued stripping costs. This accounting treatment reduces volatility in Adaro's results of operations.

#### *Total Stockholders' Equity*

By the end of 2008 Adaro Energy's total equity had increased 551% to Rp14 trillion. Adaro Energy publicly listed its shares on the Indonesian stock exchange on July 16<sup>th</sup>, 2008, at a price of Rp1,100 per share, raising approximately Rp12 trillion or US\$1.3 billion, which was used mostly for the acquisitions of subsidiaries and US\$100 million for debt reduction. At the end of 2008, Adaro Energy has authorized share capital of 80 billion shares. After the IPO, the total of issued and fully paid shares increased to 32.0 billion shares with a par value of Rp100 from 20.6 billion shares with a par value of Rp100 at the end of 2007. As such the authorized share capital increased 55% to Rp3,199 billion. Additional paid in capital, or the excess of IPO proceeds over the par value less the estimated share issuance costs of Rp407 billion amounted to Rp10,733 billion.

#### Difference in Value from Restructuring Transactions of Entities Under Common Control

Similar to the accounting for goodwill and mining properties, which increased substantially due to the IPO-funded acquisitions of subsidiaries, whereby the difference of the acquisition price and the book value is accounted for as goodwill or mining properties, where there was such a difference in value when restructuring entities under common control, that difference is

accounted for as an increase or a decrease in equity. Due to this accounting treatment, equity was reduced by Rp192 billion at the end of 2008, compared to an increase of Rp325 billion at the end of 2007.

## Financial Structure

	<b>FY08</b>	<b>FY07</b>
<b>Net Debt to Ebitda</b>	1.69x	2.01x
<b>Net Debt to Equity</b>	0.54x	2.26x

## Cash Flows

### *Cash Flows from Ordinary Operating Activities*

Cash flows from ordinary operating activities decreased 56% to Rp1,326 billion. This does not include an extraordinary payment of Rp647 billion for demurrage, caused by unusual weather circumstances. Cash flows from operating activities after the extraordinary demurrage payment decreased 77% to Rp678 billion. Due to increased sales volumes and higher prices, receipts from customers rose 52% to Rp17,469 billion. Also due to higher volumes and prices, and a very tight supply market for most of the year, payments to suppliers increased 84% to Rp12,462 billion. Payments to employees rose 50%, to Rp458 billion. Due to the consolidation of related party loans following the IPO-funded internal acquisitions, receipts of interest income decreased 93% to Rp46 billion. One of the main reasons why cash flows from operating activities dropped was the Rp1,076 billion used for royalty payments, a 90% increase. Payments of income tax rose 142% to Rp1,626 billion due to adjustment to the corporate income tax expense for fiscal years 2004, 2005, 2006 and 2007 due to different interpretation of tax regulations on the leveraged buy-out transactions.

### *Cash Flows Used in Investing Activities*

Net cash flows used in investing activities surged 661% to Rp10,990 billion due mostly to payments made for the acquisition of subsidiaries. Adaro Energy's made payments for fixed assets in 2008 amounting to Rp1,464 billion, a 125% increase over 2007. The payments were for land compensation resolving an overlapping condition near the mining concession in order, for the most part, to better access and so develop the Wara coal deposit, for machinery, operational equipment and vehicles and for new crushing equipment at the Kelanis crushing and barge loading facility. During 2008, Adaro Energy received proceeds of Rp701.5 billion from the sale of an available-for-sale investment. In 2007, Adaro Energy made a payment of Rp1,728 billion for the available for sale investment. Adaro Energy made partial redemptions of Rp653 billion on an investment fund, which realized a gain of Rp49 billion. Due to the consolidation of subsidiaries, receipts from loans to related parties dropped 99% to Rp46 billion. Adaro Energy had net cash outflow of Rp10,300 billion for the IPO-funded acquisition of subsidiaries.

### *Cash Flows from Financing Activities*

In 2008, net cash flows from financing activities increased to Rp11,692 billion from net cash used in financing activities of Rp1,501 billion during 2007. The increase is attributed to the Rp12,253 billion (US\$1.3 billion), net of share issuance cost, raised during the IPO. Receipts from third parties loans decreased 19% to Rp245 billion. All of these third parties loans were repaid as reflected in repayments of third parties loans, which decreased 10% to Rp448 billion.

Receipts from bank loans decreased 45% to Rp3,438 billion. In 2007 Adaro Energy's subsidiaries Adaro Indonesia and CTI refinanced existing debt worth US\$750 million. This cash flow was far higher than that of 2008 when Adaro Energy's mining contractor SIS drew US\$240 million in August 2008 from a US\$300 million SIS Senior Credit Facility, mostly to refinance existing debt. The Rp3,438 billion of cash flows from financing activities also included the US\$80 million DBS Syndicated Short Term Loan withdrawn by Adaro Energy for its working capital. Repayments of bank loans decreased 40.5% to Rp3,007 billion as Adaro Energy fully repaid existing debt held by SIS in the amount of US\$208 million, as well as scheduled repayments amounting to US\$50 million. Adaro Energy also used US\$100 million of the IPO proceeds to repay a portion of outstanding bank loans.

### Capital Expenditure and Free Cash Flows (in billion Ruiah)

	FY08	FY07	% Change
<b>EBITDA</b>	4,455	2,423	86%
<b>Tax – current</b>	1,636	722	126%
<b>Changes in Working Capital (Uses)/Sources</b>	(1,255)	207	(706%)
<b>Capital Expenditures</b>	1,464	651	125%
<b>Free Cash Flow</b>	100	1,257	(92%)

*Key Adaro Energy Subsidiaries* (100% owned by Adaro Energy, unless otherwise indicated):

1. PT Adaro Indonesia (“AI”): coal mining
2. PT Saptaindra Sejati (“SIS”): mining contractor (85.92%)
3. Coaltrade Services International Pte Ltd (“Coaltrade” or “CTI”): coal trading and marketing agents
4. PT Indonesia Bulk Terminal (“IBT”): coal terminal operation, port facilities
5. PT Makmur Sejahtera Wisesa (“MSW”): mine mouth power plant (99.59%)
6. PT Sarana Daya Mandiri (“SDM”): water toll and dredging of the Barito river delta (51%)

### Board of Commissioners:

1. Edwin Soeryadjaya – President Commissioner
2. Theodore Permadi Rachmat – Vice President Commissioner
3. Ir. Subianto – Commissioner
4. Lim Soon Huat - Commissioner
5. Djoko Suyanto – Independent Commissioner
6. Palgunadi Tatit Setyawan – Independent Commissioner

### Audit Committee:

1. Ir. Palgunadi Tatit Setyawan (Chairman)
2. Prof. Dr. Ir. Irwandy Arif, MSc (Member)
3. Mamat Ma'mun, SE (Member)

**Board of Directors:**

1. Garibaldi Thohir – President Director
2. Christian Ariano Rachmat – Vice President Director
3. Sandiaga Salahuddin Uno – Director
4. Andre Johannes Mamuaya – Director of Corporate Affairs/Corporate Secretary
5. David Tendian – Finance Director
6. Ah Hoo Chia – Operations Director
7. Alastair Grant – Marketing Director

### **Brief Description**

Adaro Energy is currently Indonesia's second largest thermal coal producer, operates the largest single coal mine in Indonesia, and is a significant supplier to the global seaborne thermal coal market. With a present capacity of approximately 45Mt per year, the company is planning to increase production capacity to 80Mt per year by the end of 2013. The company has approximately 2.8 billion tonnes of coal reserves and resources and is integrated from exploration through to marketing.

The company's subsidiary, PT Adaro Indonesia commenced mining in 1992 from a coal resource area in the Tanjung district of Indonesia's South Kalimantan Province. Adaro operates under a first generation Coal Cooperation Agreement, or "CCA", with the Government of Indonesia, which is valid until 2022 with rights to extend by mutual consent.

<b>2009 Production/ Sales Volume</b>	42-45 million tonnes 10 Years CAGR of 14%
<b>Envirocoal</b>	Sub bituminous, moderate CV, high moisture coal, ultra-low pollutants
<b>Customers</b>	40 customers in 18 countries Substantially all blue-chip power utilities
<b>Pricing</b>	All annual price negotiation or index-linked, with adjustment for energy level
<b>Cost</b>	Low to middle production cost compared to peers
<b>Resources – JORC Compliant</b>	2.8 billion tonnes
<b>Location</b>	Tanjung district, South Kalimantan
<b>License</b>	First Generation CCA valid until 2022
<b>Operations</b>	The largest single coal mine in Indonesia Vertically integrated
<b>Growth Strategy</b>	Expand production, market focus on Asia and to further integrate the operations
<b>IPO &amp; Market Cap</b>	16 July 2008 Market Cap as of 30 March 2009: Rp28.5 trillion (US\$2.4 billion)

### **Current Capacity**

1. Mining equipment : 45 MT
2. Hauling road : 45MT
3. Kelanis: 45MT but by end of February it will increase to 55 MT (new crushing system)
4. Barges: 70 barges (from affiliated and 3<sup>rd</sup> party companies). 50 MT.
5. Taboneo: 100,000 tonnes per day using 5 floating cranes
6. IBT: 12 MT
7. Barito Channel: 200 MT.

## Company Information

Adaro Energy's Vision: To be the largest and most efficient integrated coal mining and energy company in Southeast Asia.

Adaro Energy is currently Indonesia's second largest thermal coal producer, operates the largest single coal mine in Indonesia, and is a significant supplier to the global seaborne thermal coal market. The company is vertically integrated either directly or indirectly controlling all aspects of its business from exploration through to marketing. With a present capacity of approximately 40Mt per year, the company is executing plans to double production capacity to 80Mt per year. The company has approximately 2.8 billion tonnes of coal reserves and resources and is integrated from exploration through to marketing.

The company's subsidiary, PT Adaro Indonesia commenced mining in 1992 from a coal resource area in the Tanjung district of Indonesia's South Kalimantan Province. Adaro operates under a first generation Coal Cooperation Agreement, or "CCA", with the Government of Indonesia, which is valid until 2022 with rights to extend by mutual consent.

### Shareholders:

Name	% Held
PT Saratoga Investama Sedaya	14.93
PT Triputra Investindo Arya	13.34
PT Persada Capital Investama	11.01
GS NY SEG AC	9.94
UBS AG Singapore S/A – Atticus Investments Pte. Ltd.	5.74
Garibaldi Thohir (President Director)	7.80
PT Trinugraha Thohir	7.80
Edwin Soeryadjaya (President Commissioner)	4.30
Theodore Permadi Rachmat (Vice President Commissioner)	2.27
Sandiaga Salahuddin Uno (Director)	2.07
Ir. Subianto (Commissioner)	1.30
Public	19.5

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