

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**AS AT JUNE 30, 2015 AND
DECEMBER 31, 2014, 2013 AND 2012**

**AND FOR THE SIX-MONTH PERIODS
ENDED JUNE 30, 2015 AND 2014, AND
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012**

**DIRECTORS' STATEMENT REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2015, 31 DECEMBER 2014, 2013 AND 2012
AND FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014,
AND FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012**

**PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG TBK
AND SUBSIDIARIES**

On behalf of the Board of Directors, we, the undersigned:

1. Name : Tedy Badrujaman
Office Address : Jl. Letjen TB Simatupang No. 1, Jakarta 12530
Address of Domicile : Mutiara Sentul N/1, RT/RW 001/010
Nanggewer, Cibinong
Telephone Number : +6221 789 1234
Position : President Director
2. Name : Johan NB Nababan
Office Address : Jl. Letjen TB Simatupang No. 1, Jakarta 12530
Address of Domicile : Jl. Kostrad Raya No.48, RT/RW 003/005
Petukangan Utara, Pesanggrahan, Jakarta 12260
Telephone Number : +6221 789 1234
Position : Acting Finance Director

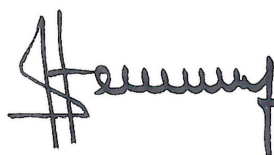
Declare that,

1. We are responsible for the preparation and presentation of the consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the Company) and Subsidiaries;
2. The consolidated financial statements of the Company and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of the Company and Subsidiaries is complete and correct;
b. The consolidated financial statements of the Company and Subsidiaries do not contain false material information or facts, nor do they omit material information or facts;
4. We are responsible for the internal control systems of the Company and Subsidiaries.

This declaration has been made truthfully.

For and on behalf of the Board of Directors:

Jakarta, 14 August 2015



Tedy Badrujaman
President Director



Johan NB Nababan
Acting Finance Director

PT ANTAM (Persero) Tbk
Head Office
Gedung Aneka Tambang
Jl. Letjen. T.B. Simatupang No. 1
Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia

T 62-21 789 1234
F 62-21 789 1224
E corsec@antam.com
www.antam.com





**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF**

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG TBK

We have audited the accompanying interim consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") and subsidiaries (collectively referred to as the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2015, and the interim consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2015, and their interim consolidated financial performance and their cash flows for the six-month period then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
14 August 2015

Yusron, S.E., Ak., CPA
Licence of Public Accountant No. AP.0243

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
T: +62 21 5212901, F: +62 21 52905555 / 52905050, www.pwc.com/id

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

| | <u>Notes</u> | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|------------------------------------|--------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 5,29 | 2,034,694,298 | 2,618,910,283 | 2,792,737,848 | 3,868,574,769 |
| Trade receivables, net | | | | | |
| Third parties | 6 | 1,458,523,267 | 1,046,094,840 | 1,152,368,707 | 1,721,967,385 |
| Related parties | 6,29 | 66,868,402 | 21,525,432 | 317,981 | 458,981 |
| Other receivables, net | | 27,676,896 | 31,318,032 | 37,004,847 | 124,491,614 |
| Inventories, net | 7 | 1,877,782,517 | 1,761,888,223 | 2,445,933,902 | 1,449,967,933 |
| Prepaid taxes | | | | | |
| Corporate income taxes | 17a | - | - | 3,192,273 | - |
| Other taxes | 17a | 841,502,568 | 712,394,310 | 552,409,443 | 329,114,459 |
| Prepaid expenses | 8 | 28,520,281 | 72,758,669 | 65,105,737 | 50,518,253 |
| Other current assets | | <u>233,820,681</u> | <u>78,220,147</u> | <u>31,366,435</u> | <u>101,757,802</u> |
| Total current assets | | <u>6,569,388,910</u> | <u>6,343,109,936</u> | <u>7,080,437,173</u> | <u>7,646,851,196</u> |
| NON-CURRENT ASSETS | | | | | |
| Restricted cash | 9,29 | 64,564,819 | 11,428,559 | 100,997,036 | 74,878,179 |
| Non-trade related party receivable | 29 | 41,030,678 | 37,027,697 | 33,732,183 | - |
| Investments in associates, net | 10 | 2,543,859,155 | 2,687,171,571 | 3,582,548,750 | 3,956,042,901 |
| Investment in a joint venture | 10 | 1,703,804,045 | 1,438,385,425 | 1,350,639,204 | 1,154,405,032 |
| Property, plant and equipment, net | 11 | 8,962,508,364 | 8,699,660,101 | 6,700,155,560 | 4,663,449,270 |
| Mining properties, net | 12 | 877,416,202 | 893,941,509 | 858,785,854 | 666,238,614 |
| Exploration and evaluation assets | 13 | 717,437,528 | 687,064,468 | 709,712,614 | 754,404,102 |
| Deferred charges | | 38,184,880 | 39,365,897 | 40,396,184 | 31,587,451 |
| Prepaid taxes | | | | | |
| Corporate income taxes | 17a | 265,424,797 | 467,572,268 | 722,498,125 | 428,317,812 |
| Other taxes | 17a | - | - | - | 47,858,790 |
| Goodwill | 14 | 114,589,786 | 133,651,462 | 179,941,213 | 185,373,972 |
| Deferred tax assets | 17d | 552,047,770 | 476,980,523 | 600,061,291 | 36,211,700 |
| Other non-current assets | | <u>100,334,335</u> | <u>88,724,264</u> | <u>72,238,703</u> | <u>62,921,927</u> |
| Total non-current assets | | <u>15,981,202,359</u> | <u>15,660,973,744</u> | <u>14,951,706,717</u> | <u>12,061,689,750</u> |
| TOTAL ASSETS | | <u>22,550,591,269</u> | <u>22,004,083,680</u> | <u>22,032,143,890</u> | <u>19,708,540,946</u> |

* As restated, refer to Note 4

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

| | <u>Notes</u> | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|--|--------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade payables | | | | | |
| Third parties | 15 | 189,140,162 | 448,654,416 | 471,822,225 | 378,228,386 |
| Related parties | 15,29 | 334,293,927 | 238,821,839 | 75,257,785 | 38,725,066 |
| Accrued expenses | 16 | 163,926,647 | 161,623,654 | 331,623,859 | 414,007,012 |
| Short-term employee benefit liabilities | 28 | 50,087,806 | 19,893,619 | 41,599,372 | 123,170,868 |
| Taxes payable | | | | | |
| Corporate income taxes | 17b | 1,137,009 | 623,574 | 31,361,705 | 51,494,108 |
| Other taxes | 17b | 82,960,421 | 119,546,098 | 149,238,123 | 98,513,757 |
| Advances from customers | | 54,949,277 | 46,541,414 | 84,136,165 | 189,619,579 |
| Short-term bank loans | 18,29 | 2,715,730,400 | 2,528,041,360 | 2,469,800,000 | 1,663,900,000 |
| Current maturities of investment loans | 20 | 265,306,800 | 224,231,000 | 98,426,175 | - |
| Current maturities of provision for environmental and reclamation costs | 21 | 18,441,304 | 19,260,587 | 30,337,362 | 45,990,788 |
| Other payables | | <u>60,234,309</u> | <u>55,679,758</u> | <u>71,908,862</u> | <u>37,756,594</u> |
| Total current liabilities | | <u>3,936,208,062</u> | <u>3,862,917,319</u> | <u>3,855,511,633</u> | <u>3,041,406,158</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Bonds payable | 19 | 2,994,625,475 | 2,994,237,464 | 2,993,510,374 | 2,992,843,970 |
| Investment loans, net of current maturities | 20 | 3,098,336,948 | 2,268,658,242 | 1,223,734,214 | - |
| Provision for environmental and reclamation costs, net of current maturities | 21 | 234,000,252 | 220,243,642 | 239,345,503 | 205,728,522 |
| Pension and other post-retirement obligations | 28 | 515,636,894 | 419,260,286 | 1,236,220,113 | 797,164,624 |
| Deferred tax liabilities | 17e | - | - | - | 181,275,525 |
| Other non-current liabilities | 33p | <u>196,360,527</u> | <u>188,849,838</u> | <u>191,414,019</u> | <u>3,053,301</u> |
| Total non-current liabilities | | <u>7,038,960,096</u> | <u>6,091,249,472</u> | <u>5,884,224,223</u> | <u>4,180,065,942</u> |
| TOTAL LIABILITIES | | <u>10,975,168,158</u> | <u>9,954,166,791</u> | <u>9,739,735,856</u> | <u>7,221,472,100</u> |
| SHAREHOLDERS' EQUITY | | | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | |
| Share capital | | | | | |
| Authorised capital - 1 preferred series A Dwiwarna share and 37,999,999,999 series B ordinary shares; Issued and fully paid capital - 1 preferred series A Dwiwarna share and 9,538,459,749 series B ordinary shares with par value of Rp100 (full amount) per share | | | | | |
| | 22 | 953,845,975 | 953,845,975 | 953,845,975 | 953,845,975 |
| Additional paid-in capital, net | 23 | 29,817,600 | 29,817,600 | 29,704,906 | 8,370,273 |
| Other equity components: | | | | | |
| Difference in foreign currency translation | | 55,096,808 | 55,102,023 | 54,994,778 | 103,200,270 |
| Difference arising from restructuring transaction of entities under common control | | - | - | - | 21,334,633 |
| Retained earnings: | | | | | |
| Appropriated | | 11,613,209,777 | 11,613,209,777 | 11,295,503,087 | 8,751,355,353 |
| Unappropriated | | (1,076,572,734) | (602,084,644) | (38,288,815) | 2,652,317,493 |
| Treasury stock | | <u>-</u> | <u>-</u> | <u>(3,377,511)</u> | <u>(3,377,511)</u> |
| Total equity attributable to owners of the parent | | <u>11,575,397,426</u> | <u>12,049,890,731</u> | <u>12,292,382,420</u> | <u>12,487,046,486</u> |
| NON-CONTROLLING INTERESTS | | <u>25,685</u> | <u>26,158</u> | <u>25,614</u> | <u>22,360</u> |
| TOTAL SHAREHOLDERS' EQUITY | | <u>11,575,423,111</u> | <u>12,049,916,889</u> | <u>12,292,408,034</u> | <u>12,487,068,846</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>22,550,591,269</u> | <u>22,004,083,680</u> | <u>22,032,143,890</u> | <u>19,708,540,946</u> |

* As restated, refer to Note 4

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

| | Notes | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|---|-------|--------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| SALES | 25 | 7,849,014,989 | 3,986,717,430 | 9,420,630,933 | 11,298,321,506 | 10,449,885,512 |
| COST OF GOODS SOLD | 26 | 7,320,945,645 | 3,743,013,459 | 8,627,269,773 | 9,611,866,573 | 8,413,609,229 |
| GROSS PROFIT | | 528,069,344 | 243,703,971 | 793,361,160 | 1,686,454,933 | 2,036,276,283 |
| OPERATING EXPENSES | | | | | | |
| General and administrative | 27 | 351,704,136 | 357,102,971 | 783,695,715 | 940,652,337 | 939,004,861 |
| Selling and marketing | 27 | 73,021,743 | 73,932,195 | 146,728,169 | 160,967,042 | 179,218,327 |
| Total operating expenses | | 424,725,879 | 431,035,166 | 930,423,884 | 1,101,619,379 | 1,118,223,188 |
| OPERATING PROFIT/(LOSS) | | 103,343,465 | (187,331,195) | (137,062,724) | 584,835,554 | 918,053,095 |
| OTHER (EXPENSES)/ INCOME | | | | | | |
| Share of (loss)/profit of associates and joint venture | 10 | (163,391,036) | (310,948,074) | (370,552,808) | (181,009,979) | 115,099,172 |
| Finance income | 37 | 22,683,549 | 30,658,124 | 68,664,556 | 85,316,381 | 166,069,157 |
| Gain on fair value adjustment | 10 | - | - | - | - | 2,484,007,689 |
| Dividend income | 10 | - | - | - | - | 375,434,214 |
| Finance costs | 37 | (117,672,222) | (64,518,175) | (126,552,132) | (60,660,045) | (234,500,820) |
| Contingent consideration from investment | 33p | - | - | - | (182,835,000) | - |
| Other (losses)/gains, net | 38 | (287,391,672) | (187,321,922) | (225,289,451) | (214,773,449) | 93,521,593 |
| Other (expenses)/income, net | | (545,771,381) | (532,130,047) | (653,729,835) | (553,962,092) | 2,999,631,005 |
| (LOSS)/PROFIT BEFORE INCOME TAX | | (442,427,916) | (719,461,242) | (790,792,559) | 30,873,462 | 3,917,684,100 |
| Income tax benefit/(expense) | 17c | 46,434,011 | 48,317,232 | 47,262,966 | 501,926,804 | (907,926,590) |
| (LOSS)/PROFIT FOR THE PERIOD/YEAR | | (395,993,905) | (671,144,010) | (743,529,593) | 532,800,266 | 3,009,757,510 |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | |
| - Remeasurement of pension and other retirement obligations | 28 | (105,282,087) | 50,683,860 | 786,237,898 | (371,580,247) | (79,960,014) |
| - Tax effect - Remeasurement of pension and other retirement obligations | 17d | 26,787,429 | (12,670,965) | (196,559,474) | 92,895,062 | 19,990,004 |
| | | (78,494,658) | 38,012,895 | 589,678,424 | (278,685,185) | (59,970,010) |
| Items that may be subsequently reclassified to profit or loss: | | | | | | |
| - Difference in foreign currency translation | | (5,215) | 94,099 | 107,245 | 191,354 | (4,091,142) |
| | | (78,499,873) | 38,106,994 | 589,785,669 | (278,493,831) | (64,061,152) |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR | | (474,493,778) | (633,037,016) | (153,743,924) | 254,306,435 | 2,945,696,358 |

* As restated, refer to Note 4

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

| | June 30, 2015 | June 30, 2014* | December 31, 2014* | December 31, 2013* | December 31, 2012* |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <u>Notes</u> | <u>(6 months)</u> | <u>(6 months)</u> | <u>(12 months)</u> | <u>(12 months)</u> | <u>(12 months)</u> |
| (LOSS)/PROFIT FOR THE PERIOD/YEAR ATTRIBUTABLE TO: | | | | | |
| Owners of the parent | 30 (395,993,432) | (671,144,683) | (743,530,137) | 532,797,012 | 3,009,756,761 |
| Non-controlling interests | (473) | 673 | 544 | 3,254 | 749 |
| | <u>(395,993,905)</u> | <u>(671,144,010)</u> | <u>(743,529,593)</u> | <u>532,800,266</u> | <u>3,009,757,510</u> |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO: | | | | | |
| Owners of the parent | (474,493,305) | (633,037,689) | (153,744,468) | 254,303,181 | 2,945,695,609 |
| Non-controlling interests | (473) | 673 | 544 | 3,254 | 749 |
| | <u>(474,493,778)</u> | <u>(633,037,016)</u> | <u>(153,743,924)</u> | <u>254,306,435</u> | <u>2,945,696,358</u> |
| BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (full amount) | 30 | (42) | (70) | (78) | 56 |
| | | <u>316</u> | | | |

* As restated, refer to Note 4

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

(Expressed in thousands of Rupiah, unless otherwise stated)

| | Notes | Attributable to owners of the parent | | | | | | | Non-controlling interests | Total equity |
|---|-------|--------------------------------------|---------------------------------|--|-----------------------|------------------------|--------------------|-----------------------|---------------------------|-----------------------|
| | | Issued and fully paid share capital | Additional paid-in capital, net | Difference in foreign currency translation | Retained earnings | | | Total | | |
| | | | | | Appropriated | Unappropriated | Treasury stock | | | |
| Balance as at January 1, 2014 (as previously reported) | | 953,845,975 | 29,704,906 | 54,994,778 | 11,295,503,087 | 462,790,683 | (3,377,511) | 12,793,461,918 | 25,614 | 12,793,487,532 |
| Effect of changes in accounting policy | | - | - | - | - | (501,079,498) | - | (501,079,498) | - | (501,079,498) |
| Balance as at January 1, 2014* | | 953,845,975 | 29,704,906 | 54,994,778 | 11,295,503,087 | (38,288,815) | (3,377,511) | 12,292,382,420 | 25,614 | 12,292,408,034 |
| Difference in foreign currency translation | | - | - | 94,099 | - | - | - | 94,099 | - | 94,099 |
| Appropriation for general reserve | 24 | - | - | - | 317,706,690 | (317,706,690) | - | - | - | - |
| Distribution of dividends | 24 | - | - | - | - | (92,237,426) | - | (92,237,426) | - | (92,237,426) |
| Loss for the period* | | - | - | - | - | (671,144,683) | - | (671,144,683) | 673 | (671,144,010) |
| Other comprehensive income, net of tax: | | | | | | | | | | |
| Remeasurements of pension and other retirement obligations* | | - | - | - | - | 38,012,895 | - | 38,012,895 | - | 38,012,895 |
| Balance as at June 30, 2014* | | 953,845,975 | 29,704,906 | 55,088,877 | 11,613,209,777 | (1,081,364,719) | (3,377,511) | 11,567,107,305 | 26,287 | 11,567,133,592 |
| Balance as at January 1, 2015 (as previously reported) | | 953,845,975 | 29,817,600 | 55,102,023 | 11,613,209,777 | (722,440,266) | - | 11,929,535,109 | 26,158 | 11,929,561,267 |
| Effect of changes in accounting policy | | - | - | - | - | 120,355,622 | - | 120,355,622 | - | 120,355,622 |
| Balance as at January 1, 2015* | | 953,845,975 | 29,817,600 | 55,102,023 | 11,613,209,777 | (602,084,644) | - | 12,049,890,731 | 26,158 | 12,049,916,889 |
| Difference in foreign currency translation | | - | - | (5,215) | - | - | - | (5,215) | - | (5,215) |
| Loss for the period | | - | - | - | - | (395,993,432) | - | (395,993,432) | (473) | (395,993,905) |
| Other comprehensive loss, net of tax: | | | | | | | | | | |
| Remeasurements of pension and other retirement obligations | | - | - | - | - | (78,494,658) | - | (78,494,658) | - | (78,494,658) |
| Balance as at June 30, 2015 | | 953,845,975 | 29,817,600 | 55,096,808 | 11,613,209,777 | (1,076,572,734) | - | 11,575,397,426 | 25,685 | 11,575,423,111 |

* As restated, refer to Note 4

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

| Notes | Attributable to owners of the parent | | | | | Retained earnings | | | Non-controlling interest | Total equity |
|---|--------------------------------------|---------------------------------|--|---|-----------------------|----------------------|---------------------|-----------------------|--------------------------|-----------------------|
| | Issued and fully paid share capital | Additional paid-in capital, net | Difference in foreign currency translation | Difference arising from restructuring transaction of entites under common control | Appropriated | Unappropriated | Treasury stock | Total | | |
| Balance as at January 1, 2012 (as previously reported) | 953,845,975 | 2,526,309 | 107,291,412 | 21,334,633 | 7,768,131,683 | 1,932,339,270 | (13,435,143) | 10,772,034,139 | 9,411 | 10,772,043,550 |
| Effect of changes in accounting policy | - | - | - | - | - | (301,918,979) | - | (301,918,979) | - | (301,918,979) |
| Balance as at January 1, 2012* | 953,845,975 | 2,526,309 | 107,291,412 | 21,334,633 | 7,768,131,683 | 1,630,420,291 | (13,435,143) | 10,470,115,160 | 9,411 | 10,470,124,571 |
| Difference in foreign currency translation | - | - | (4,091,142) | - | - | - | - | (4,091,142) | - | (4,091,142) |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | 12,200 | 12,200 |
| Appropriation for general reserve | 24 | - | - | - | 983,223,670 | (983,223,670) | - | - | - | - |
| Distribution of dividends | 24 | - | - | - | - | (867,550,297) | - | (867,550,297) | - | (867,550,297) |
| Distribution of treasury stock for employees bonus | 22 | - | 5,843,964 | - | - | - | 10,057,632 | 15,901,596 | - | 15,901,596 |
| Allocation for partnership and community development program | - | - | - | - | - | (77,115,582) | - | (77,115,582) | - | (77,115,582) |
| Profit for the year* | - | - | - | - | - | 3,009,756,761 | - | 3,009,756,761 | 749 | 3,009,757,510 |
| Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations* | - | - | - | - | - | (59,970,010) | - | (59,970,010) | - | (59,970,010) |
| Balance as at December 31, 2012* | 953,845,975 | 8,370,273 | 103,200,270 | 21,334,633 | 8,751,355,353 | 2,652,317,493 | (3,377,511) | 12,487,046,486 | 22,360 | 12,487,068,846 |
| Adjustment in relation to implementation of SFAS No. 38 (revised 2012) | - | 21,334,633 | - | (21,334,633) | - | - | - | - | - | - |
| Difference in foreign currency translation | - | - | (48,205,492) | - | - | 48,396,846 | - | 191,354 | - | 191,354 |
| Appropriation for general reserve | 24 | - | - | - | 2,544,147,734 | (2,544,147,734) | - | - | - | - |
| Distribution of dividends | 24 | - | - | - | - | (448,967,247) | - | (448,967,247) | - | (448,967,247) |
| Profit for the year* | - | - | - | - | - | 532,797,012 | - | 532,797,012 | 3,254 | 532,800,266 |
| Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations* | - | - | - | - | - | (278,685,185) | - | (278,685,185) | - | (278,685,185) |
| Balance as at December 31, 2013* | 953,845,975 | 29,704,906 | 54,994,778 | - | 11,295,503,087 | (38,288,815) | (3,377,511) | 12,292,382,420 | 25,614 | 12,292,408,034 |
| Difference in foreign currency translation | - | - | 107,245 | - | - | - | - | 107,245 | - | 107,245 |
| Appropriation for general reserve | 24 | - | - | - | 317,706,690 | (317,706,690) | - | - | - | - |
| Distribution of dividends | 24 | - | - | - | - | (92,237,426) | - | (92,237,426) | - | (92,237,426) |
| Distribution of treasury stock for employees bonus | 22 | - | 112,694 | - | - | - | 3,377,511 | 3,490,205 | - | 3,490,205 |
| Loss for the year* | - | - | - | - | - | (743,530,137) | - | (743,530,137) | 544 | (743,529,593) |
| Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations* | - | - | - | - | - | 589,678,424 | - | 589,678,424 | - | 589,678,424 |
| Balance as at December 31, 2014* | 953,845,975 | 29,817,600 | 55,102,023 | - | 11,613,209,777 | (602,084,644) | - | 12,049,890,731 | 26,158 | 12,049,916,889 |

* As restated, refer to Note 4

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

| | June 30, 2015 <u>(6 months)</u> | June 30, 2014 <u>(6 months)</u> | December 31, 2014 <u>(12 months)</u> | December 31, 2013 <u>(12 months)</u> | December 31, 2012 <u>(12 months)</u> |
|---|---------------------------------------|---------------------------------------|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash receipts from customers | 7,331,654,852 | 4,398,670,830 | 9,372,115,558 | 12,100,310,592 | 10,058,244,598 |
| Cash receipts from interest income | 23,550,207 | 29,582,805 | 69,142,290 | 85,768,689 | 174,170,208 |
| Payments to suppliers | (7,775,737,236) | (3,734,182,666) | (8,126,101,763) | (10,154,298,982) | (5,906,479,723) |
| Payments to commissioners, directors and employees | (399,948,388) | (451,545,907) | (979,300,745) | (1,070,706,960) | (2,415,277,493) |
| Payments of tax | (106,563,935) | (115,187,942) | (202,969,401) | (467,808,240) | (904,884,217) |
| Cash receipt from tax restitution | 266,321,558 | 628,321,455 | 628,356,897 | 50,603,342 | 189,578,001 |
| Payments of interest | (223,555,794) | (173,848,984) | (375,755,378) | (317,054,555) | (273,892,532) |
| (Increase)/decrease in restricted cash | (53,136,260) | 46,064,017 | 89,568,477 | (26,118,857) | 7,698,167 |
| Other receipts/(payments), net | 123,651,365 | (66,478,138) | (83,371,259) | (43,458,683) | (38,554,658) |
| Net cash flows (used in)/provided from operating activities | <u>(813,763,631)</u> | <u>561,395,470</u> | <u>391,684,676</u> | <u>157,236,346</u> | <u>890,602,351</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Dividend income | - | 176,630,410 | 437,105,650 | 69,034,671 | 323,221,931 |
| Acquisitions of property, plant and equipment | (267,313,103) | (760,921,810) | (2,029,767,918) | (2,442,914,390) | (2,249,361,358) |
| Acquisition of investment in associates | (50,000) | - | (27,500) | (2,500,000) | (1,258,300,788) |
| Disbursements for deferred charges | (3,521,952) | (1,288,660) | (8,581,785) | - | - |
| Disbursements for exploration and evaluation assets | (22,648,498) | (493,294) | (2,397,467) | (125,085,489) | (30,201,619) |
| Investment to joint venture | (285,447,241) | - | - | - | - |
| Loan to associates | - | - | - | (33,732,176) | - |
| Disbursements for mining properties | (661,039) | (19,074,418) | (35,352,736) | (112,028,707) | (281,299,305) |
| Net cash flows used in investing activities | <u>(579,641,833)</u> | <u>(605,147,772)</u> | <u>(1,639,021,756)</u> | <u>(2,647,226,091)</u> | <u>(3,495,941,139)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from bank loans | 3,360,743,040 | 1,176,550,288 | 4,365,424,850 | 4,617,337,058 | 1,659,070,467 |
| Capital contribution from non-controlling interest | - | - | - | - | 12,200 |
| Payment of dividend | - | (92,237,426) | (92,237,426) | (448,967,247) | (867,550,297) |
| Payment of allocation for partnership and community development program | - | - | - | - | (77,115,582) |
| Repayment of bank loans | (2,678,435,350) | (1,197,604,790) | (3,317,105,423) | (3,281,114,176) | (20,000,000) |
| Net cash flows provided from/ (used in) financing activities | <u>682,307,690</u> | <u>(113,291,928)</u> | <u>956,082,001</u> | <u>887,255,635</u> | <u>694,416,788</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (711,097,774) | (157,044,230) | (291,255,079) | (1,602,734,110) | (1,910,922,000) |
| EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS | 126,881,789 | (24,622,788) | 117,427,514 | 526,897,189 | 139,818,195 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR | <u>2,618,910,283</u> | <u>2,792,737,848</u> | <u>2,792,737,848</u> | <u>3,868,574,769</u> | <u>5,639,678,574</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR | <u>2,034,694,298</u> | <u>2,611,070,830</u> | <u>2,618,910,283</u> | <u>2,792,737,848</u> | <u>3,868,574,769</u> |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and Other Information

Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") was established as "Perusahaan Negara (PN) Aneka Tambang" in the Republic of Indonesia on July 5, 1968 under Government Regulation ("GR") No. 22 of 1968. Its establishment was published in Supplement No. 36 of the State Gazette No. 56 dated July 5, 1968. On September 14, 1974, based on GR No. 26 of 1974, the status of the Company was changed from a state-owned corporation ("PN") to a state-owned limited liability corporation ("Perusahaan Perseroan") and the Company has since then been known as "Perusahaan Perseroan (Persero) PT Aneka Tambang" based on Deed of Incorporation No. 320 dated December 30, 1974.

The Company's Articles of Association ("AA") have been amended several times. The latest amendment took place on March 31, 2015 in relation to, among others, changes of AA in conformity with several regulations such as, Financial Services Authority ("FSA") rule No. 32/POJK.04/2014 regarding planning and implementation of the general meeting of shareholders of a public company and FSA rule No. 33/POJK.04/2014 regarding the public company's Board of Commissioners and Directors. These changes were stated in Notarial Deed No. 67 dated March 31, 2015 of Fathiah Helmi S.H. and were approved by the Minister of Law and Human Rights of the Republic of Indonesia based on his Decision Letter No. AHU-AH.01.03-0927518 dated April 27, 2015.

According to Article 3 of the Company's AA, its purpose and objective comprises of the mining of natural deposits also manufacturing, trading, transportation and other related services. The Company commenced its commercial operations on July 5, 1968.

In 1997, the Company conducted an Initial Public Offering ("IPO") of 430,769,000 shares or 35% of its 1,230,769,000 issued and fully paid shares. The shares offered to the public during the IPO were listed on the former Jakarta Stock Exchange ("JSX") and Surabaya Stock Exchange ("SSX") on November 27, 1997 (in 2008, these stock exchanges were merged to become the Indonesia Stock Exchange). As at June 30, 2015, December 31, 2014, 2013, and 2012, all the Company's issued and fully paid shares of 9,538,459,750 shares were listed on the Indonesia Stock Exchange. In 2002, the Company's shares were listed on the Australian Securities Exchange ("ASX") where its shares have been traded as Chess Depository Interests ("CDI"). As at June 30, 2015, December 31, 2014 and 2013, a total of 1,301,315 CDI units was traded on the ASX representing 6,506,575 series B ordinary shares. As at December 31, 2012, a total of 1,907,691,950 CDI units was traded on the ASX representing 9,538,459,750 series B ordinary shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

a. Establishment and Other Information (continued)

Based on the minutes of the Shareholders' General Meeting held on March 31, 2015, the composition of the Company's Boards of Commissioners and Directors as at June 30, 2015 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Robert A. Simanjuntak, S.E., M.Sc., Ph.D.
Velix Vernando Wanggai, M.P.A.
Zaelani, S.E.

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tedy Badrujaman, M.M.
Aloysius Kiik Ro
Agus Zamzam Jamaluddin, S.T., M.T.
Johan N.B. Nababan
Ir. Hari Widjajanto, M.M.
Ir. I Made Surata, M.Si.

Based on the minutes of the Shareholders' General Meeting held on March 26, 2014, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2014 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Robert A. Simanjuntak, S.E., M.Sc., Ph.D.
Velix Vernando Wanggai, M.P.A.
Zaelani, S.E.

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tato Miraza, S.E., M.M.
Djaja M. Tambunan
Ir. Tedy Badrujaman, M.M.
Ir. Hendra Santika, M.M.
Ir. Hari Widjajanto, M.M.
Ir. I Made Surata, M.Si.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

a. Establishment and Other Information (continued)

Based on the minutes of the Shareholders' General Meeting held on April 30, 2013, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2013 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Dr. Robert Pakpahan
Velix Vernando Wanggai, M.P.A.
Zaelani, S.E.

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tato Miraza, S.E., M.M.
Djaja M. Tambunan
Ir. Tedy Badrujaman, M.M.
Ir. Hendra Santika, M.M.
Sutikno, S.E., M.Si.
Ir. I Made Surata, M.Si.

Based on the minutes of the Shareholders' General Meeting held on May 31, 2012, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2012 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Bambang P.S. Brodjonegoro, S.E., M.U.P., Ph.D.
Zaelani, S.E.
Burhan Muhammad

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Alwingsyah Lubis, M.M.
Djaja M. Tambunan
Ir. Winardi, M.M.
Ir. Tato Miraza, S.E., M.M.
Achmad Ardinto, S.T., M.B.A.
Ir. Denny Maulasa, M.M.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

a. Establishment and Other Information (continued)

As at June 30, 2015, December 31, 2014, 2013 and 2012, the composition of the Company's Audit Committee was as follows:

| | <u>June 30, 2015 and December 31, 2014</u> |
|---------------|---|
| Chairman | Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng. |
| Vice Chairman | Zaelani, S.E. |
| Members | Drs. Mursyid Amal, M.M. Dr. Ir. Rukmana Nugraha Adhi, DEA. |
| | <u>December 31, 2013</u> |
| Chairman | Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng. |
| Vice Chairman | Zaelani, S.E. |
| Members | Dr. Ratna Wardhani, M.Si., CPFS Dr. Ir. Rukmana Nugraha Adhi, DEA. Alida Basir Astaris, S. E., Ak. Benjamin Hassan, Ak., B.Ec. |
| | <u>December 31, 2012</u> |
| Chairman | Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng. |
| Vice Chairman | Zaelani, S.E. |
| Members | Dr. Ratna Wardhani, M.Si., CPFS Dr. Ir. Rukmana Nugraha Adhi, DEA. Alida Basir Astaris, S. E., Ak. Ragil Kuncoro, Ak., M.Sc. |

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company and its subsidiaries (together the "Group") had a total of 3,574, 3,425, 3,356 and 3,191 permanent employees, respectively (unaudited).

The Company's head office is located in Gedung Aneka Tambang, Jl. Letjen T.B. Simatupang No. 1, Lingkar Selatan, Tanjung Barat, Jakarta, Indonesia. The Group has Mining Business Permits in several locations in Indonesia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries

The Company consolidates the following subsidiaries due to its majority ownership or its right to control their operations.

| Subsidiaries | Domicile | Nature of business | Percentage of ownership owned by the Company | Percentage of ownership owned by the Group | Start of commercial operation | Total assets before elimination | | | |
|--|-----------|--|--|--|-------------------------------|---------------------------------|-------------------|-------------------|-------------------|
| | | | | | | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
| Direct ownership: | | | | | | | | | |
| 1. Asia Pacific Nickel Pty., Ltd. ("APN") | Australia | Investment Company | 100.00% | 100.00% | 2003 | 87,070,718 | 89,816,082 | 85,979,795 | 91,174,478 |
| 2. PT Indonesia Coal Resources ("ICR") | Indonesia | Coal mining exploration and operator | 99.98% | 100.00% | 2010 | 205,501,614 | 187,197,739 | 221,944,831 | 171,698,116 |
| 3. PT Antam Resourcindo ("ARI") | Indonesia | Mining exploration and operator | 99.98% | 99.98% | 1997 | 142,481,875 | 145,221,437 | 158,615,083 | 137,348,524 |
| 4. PT Mega Citra Utama ("MCU")* | Indonesia | Construction, trading, industry, agriculture and mining | 99.50% | 99.50% | - | 118,107,847 | 122,455,421 | 135,562,232 | 117,907,613 |
| 5. PT Abuki Jaya Stainless Indonesia ("AJSI")* | Indonesia | Manufacturing of stainless steel | 99.50% | 99.50% | - | 49,688,733 | 50,716,709 | 52,533,209 | 54,586,345 |
| 6. PT Borneo Edo International ("BEI")* | Indonesia | Construction, trading, industry, agriculture and mining | 99.50% | 99.50% | - | 37,973,527 | 41,338,381 | 43,930,883 | 43,769,024 |
| 7. PT Dwimitra Enggang Khatulistiwa ("DEK")* | Indonesia | Mining exploration and operator | 99.50% | 99.50% | - | 4,619,921 | 4,222,886 | 5,140,713 | 3,178,316 |
| 8. PT Cibaliung Sumberdaya ("CSD") | Indonesia | Exploration, construction and mine development, mining, production, processing and refining, haulage and sales in the gold mining industry | 99.15% | 99.15% | 2010 | 1,098,232,280 | 1,102,207,259 | 1,104,118,405 | 1,097,566,675 |
| 9. PT International Mineral Capital ("IMC") | Indonesia | Services and trading | 99.00% | 99.00% | 2011 | 590,718,297 | 579,888,692 | 456,223,155 | 240,669,545 |
| Indirect ownership: | | | | | | | | | |
| 10. PT GAG Nikel ("GAG")* (through APN) | Indonesia | Mining exploration and operator | 25.00% | 100.00% | - | 19,442,854 | 89,280,018 | 85,400,386 | 86,966,526 |
| 11. PT Citra Tobindo Sukses Perkasa ("CTSP") (through ICR) | Indonesia | Coal mining exploration and operator | 0.00% | 100.00% | 2011 | 68,319,343 | 59,468,542 | 60,913,490 | 41,195,835 |
| 12. PT Feni Haltim ("FHT")* (through IMC) | Indonesia | Trading, construction and services | 50.00% | 100.00% | - | 1,097,963,355 | 1,091,364,933 | 959,817,870 | 512,453,197 |
| 13. PT Borneo Edo International Agro ("BEIA")* (through MCU) | Indonesia | Agriculture, industry, agricultural land transportation, trading and services | 0.00% | 100.00% | - | 4,386,311 | 4,839,763 | 6,657,963 | 5,789,287 |
| 14. PT Gunung Kendaik ("GK")* (through MCU) | Indonesia | Construction, trading, industry, agriculture, ground transportation, services, mining and printing | 0.00% | 100.00% | - | 5,788,164 | 5,422,698 | 5,422,072 | 5,539,063 |
| 15. PT Nusa Karya Aindo ("NKA") (through ARI) | Indonesia | Mineral and coal mining service | 0.00% | 100.00% | 2014 | 30,505,567 | 19,824,086 | 7,727,776 | 2,450,000 |
| 16. PT Sumberdaya Aindo ("SDA")* (through ARI) | Indonesia | Mineral and coal mining service | 0.00% | 100.00% | - | 4,295,720 | 4,491,257 | 4,616,064 | 5,002,987 |
| 17. PT Borneo Alumina Indonesia ("BAI")* (through IMC and BEI) | Indonesia | Industry, services, and trade | 0.00% | 100.00% | - | 55,000 | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries (continued)

| Subsidiaries | Domicile | Nature of business | Percentage of ownership owned by the Company | Percentage of ownership owned by the Group | Start of commercial operation | Total Assets before elimination | | | | |
|---------------------|---|--------------------|--|--|-------------------------------|---------------------------------|-------------------|-------------------|-------------------|---|
| | | | | | | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 | |
| Indirect ownership: | | | | | | | | | | |
| 18. | PT Antam Energi Indonesia ("AEI")* (through IMC, ARI, and ICR) | Indonesia | Services, trade, and industry | 0.00% | 100.00% | - | 881,634 | - | - | - |
| 19. | PT Jatim Arindo Persada ("JAP")* (through ARI and NKA) | Indonesia | Mining exploration and operator | 0.00% | 100.00% | - | 51,000 | - | - | - |
| 20. | PT Kawasan Industri Antam Timur ("KIAT")* (through ARI and IMC) | Indonesia | Management of industrial estate services | 0.00% | 100.00% | - | 1,625 | - | - | - |
| 21. | PT Antam Niterra Hatim ("ANH")* (through IMC and FHT) | Indonesia | Mining exploration and operator | 0.00% | 100.00% | - | 68,046 | - | - | - |

* As of June 30, 2015, MCU, AJSI, BEI, DEK, GAG, FHT, BEIA, GK, SDA, BAI, AEI, JAP, KIAT and ANH have not yet started their respective commercial operations.

c. Joint Venture

In February 2007, the Company established PT Indonesia Chemical Alumina ("ICA") (Note 33f), a joint venture, in which the Company has a 49% ownership interest. In August 2008, the Company acquired a 16% additional interest in ICA, making the total ownership 65%. In August 2010, the Company increased its interest in ICA to 80%. ICA will process bauxite in West Kalimantan, Indonesia and is currently in the pre-production phase as of June 30, 2015.

The Company considered the existence of substantive participating rights held by ICA's minority shareholder which provides the shareholder with a veto right over the significant financial and operating policies of ICA and determined that, as a result of these rights, the Company does not have control over the financial and operating policies of ICA, despite the Company's 80% ownership interest. The Company's ownership in ICA is accounted for using the equity method.

d. Exploration and Exploitation Areas

As at June 30, 2015, the Group have exploration and exploitation areas covered by several Mining Business Permits ("IUP"), previously known as "Kuasa Pertambangan". The details of each of the Mining Business Permits are as follows:

| Location | Mining Business Permits (IUP) | Area (Ha) (Unaudited) | IUP Exploration | IUP Production | Reserves (in '000 tons) (Unaudited) | | Resources (in '000 tons) (Unaudited) | | |
|---|-------------------------------|-----------------------|---|----------------|-------------------------------------|----------|--------------------------------------|-----------|---|
| | | | | | Proved | Probable | Measured | Indicated | |
| Owned by the Company: | | | | | | | | | |
| Mardinding, Karo, North Sumatra**) | - | 8,176 | SK Bupati Karo No. 540/335/TAMBEN/2009 valid until 30/12/2014 | - | - | - | - | - | - |
| Tanah Pinem, Dairi, North Sumatra | KW01-AT-DAIRI08 | 17,550 | SK Bupati Dairi No. 540/403/V/2011 valid until 30/12/2016 | - | - | - | - | - | - |
| Parsoburan, Toba Samosir, North Sumatra | - | 5,350 | SK Bupati Toba Samosir No. 503/331/BPPTPM/2012 valid until 25/01/2017 | - | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

| Location | Mining Business Permits (IUP) | Area (Ha) (Unaudited) | IUP Exploration | IUP Production | Reserves (in '000 tons) (Unaudited) | | Resources (in '000 tons) (Unaudited) | |
|--|-------------------------------|-----------------------|--|--|-------------------------------------|----------|--------------------------------------|-----------|
| | | | | | Proved | Probable | Measured | Indicated |
| Owned by the Company: (Continued) | | | | | | | | |
| Pammonangan, Sipoholon and Adankoting Tapanuli Utara, North Sumatra**) | - | 33,260 | SK Bupati Tapanuli Utara No. 240 Year 2011 valid until 25/2/2018 | - | - | - | - | - |
| Garoga, Tapanuli Utara, North Sumatra**) | - | 6,492 | SK Bupati Tapanuli Utara No. 241 Year 2011 valid until 25/2/2018 | - | - | - | - | - |
| Batang Asai, Sarolangun, Jambi*) | KW.05 KP 010407 | 4,608 | SK Bupati Sarolangun 624/ESDM/2014 valid until 28/4/2015 | - | - | - | - | - |
| Sungai Keruh, Tebo, Jambi**) | - | 4,975 | SK Bupati Tebo No. 137/ESDM/2010 valid until 10/3/2014 | - | - | - | - | - |
| Sungai Keruh, Tebo, Jambi**) | - | 4,959 | SK Bupati Tebo No. 138/ESDM/2010 valid until 10/3/2014 | - | - | - | - | - |
| Ma. Bantan, Merangin, Jambi**) | - | 14,910 | SK Bupati Merangin No. 178/ESDM/2010 valid until 24/5/2014 | - | - | - | - | - |
| Kec. Sungai Tenang, Merangin, Jambi*) | - | 9,690 | SK Bupati Merangin No. 184/ESDM/2010 valid until 1/5/2014 | - | - | - | - | - |
| Desa Talang Tembago, Merangin, Jambi*) | - | 7,633 | SK Bupati Merangin No. 185/ESDM/2010 valid until 1/5/2014 | - | - | - | - | - |
| Air Niru, North Bengkulu**) | KWBU.09-008 | 4,738 | SK Bupati Bengkulu Utara No. 10 Year 2013 valid until 30/12/2015 | - | - | - | - | - |
| Lebong Kandis, North Bengkulu**) | KWBU.09-009 | 4,983 | SK Bupati Bengkulu Utara No. 12 Year 2013 valid until 30/12/2015 | - | - | - | - | - |
| Air Nokan, North Bengkulu**) | KWBU.09-010 | 3,945 | SK Bupati Bengkulu Utara No. 9 Year 2013 valid until 31/12/2015 | - | - | - | - | - |
| Telatang, North Bengkulu**) | KWBU.09-011 | 4,419 | SK Bupati Bengkulu Utara No. 11 Year 2013 valid until 31/12/2015 | - | - | - | - | - |
| Cibaliung, Pandeglang Banten | KW 96PPO019 | 1,340 | - | SK Bupati Pandeglang No. 821.13/Kep.1351-BPPT/2014 valid until 27/7/2025 | - | - | - | - |
| UBPP Logam Mulia, Jakarta | - | - | - | IUP Operasi Produksi Khusus untuk Pengolahan dan Pemurnian Mineral sesuai SK Menteri ESDM No.261.K/30/DJB/2011 | - | - | - | - |
| Ds. Bantar Karet, Kec. Nanggung, Bogor, West Java | KW 98PPO138 | 6,047 | - | SK Bupati Bogor No. 541.2/005/kpts/ESDM/2010 valid until 9/3/2021 | 1,040 | 1,080 | 530 | 3,130 |
| Bungbulang, Pakeljing, Cisewu, Pamulhan, Garut West Java | - | 11,560 | SK Bupati Garut No. 540/Kep.633-SDAP/2011 valid until 28/11/2016 | - | - | - | - | - |
| Ciainem, Papandayan Garut, West Java | - | 4,513 | - | SK Bupati Garut No. 540/Kep.279-SDAP/2010 valid until 9/6/2020 | - | - | - | - |
| Cisewu (Kuda Gold), Garut, West Java | - | 7,427 | SK Bupati Garut No.540/Kep.255-SDAP/2011 valid until 22/3/2016 | - | - | - | - | - |
| Desa Neglasari, Kec. Lengkon, Sukabumi, West Java**) | - | 149.55 | - | SK Kepala Badan Pelayanan Perizinan Terpadu, No. 503.8/8931-BPPT/2010 valid until 21/1/2014 | - | - | - | - |

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

***) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

| Location | Mining Business Permits (IUP) | Area (Ha) (Unaudited) | IUP Exploration | IUP Production | Reserves (in '000 tons) (Unaudited) | | Resources (in '000 tons) (Unaudited) | |
|---|-------------------------------|-----------------------|--|---|-------------------------------------|----------|--------------------------------------|-----------|
| | | | | | Proved | Probable | Measured | Indicated |
| Owned by the Company (continued): | | | | | | | | |
| Jatiroto, Tirtomoyo Wonogiri, Central Java***) | - | 5,711.69 | SK Bupati Wonogiri No. 545.21/006/2010 valid until 5/3/2014 | - | - | - | - | - |
| Desa Wotgali, Kec. Yosowilangun, Kec. Lumajang, East Java | - | 462.40 | - | SK Bupati Lumajang No. 188.45/225/427.12/2011 valid until 23/7/2020 | - | - | - | - |
| Mempawah Hulu, Landak West Kalimantan*) | - | 20,710 | - | SK Bupati Landak No. 544.11/330/HK-2014 valid until 16/12/2034 | - | - | 43,400 | - |
| Toho, Mempawah, West Kalimantan | - | 12,630 | - | SK Bupati Pontianak No. 221 Year 2009 valid until 1/7/2028 | - | - | 8,900 | - |
| Toho, Mempawah, Pontianak, West Kalimantan | - | 2,374 | - | SK Gubernur Kalbar 444/Distamben/2015 valid until 4/3/2035 | - | - | - | - |
| Tayan, Sanggau, West Kalimantan | KW98PP0183 | 34,360 | - | SK Gubernur Kalbar No. 15/Distamben/2015 valid until 4/1/2030 | 57,800 | 37,000 | 7,800 | - |
| Tayan Hilir, Sanggau West Kalimantan**) | - | 1,701 | SK Bupati Sanggau No. 547 Year 2011 valid until 1/11/2014 | - | - | - | - | - |
| Mandor, Landak West Kalimantan**) | - | 6,539 | SK Bupati Landak No. 545/241/HK-2011 valid until 23/12/2014 | - | - | - | - | - |
| Mandor, Landak West Kalimantan**) | - | 6,135 | SK Bupati Landak No. 545/50/HK-2012 valid until 19/3/2015 | - | - | - | - | - |
| Tarinding & Timoro Mamasa, West Sulawesi**) | - | 1,347 | SK Bupati Mamasa No. 540/KPTS-65/VI/2011 valid until 10/12/2014 | - | - | - | - | - |
| Kalumpang, Mamuju, West Sulawesi**) | - | 10,000 | SK Bupati Mamuju No. 213 Year 2010 valid until 5/6/2014 | - | - | - | - | - |
| Topoyo, Mamuju, West Sulawesi**) | - | 10,000 | SK Bupati Mamuju No. 214 Year 2010 valid until 5/6/2014 | - | - | - | - | - |
| Seko, Luwu Utara, South Sulawesi**) | - | 5,167 | SK Bupati Luwu Utara No. 188.4.45/135/V/2011 valid until 10/3/2016 | - | - | - | - | - |
| Sawa, Lembo, Lasolo, Konawe Utara, Southeast Sulawesi**) | KW 07 APR ER 002 | 17,450 | SK Bupati Konawe Utara No. 45 Year 2013 valid until 30/1/2014 | - | - | - | - | - |
| Lasolo, Konawe Utara, Southeast Sulawesi | KW 99STP057a | 6,213 | - | SK Bupati Konawe Utara No. 15 Year 2010 valid until 11/1/2028 | 4,500 | 1,000 | 4,750 | 9,400 |
| Besulutu, Konawe, Southeast Sulawesi**) | KW 07 APR ER 002 | 39,370 | SK Bupati Konawe No. 81 Year 2010 valid until 21/4/2014 | - | - | - | - | - |
| Asera and Molawe, Konawe Utara, Southeast Sulawesi | KW 10 APR OP 005 | 16,920 | - | SK Bupati Konawe Utara No. 158 Year 2010 valid until 29/4/2030 | - | - | 9,700 | 18,150 |
| Kolono, Konawe Selatan, Southeast Sulawesi**) | - | 9,596 | SK Bupati Konawe Selatan No. 727 Year 2010 valid until 11/1/2016 | - | - | - | - | - |
| Wolasi, Konawe Selatan, Southeast Sulawesi**) | - | 5,988 | SK Bupati Konawe Selatan No. 728 Year 2010 valid until 11/1/2016 | - | - | - | - | - |
| Pomalaa, Kolaka, Southeast Sulawesi | WSPM 016 | 1,954 | - | SK Bupati Kolaka No. 198 Tahun/Year 2010 valid until 25/6/2020 | 2,300 | 1,000 | 100 | 500 |

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

***) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

| Location | Mining Business Permits (IUP) | Area (Ha) (Unaudited) | IUP Exploration | IUP Production | Reserves (in '000 tons) (Unaudited) | | Resources (in '000 tons) (Unaudited) | |
|---|-------------------------------|-----------------------|--|--|-------------------------------------|----------|--------------------------------------|-----------|
| | | | | | Proved | Probable | Measured | Indicated |
| Owned by the Company (continued): | | | | | | | | |
| Batu Kilat, Kolaka, Southeast Sulawesi | WSPM 017 | 878.20 | - | SK Bupati Kolaka No. 199 Year 2010 valid until 25/6/2020 | 529 | - | - | - |
| Sitallo, Kolaka, Southeast Sulawesi | KW WSPM.015 | 584.3 | - | SK Bupati Kolaka No. 188.45/100/2014 valid until 14/3/2024 | 135 | - | - | - |
| Mariang, Kolaka, Southeast Sulawesi | WSWD 003 | 195 | - | SK Bupati Kolaka No. 188.45/099/2014 valid until 28/2/2023 | 110 | - | - | - |
| Tambea, Kolaka, Southeast Sulawesi | KW WSPM.014 | 2,712 | - | SK Bupati Kolaka No. 188.45/099/2014 valid until 14/3/2024 | 945 | - | - | - |
| Maba and Maba Kota, Halmahera Timur, North Maluku | - | 10,420 | SK Bupati Halmahera Timur No. 188.45/540-53.6/2014 valid until 25/8/2016 | - | 15,000 | 124,800 | 70,250 | 73,050 |
| Buli Serani, Halmahera Timur, North Maluku | KW 97PPO443 | 39,040 | - | SK Bupati Halmahera Timur No. 188.45/540-170/2011 valid until 27/10/2040 | 11,300 | 81,000 | - | - |
| Tentang, Manggarai Barat, East Nusa Tenggara**) | - | 12,070 | SK Bupati Manggarai Barat No. DPE.540/390/XII/2009 valid until 17/12/2011 (extension IV) | - | - | - | - | - |
| Oxybil, Pegunungan Bintang, Papua | - | 49,740 | SK Gubernur Papua No. 540/2876/SET Year 2010 valid until 25/8/2017 | - | - | - | - | - |
| Oxybil, Pegunungan Bintang, Papua | - | 49,830 | SK Gubernur Papua No. 540/2883/SET Tahun/Year 2010 valid until 25/8/2017 | - | - | - | - | - |
| Oxybil, Pegunungan Bintang, Papua | - | 49,920 | SK Gubernur Papua No. 540/2884/SET Year 2010 valid until 25/8/2017 | - | - | - | - | - |
| Oxybil, Pegunungan Bintang, Papua | - | 49,830 | SK Gubernur Papua No. 540/2892/SET Year 2010 valid until 25/8/2017 | - | - | - | - | - |
| Owned by the Subsidiaries: | | | | | | | | |
| Mandiangan, Sarolangun, Jambi | KW.97 KP. 290310 | 199 | - | SK Bupati Sarolangun No. 34 Year 2010 valid until 29/1/2020 | - | - | - | - |
| Mandiangan, Sarolangun, Jambi**) | KW.97 KP. 251010 | 201 | SK Bupati Sarolangun No. 365/ESDM/2012 valid until 9/1/2014 | - | - | - | - | - |
| Sebadu, Mandor, Landak, West Kalimantan | - | 19,090 | - | SK Bupati Landak No.544.11/264/HK-2014 valid until 16/09/2034 | - | - | 9,300 | - |
| Menjalin, Landak, West Kalimantan | MJL/MDR-EKPR07.036 | 18,630 | - | SK Bupati Landak No. No.544.11/98/HK-2013 valid until 22/04/2033 | - | - | 13,900 | - |
| Menjalin Landak, West Kalimantan | - | 4,900 | SK Bupati Landak No. 544.2/213/HK-2010 valid until 23/09/2016 | - | - | - | - | - |
| Meliau, Sanggau, West Kalimantan | - | 10,000 | - | SK Bupati Sanggau No. 444 Year 2009 valid until 21/12/2028 | - | - | 28,400 | - |
| Tayan Hilir, Sanggau, West Kalimantan | - | 455.7 | - | SK Bupati Sanggau No. 3 Year 2010 valid until 4/1/2030 | - | - | - | - |
| Mandiodo, Konawe Utara, Southeast Sulawesi | - | - | - | SK Bupati Konawe Utara No. 87 Year 2011 valid until 21/2/2031 | - | - | - | - |

*) Production operation upgrade of permits in progress
**) Discharge of permits in progress
***) Production operation upgrade in evaluation progress or reversion
****) Relinquishment of permits in progress

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

| Location | Mining Business Permits (IUP) | Area (Ha) (Unaudited) | IUP Exploration | IUP Production | Reserves (in '000 tons) (Unaudited) | | Resources (in '000 tons) (Unaudited) | |
|---|-------------------------------|-----------------------|---|---|-------------------------------------|----------|--------------------------------------|-----------|
| | | | | | Proved | Probable | Measured | Indicated |
| Owned by the Subsidiaries (continued): | | | | | | | | |
| Mandiodo, Konawe Utara, Southeast Sulawesi | - | - | - | SK Bupati Konawe Utara No. 88 Year 2011 valid until 21/2/2031 | - | - | - | - |
| Pulau Gag, Raja Ampat, West Papua | - | 13,136 | Contract of Work No. 735.K/20.01/DJP/1998 | - | - | - | 32,400 | 8,300 |
| Cibaliung, Pandeglang Banten | - | 1,340 | - | SK Bupati Pandeglang No. No.821.13 /Kep.1351- BPPT/2014 valid until 27/7/2025 | 1,880 | 350 | - | - |
| Mempawah Hulu and Banyuke Hulu, West Kalimantan | - | 12,184 | - | SK Bupati Landak No.573/Distamben/2015 valid until 23/05/2035 | - | - | - | - |
| Buli, Maba, North Maluku | - | - | - | SK Menteri ESDM No. 872.K/30/DJB/2012 valid until 8/10/2032 | - | - | - | - |

- *) Production operation upgrade of permits in progress
 **) Discharge of permits in progress
 ***) Production operation upgrade in evaluation progress or reversion
 ****) Relinquishment of permits in progress

The information in these consolidated financial statements that relates to Exploration Results, Mineral Resources or Ore Reserves (unaudited) is based on information compiled by Trenggono Sutioso, who is a Member of the Australasian Institute of Mining and Metallurgy. Trenggono Sutioso is a full-time employee of the Company. He possesses relevant experience as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Related to the reports of mineralisation and type of deposit being reported on by him and to the activity which he is undertaking, he consents to the inclusion in this report of the matters based on his report of mineralisation and type of deposit reported in the form and context in which the information appeared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed and authorised for issuance by the Board of Directors on August 14, 2015.

These consolidated financial statements are also intended for the purpose of the Company's corporate action plan which up to the date of the completion of these consolidated financial statements is still in preparation process. Accordingly, the Company is presenting its consolidated financial statements which consists of consolidated financial performance as of and for the six-month period ended June 30, 2015, as of and for the years ended December 31, 2014, 2013 and 2012. The Company is also presenting the financial performance for the six-month period ended June 30, 2014 for comparative purpose.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Consolidated Financial Statements Preparation

The Group's consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

The consolidated financial statements are prepared on the accrual basis using the historical cost concept of accounting and using the accrual basis except for the consolidated statement of cash flows.

The consolidated statement of cash flows is prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities.

Except as described in Note 2b, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2014 which conform to Indonesian Financial Accounting Standards.

In order to provide further understanding of the financial performance of the Group, due to the significance of their nature or amount, several items of income or expense have been shown separately.

The functional currency of the Group is the Rupiah, except for APN whose functional currency is the Australian Dollar.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

b. Changes to Statements of Financial Accounting Standards and Interpretations of Statements of Financial Accounting Standards

The following Statements of Financial Accounting Standards ("SFAS") which affect the Group's consolidated financial statements are mandatory to apply from January 1, 2015:

- SFAS 1 (revised 2013), "Presentation of financial statements"

The revised standard requires entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled must be presented separately from items that may be recycled in the future.

The Group has presented its OCI based on whether or not they may be recycled to profit or loss in the future, as reflected in the consolidated statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**b. Changes to Statements of Financial Accounting Standards and Interpretations of
Statements of Financial Accounting Standards** (continued)

- SFAS 24 (revised 2013), "Employee benefits"

Changes introduced by this revised standard among others, are as follows:

- (a) Actuarial gains and losses are recognised immediately in OCI. The corridor approach is no longer allowed.
- (b) Past-service costs are recognised in the period of a plan amendment. Unvested benefits can no longer be spread over a future-service period.
- (c) In determining amounts recognised in the profit or loss, interest cost and expected return on plan assets is replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset).
- (d) Requirements of additional disclosure regarding:
 - Characteristics of and risks associated with defined benefit plans.
 - Amounts in the entity's financial statements arising from its defined benefit plans.
 - Impact of the defined benefit plans to the entity's future cash flows regarding timing, amount and uncertainty.

Management has assessed that the retrospective application of this revised standard results in a material impact to the prior period financial statements. As such, restatements of prior period financial statements are required. Refer to Note 4 and Note 28 for the effect of changes in accounting policies as a result of implementation of this standard.

- SFAS 67, "Disclosure of interests in other entities"

This new standard requires entities to disclose information of the entity's interests in subsidiaries, associates and joint arrangements and non-consolidated structured entity.

The Group has adopted this new standard and accordingly, the Group's consolidated financial statements have included disclosures required by this new standard (Note 10).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes to the Statements of Financial Accounting Standards and Interpretations of the Statements of Financial Accounting Standards (continued)

New standards, amendments and interpretations issued and effective for the financial year beginning January 1, 2015 which do not have a material impact to the consolidated financial statements of the Group are as follows:

- SFAS 4 (revised 2013), "Separate financial statements"
- SFAS 15 (revised 2013), "Investments in associates and joint ventures"
- SFAS 46 (revised 2014), "Income tax"
- SFAS 48 (revised 2014), "Impairment of assets"
- SFAS 50 (revised 2014), "Financial instruments: Presentation"
- SFAS 55 (revised 2014), "Financial instruments: Recognition and measurement"
- SFAS 60 (revised 2014), "Financial instruments: Disclosures"
- SFAS 65 (revised 2013), "Consolidated financial statements"
- SFAS 66 (revised 2013), "Joint arrangements"
- SFAS 68 (revised 2013), "Fair value measurement"
- Interpretation of Statement of Financial Accounting Standards ("ISFAS") 15 (revised 2014), "The limit on a defined benefit asset, minimum funding requirements and their interaction"
- ISFAS 26 (revised 2014), "Reassessment of embedded derivatives"

c. Principles of Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of Consolidation (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Non-controlling interest is reported as equity in the consolidated statement of financial position, separate from the owner of the parent's equity.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, at the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS 55 "Financial Instruments: Recognition and Measurement" either in the profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign Currency Transactions and Balances

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. The exchange rate used as a benchmark is the rate that is issued by Bank of Indonesia. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the exchange rates used were as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|------------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| 1 United States Dollar | 13,332 | 12,440 | 12,189 | 9,670 |
| 100 Japanese Yen | 10,896 | 10,413 | 11,617 | 11,197 |
| 1 Australian Dollar | 10,218 | 10,218 | 10,876 | 10,025 |
| 1 European Euro | 14,920 | 15,133 | 16,821 | 12,810 |
| 1 Chinese Renminbi | 2,181 | 2,033 | 1,999 | 1,537 |

e. Investments in Associates and Joint Ventures

Investment in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Investments in Associates and Joint Ventures (continued)

Investment in Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “share of loss of associate and jointly control entity” in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s consolidated financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognised in the profit or loss.

Investment in Joint Ventures

The Group has applied SFAS 66 (revised 2013) to all joint arrangements as of January 1, 2015. Under SFAS 66 (revised 2013) investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined that all of them are joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Investments in Associates and Joint Ventures (continued)

Investment in Joint Ventures (continued)

There is no significant impact to the Group's consolidated financial statements as a result of adoption of SFAS 66 (revised 2013) since all of the Group's interests in joint ventures have been previously accounted for using the equity method.

f. Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

iv. Held to maturity

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity that the group have the positive intent and ability to hold maturity, and which are not designated at fair value through profit or loss or available-for-sale.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial Assets (continued)

Regular purchases and sale of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through the profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial asset held to maturity are carried at amortised cost using the effective interest method.

Net differences arising from changes in the fair value of the “finance assets at fair value through profit or loss” category are presented in the profit or loss within “finance income” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of “other income” when the Group’s right to receive payments is established. Interest income from these financial assets is included in the “finance income”.

g. Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

h. Trade and Other Receivables

Trade receivables are amounts due from customers for minerals sold or refining services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Trade and Other Receivables (continued)

The collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Provisions for impairment of receivables are charged to the profit or loss and presented as "Cost of good sold". Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

i. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted-average method. The cost of finished goods and work-in process comprises materials, labor and an appropriate proportion of directly attributable fixed and variable overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expense.

j. Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Initial legal costs incurred to obtain legal rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. Cost related to renewal of land rights are recognised as intangible assets and amortised during the period of land rights.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Net gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains, net" in the profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Property, Plant and Equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | <u>Years</u> |
|--|--------------|
| Land improvement | 6 - 20 |
| Buildings | 10 - 20 |
| Plant, machinery and equipment | 8 - 25 |
| Vehicles | 4 - 8 |
| Furniture, fixtures and office equipment | 4 - 8 |

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

The accumulated costs of the construction of buildings and the installation of machinery are capitalised as construction in progress. These costs are reclassified to property, plant and equipment when the construction or installation is complete. Depreciation is charged from the date the assets are ready for use in the manner intended by management.

Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing the construction of a qualifying asset, are capitalised up to the date when construction is complete. For borrowings that are directly attributable to a qualifying asset, the amount to be capitalised is determined as the actual borrowing cost incurred during the period, less any income earned on the temporary investment of such borrowings. For borrowings that are not directly attributable to a qualifying asset, the amount to be capitalised is determined by applying a capitalisation rate to the amount expended on the qualifying assets. The capitalisation rate is the weighted-average of the total borrowing costs applicable to the total borrowings outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

k. Impairment of Non-financial Assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffer impairment are reviewed for a possible reversal of the impairment at each reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Impairment of Non-financial Assets (continued)

Reversal on impairment loss for assets other than goodwill would be recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognised in the profit or loss. Impairment losses relating to goodwill would not be reversed.

l. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

m. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

n. Share Capital

Incremental costs directly attributable to the issuing of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Transactions with Related Parties

The Group has entered into transactions with related parties. Related parties are defined as individuals or entities which are related to the Group.

An individual or family member is related to the Group if it:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a related person as identified above;
- (vii) A person that has control or joint control over the Group that has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transactions between the Group and State Owned Entities ("SOE") are considered as transactions with related parties under SFAS 7 "Related Party Disclosure".

p. Deferred Charges

Significant expenditures incurred which are considered to have a benefit of more than one year, are deferred and amortised applying the straight-line method over the period expected to benefit from such expenditures.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources after the Group has obtained legal rights to explore in a specific area, determine the technical feasibility and assess the commercial viability of an identified resource.

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching and sampling;
- Activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation expenditure related to an area of interest is written off as incurred, unless it is capitalised and carried forward, on an area of interest basis, provided that one of the following conditions is met:

- (i) The rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale, or
- (ii) Exploration activities in the area of interest have not yet reached the stage which would permit a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest, and exclude physical assets, which are recorded in property, plant and equipment. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration and evaluation assets acquired in a business combination are recognised initially as assets at fair value on acquisition, and subsequently at cost less impairment charges. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the accounting policy outlined above.

As exploration and evaluation assets are not available for use, they are not depreciated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Exploration and Evaluation Assets (continued)

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to “mining properties - mines under development”.

Expenditure incurred before the entity has obtained the legal right to explore a specific area is expensed as incurred.

r. Mining Properties

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and excludes physical assets and land rights, which are recorded as property, plant and equipment.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets in respect of the area of interest is transferred to “mines under development” within mining properties and aggregated with the subsequent development expenditure.

“Mines under development” are reclassified as “mines in production” within mining properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised for “mines under development” until they are reclassified as “mines in production”.

When further development expenditure is incurred on a mining property after the commencement of production, the expenditure is carried forward as part of “mines in production” when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as a cost of production.

“Mines in production” (including reclassified exploration, evaluation and development expenditure, and payments made to acquire mineral rights and leases) are amortised using the units-of-production method, with separate calculations being made for each area of interest. “Mines in production” will be depleted using the units-of-production method on the basis of proved and probable reserves.

Identifiable mining properties acquired in a business combination are initially recognised as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

“Mines under development” and “mines in production” are tested for impairment in accordance with the policy in Note 2k.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Provision for Environmental and Reclamation Costs

The Group has certain obligations for the restoration and rehabilitation of mining areas and the retirement of assets following the completion of production. Provision for environmental and reclamation costs is recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Such obligations are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Changes in the estimated restoration and environmental expenditures to be incurred are accounted for on a prospective basis over the remaining mine life.

t. Revenue and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

The sale of a product is recognised as revenue when the risks of ownership are transferred to the customer, and:

- the product is in a suitable form for delivery and no further processing is required by, or on behalf of, the producer;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer or ownership of the product has been passed to the customer;
- the selling price can be determined with reasonable accuracy.

The sale of a product arranged by a third party (agent) is recognised as revenue when the product is received by the end-users.

Certain ferronickel sale agreements provide for the provisional pricing of sales at the time of shipment. The final pricing is based on the London Metal Exchange ("LME") nickel price and normally ranges from 30 to 180 days after shipping to customers. Such a provisional sale contains an embedded derivative which is closely related and not recorded separately from the host sales contract. At the reporting date, the provisionally priced ferronickel sales are adjusted to the nearest subsequent monthly average LME nickel price, with the adjustments recorded in sales.

Sales of gold and silver are priced generally based on the London Bullion Market Association's quoted price at the date of the transaction. The revenue earned from services is recognised at the time the services are rendered. Expenses are recognised when incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Revenue and Expenses (continued)

Revenue from services comprises of revenue from providing refinery services, mining services and heavy equipment rental. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all of the following conditions are fulfilled:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the recognised expenses that are recoverable.

Expense are recognised as incurred.

u. Transactions among Entities under Common Control

Business combinations between entities under common control are accounted for using the pooling-of-interests method.

The difference between the consideration received and the carrying value of each restructuring transaction among entities under common control is recorded as part of additional paid-in capital in the equity section of the consolidated statement of financial position.

v. Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Management establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Taxation (continued)

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at reporting date and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity where there is an intention to settle the balances on a net basis.

w. Employee Benefits

i. Pension Obligations

The Group have various pension schemes in accordance with prevailing labor-related laws and regulations and the Group's policy. A defined pension benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation. A defined pension contribution plan is a pension plan under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Employee Benefits (continued)

i. Pension Obligations (continued)

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected-unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The current service cost of the defined benefit plan is recognised in the profit or loss in employee benefit expense which reflects the increase in the defined obligation resulting from employee service in the current year.

A curtailment will only occur when the Group significantly reduces the number of employees covered by a plan. Curtailment gains and losses will be accounted for as a past-service cost.

Past-service costs are recognised immediately in the profit or loss.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Prior to the adoption of SFAS 24 (revised 2013), actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions, when exceeding 10% of the fair value of plan assets or 10% of the present value of the defined benefit obligations at the beginning of the year were amortised and recognised as expense or gain over the expected average remaining service periods of the eligible employees. Past-service costs were recognised immediately in profit or loss, unless the changes to the pension plan were conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs were amortised on a straight line basis over the vesting period.

ii. Post-retirement Health Care Benefits

The Group provides post-retirement healthcare benefits to its entitled retirees. The entitlement to these benefits is usually based on the employees' remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting method similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Employee Benefits (continued)

iii. Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. A liability for a termination benefit will be recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs. Any benefit that requires future service is not a termination benefit. In case an offer is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the reporting date are discounted to their present value.

iv. Past-service Benefits

The Group also provides past-service benefits for all of its permanent employees. The liability in respect of past-service benefits is recorded based on actuarial calculations using the projected-unit-credit method by independent actuaries.

This benefit scheme is a defined benefit arrangement providing for death, permanent disability and retirement benefits depending on the years of completed service. The Group recognises the expense for the benefits when the Group receives the economic benefits arising from services provided by its employees.

x. Share Issuance Costs

Share issuance costs are presented as a deduction from the additional paid-in capital account.

y. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

z. Operating Segments

A segment is a distinguishable component of the Group that is engaged in providing certain products and services (business segment), where the component is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process.

aa. Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

The following judgements, estimates and assumptions were made by the management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements.

a. Critical Accounting Estimates and Assumptions

i. Estimating the Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of their property, plant and equipment based on expected asset utilisation as anchored on business plans and strategies that also consider expected future technological developments and market behaviour. The estimation of the useful lives of property, plant and equipment is based on the Group's collective assessment of industry practice, an internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's property, plant and equipment will increase the recorded operating expenses and decrease non-current assets.

ii. Goodwill and Impairment of Non-financial Assets

The consolidated financial statements reflect acquired businesses after the completion of the respective acquisition. The Group accounts for the acquired businesses using the acquisition method which requires extensive use of accounting estimates and judgements to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. Any excess in the purchase price over the estimated fair market values of the net assets acquired is recorded as goodwill in the consolidated statements of financial position. Thus, the numerous judgements made in estimating the fair market value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial performance.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Critical Accounting Estimates and Assumptions (continued)

ii. Goodwill and Impairment of Non-Financial Assets (continued)

The determination of fair value less cost to sell and value in use requires management to make estimates and the assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), mineral resources and reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the profit or loss.

iii. Estimation of Pension Cost and Other Employee Benefits

The cost of the defined benefit plan and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions, which consist of, among other things, discount rates, rates of compensation increases and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. All assumptions are reviewed at each reporting date.

iv. Mineral Reserve Estimates

Proven and probable reserves are estimates of the amount of output that can be economically and legally exploited from the Group's mining properties. The Group determines and reports their mineral reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code") of the Australasian Joint Ore Reserves Committee ("JORC"). In order to estimate mineral reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transportation costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or mineral content of mineral reserves requires the size, shape and depth of mineral bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Critical Accounting Estimates and Assumptions (continued)

iv. Mineral Reserve Estimates (continued)

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period. Changes in the reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- a. assets carrying values may be affected due to changes in the estimated future cash flows;
- b. depreciation, depletion and amortisation charged to the profit or loss may change where such charges are determined on the units-of-production basis, or where the useful economic lives of assets change;
- c. decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;
- d. the carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

In relation to the acquisition of an additional 7.5% share ownership in PT Nusa Halmahera Mineral ("NHM") in December 2012, the management also performs an estimation of potential gold resources held by NHM at each reporting date (Note 33p).

v. Provision for Mine Rehabilitation

The Group's accounting policy for the recognition of mine closure and rehabilitation provisions requires significant estimates and assumptions, such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in a future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at that time.

vi. Exploration and Evaluation Expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires the management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable production operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Critical Judgements in Applying the Entity's Accounting Policies

i. Determination of Functional Currency

In the process of applying the Group's accounting policies, the management has to make a judgement on the determination of the functional currency of the foreign subsidiaries, apart from those estimations and assumptions which have the most significant effects on the amounts recognised in the consolidated financial statements.

The functional currency of each entity within the Group is the currency of the primary economic environment in which each of the entities operates. It is the currency, among other factors, that mainly influences the sales prices for goods and services, of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, the currency that mainly influences labor, material and other costs and the currency in which funds from financing activities are generated.

ii. Uncertain Tax Exposures

Judgements and assumptions are required to determine the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes for the Group. In particular, the calculation of the Group's income tax expenses involves the interpretation of applicable tax laws and regulations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

All judgements and estimates taken by the management as discussed above may be challenged by the Directorate General of Taxation ("DGT") or the Government Auditors. As a result, the ultimate tax determination becomes uncertain. The resolution of tax positions taken by the Group can take several years to complete and it is difficult to predict the ultimate outcome. If the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the income tax and deferred income tax provision in the period in which this determination is made.

Assumptions about the generation of future taxable profits depend on the management's estimates of future cash flow. These depend on the estimates of future production, sales volumes or sales of services, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Critical Judgements in Applying the Entity's Accounting Policies (continued)

iii. Development Expenditure

Development activities commence after the project has been sanctioned by the appropriate level of management. Judgement is applied by the management in determining when a project is economically viable. In exercising this judgement, the management is required to make certain estimates and assumptions similar to those described above for capitalised exploration expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the profit or loss.

4. RESTATEMENT OF ACCOUNTS

In December 2013, the Financial Accounting Standards Board issued SFAS 24 (revised 2013), "Employee Benefits", which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits.

The Group had adopted SFAS 24 (revised 2013), "Employee Benefits" on January 1, 2015. The adoption of this revised standard has the following impacts on the Group's consolidated financial statements:

- a. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Prior to the adoption of SFAS 24, (revised 2013) "Employee Benefits", actuarial gains or losses were amortised and recognised as expense or gain over the expected average remaining service periods of the eligible employees using a corridor approach.
- b. Past-service costs are recognised immediately in the profit or loss in the period of a plan amendment. Unvested benefits can no longer be spread over a future-service period.
- c. Net interest expense/income is to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

4. RESTATEMENT OF ACCOUNTS (continued)

Impact of changes from SFAS 24 (revised 2013), “Employee Benefits”

The following summary discloses the impact of the adoption of SFAS 24 (revised 2013), “Employee benefits” on the comparative restated consolidated financial information as at and for the years ended December 31, 2012, 2013 and 2014, and for the six-month period ended June 30, 2014.

| | December 31, 2012 | | |
|---|---------------------------|--------------------|--------------------------|
| | <u>Before restatement</u> | <u>Restatement</u> | <u>After restatement</u> |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | |
| NON-CURRENT LIABILITIES | | | |
| Pension and other post-retirement obligations | 336,835,010 | 460,329,614 | 797,164,624 |
| Deferred tax liabilities, net | 296,357,929 | (115,082,404) | 181,275,525 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| Retained earnings: Unappropriated | 2,997,564,703 | (345,247,210) | 2,652,317,493 |
| December 31, 2013 | | | |
| | <u>Before restatement</u> | <u>Restatement</u> | <u>After restatement</u> |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | |
| NON-CURRENT ASSETS | | | |
| Deferred tax assets | 433,034,792 | 167,026,499 | 600,061,291 |
| NON-CURRENT LIABILITIES | | | |
| Pension and other post-retirement obligations | 568,114,116 | 668,105,997 | 1,236,220,113 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| Retained earnings: Unappropriated | 462,790,683 | (501,079,498) | (38,288,815) |
| December 31, 2014 | | | |
| | <u>Before restatement</u> | <u>Restatement</u> | <u>After restatement</u> |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | |
| NON-CURRENT ASSETS | | | |
| Deferred tax assets | 517,099,063 | (40,118,540) | 476,980,523 |
| NON-CURRENT LIABILITIES | | | |
| Pension and other post-retirement obligations | 579,734,448 | (160,474,162) | 419,260,286 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| Retained earnings: Unappropriated | (722,440,266) | 120,355,622 | (602,084,644) |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

4. RESTATEMENT OF ACCOUNTS (continued)

Impact of changes from SFAS 24 (revised 2013), "Employee Benefits" (continued)

| | For the year ended December 31, 2012 | | |
|--|---|--------------------|--------------------------|
| | Before restatement | Restatement | After restatement |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
| Cost of goods sold | 8,427,157,554 | (13,548,325) | 8,413,609,229 |
| Operating expenses | 1,126,863,902 | (8,640,714) | 1,118,223,188 |
| Income tax expense | 902,379,330 | 5,547,260 | 907,926,590 |
| Other comprehensive loss | (4,091,142) | (59,970,010) | (64,061,152) |
| | | | |
| | For the year ended December 31, 2013 | | |
| | Before restatement | Restatement | After restatement |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
| Cost of goods sold | 9,682,520,825 | (70,654,252) | 9,611,866,573 |
| Operating expenses | 1,194,768,989 | (93,149,610) | 1,101,619,379 |
| Income tax benefit | (542,877,769) | 40,950,965 | (501,926,804) |
| Other comprehensive income/(loss) | 191,354 | (278,685,185) | (278,493,831) |
| | | | |
| | For the year ended December 31, 2014 | | |
| | Before restatement | Restatement | After restatement |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
| Cost of goods sold | 8,644,136,017 | (16,866,244) | 8,627,269,773 |
| Operating expenses | 955,899,898 | (25,476,014) | 930,423,884 |
| Income tax benefit | (57,848,528) | 10,585,562 | (47,262,966) |
| Other comprehensive income | 107,245 | 589,678,424 | 589,785,669 |
| | | | |
| | For the six-month period ended June 30, 2014 | | |
| | Before restatement | Restatement | After restatement |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
| Cost of goods sold | 3,725,892,528 | 17,120,931 | 3,743,013,459 |
| Operating expenses | 404,863,263 | 26,171,903 | 431,035,166 |
| Income tax expense/(benefit) | 37,494,024 | (85,811,256) | (48,317,232) |
| Other comprehensive income | 94,099 | 38,012,895 | 38,106,994 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|--------------------------|------------------------------|------------------------------|------------------------------|
| Cash on hand | | | | |
| Rupiah | 780,542 | 391,779 | 960,160 | 1,111,445 |
| United States Dollar | 70,954 | 44,121 | 174,775 | 277,489 |
| Japanese Yen | 154,448 | 154,133 | 276,069 | 4,925 |
| Chinese Renminbi | <u>28,286</u> | <u>19,427</u> | <u>-</u> | <u>-</u> |
| | <u>1,034,230</u> | <u>609,460</u> | <u>1,411,004</u> | <u>1,393,859</u> |
| Cash in banks | | | | |
| Related parties (Note 29): | | | | |
| United States Dollar | 694,175,014 | 454,049,647 | 684,771,107 | 816,728,727 |
| Rupiah | 307,666,967 | 330,253,327 | 262,634,263 | 391,230,916 |
| Japanese Yen | 272,394 | 1,275,100 | 545,993 | 655,006 |
| Australian Dollar | <u>761,330</u> | <u>1,664,321</u> | <u>1,455,723</u> | <u>7,686,965</u> |
| | <u>1,002,875,705</u> | <u>787,242,395</u> | <u>949,407,086</u> | <u>1,216,301,614</u> |
| Third parties: | | | | |
| United States Dollar | | | | |
| Standard Bank PLC., Singapore | 84,560,096 | 40,397,567 | 74,710,100 | 42,033,681 |
| Citibank N.A., Jakarta | 24,747,438 | 100,388,019 | 110,458,413 | 92,832,371 |
| PT Bank Danamon Indonesia Tbk | 22,756,014 | 49,975,652 | 76,238,702 | 48,443,309 |
| The Hongkong and Shanghai Banking Corporation Ltd., Jakarta | 29,361 | 27,432 | 39,024 | 31,355 |
| PT Bank CIMB Niaga Tbk | 39,306 | 37,457 | 38,238 | 2,825,131 |
| PT Bank UOB Indonesia, Jakarta | 13,082,095 | 10,531,239 | 11,565 | 9,368 |
| PT Bank Sumitomo Mitsui Indonesia | 5,960 | 5,383 | 5,249 | 2,673 |
| PT Bank Central Asia Tbk | - | - | - | 1,958,750 |
| PT Bank Permata Tbk | - | - | - | 1,005,435 |
| The Bank of Nova Scotia, Jakarta | <u>4,251,269</u> | <u>12,158,882</u> | <u>-</u> | <u>-</u> |
| | <u>149,471,539</u> | <u>213,521,631</u> | <u>261,501,291</u> | <u>189,142,073</u> |
| Rupiah | | | | |
| PT Bank Permata Tbk | 31,867,649 | 29,248,841 | 13,085,133 | 24,925,686 |
| PT Bank Central Asia Tbk | 1,658,578 | 15,699,874 | 6,500,214 | 11,733,993 |
| PT Bank Danamon Indonesia Tbk | 2,503,618 | 2,458,544 | 1,814,019 | 35,490,346 |
| Citibank N.A., Jakarta | 2,031,081 | 2,095,531 | 2,653,201 | 4,424,071 |
| PT Bank CIMB Niaga Tbk | 1,115,802 | 3,166,863 | 282,632 | 734,347 |
| The Hongkong and Shanghai Banking Corporation Ltd., Jakarta | 360,962 | 508,059 | 538,264 | 122,110 |
| PT Bank UOB Indonesia, Jakarta | 1,256,531 | 949,755 | 34,784 | 109,790 |
| PT Bank Bukopin Tbk | 32,818 | 8,515 | 268,021 | 1,001,737 |
| PT Bank Pembangunan Daerah Kalimantan Barat | 1,586 | - | - | - |
| PT Bank OCBC NISP Tbk | <u>-</u> | <u>195</u> | <u>919</u> | <u>1,591</u> |
| | <u>40,828,625</u> | <u>54,136,177</u> | <u>25,177,187</u> | <u>78,543,671</u> |
| Australian Dollar | | | | |
| Citibank N.A., Jakarta | <u>4,411,044</u> | <u>4,445,578</u> | <u>7,275,582</u> | <u>9,774,573</u> |
| Chinese Renminbi | | | | |
| Industrial and Commercial Bank of China, Shanghai | <u>151,834</u> | <u>106,203</u> | <u>-</u> | <u>-</u> |
| Time deposits | | | | |
| Related parties (Note 29): | | | | |
| Rupiah | 128,707,679 | 448,083,943 | 559,695,698 | 1,167,018,979 |
| United States Dollar | <u>-</u> | <u>311,000,000</u> | <u>-</u> | <u>290,100,000</u> |
| | <u>128,707,679</u> | <u>759,083,943</u> | <u>559,695,698</u> | <u>1,457,118,979</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

5. CASH AND CASH EQUIVALENTS (continued)

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|
| Third parties: | | | | |
| United States Dollar | | | | |
| PT Bank UOB Indonesia, Jakarta | 133,320,000 | 248,800,000 | 365,670,000 | - |
| PT Bank Permata Tbk | 266,640,000 | 248,800,000 | 243,780,000 | 483,500,000 |
| PT Bank International Indonesia Tbk | 266,640,000 | - | - | - |
| PT Bank CIMB Niaga Tbk | - | 248,800,000 | 243,780,000 | 386,800,000 |
| PT Bank ANZ Indonesia | - | - | 121,890,000 | - |
| | <u>666,600,000</u> | <u>746,400,000</u> | <u>975,120,000</u> | <u>870,300,000</u> |
| Rupiah | | | | |
| PT Bank CIMB Niaga Tbk | 5,000,000 | 22,500,000 | - | 46,000,000 |
| PT Bank Permata Tbk | 35,613,642 | 30,364,896 | 5,000,000 | - |
| PT Bank Bukopin Tbk | - | 500,000 | 8,150,000 | - |
| | <u>40,613,642</u> | <u>53,364,896</u> | <u>13,150,000</u> | <u>46,000,000</u> |
| Total cash and cash equivalents | <u>2,034,694,298</u> | <u>2,618,910,283</u> | <u>2,792,737,848</u> | <u>3,868,574,769</u> |

The range of interest rates on time deposits is as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|----------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| Rupiah | 2.50% - 9.50% | 2.00% - 9.75% | 3.75% - 10.00% | 5.50% - 7.25% |
| United States Dollar | 1.50% - 2.85% | 1.00% - 2.75% | 1.25% - 3.50% | 2.00% - 3.00% |

The interest rates on cash in bank and time deposits with related parties are comparable to those offered by third parties.

6. TRADE RECEIVABLES

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|-----------------------------|------------------------------|------------------------------|------------------------------|
| Third parties: | | | | |
| United States Dollar | | | | |
| Glencore International AG | 397,619,844 | 235,314,586 | - | - |
| Tisco Trading Ltd. | 296,812,528 | - | - | - |
| Outokumpu Stainless | 252,746,105 | 312,420,380 | - | - |
| Standard Bank PLC Singapore | 121,179,055 | 86,143,238 | - | - |
| Pohang Iron & Steel | 113,191,869 | 192,984,592 | - | 432,957,791 |
| Mitsubishi Corporation | 87,685,736 | - | 69,844,792 | 46,732,065 |
| Gansu Jiu Steel Group Hongxing Iron and Steel Co. Ltd. | 69,494,339 | - | - | - |
| Ni-Met Metal Inc | 50,410,829 | - | - | - |
| Ugitech SA | - | 102,940,186 | - | - |
| Aperam | - | 65,738,395 | - | - |
| Avarus AG | - | 10,160,967 | 761,273,800 | 953,863,288 |
| Raznoimport Nickel (UK) Limited | - | - | 228,251,907 | 132,309,943 |
| Mitsui & Co. Ltd | - | - | 67,474,316 | 84,747,169 |
| Others (each below Rp25,000,000) | 63,133,527 | 40,629,025 | 36,416,799 | 70,942,825 |
| | <u>1,452,273,832</u> | <u>1,046,331,369</u> | <u>1,163,261,614</u> | <u>1,721,553,081</u> |
| Rupiah | | | | |
| Other (each below Rp25,000,000) | 20,745,036 | 15,033,886 | 4,172,492 | 7,306,884 |
| | <u>1,473,018,868</u> | <u>1,061,365,255</u> | <u>1,167,434,106</u> | <u>1,728,859,965</u> |
| Provision for impairment losses - third parties | (14,495,601) | (15,270,415) | (15,065,399) | (6,892,580) |
| Trade receivables - third parties, net | <u>1,458,523,267</u> | <u>1,046,094,840</u> | <u>1,152,368,707</u> | <u>1,721,967,385</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

6. TRADE RECEIVABLES (continued)

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|
| Related parties (Note 29): | | | | |
| United States Dollar | 66,586,270 | 21,243,887 | - | - |
| Rupiah | <u>282,132</u> | <u>281,545</u> | <u>317,981</u> | <u>458,981</u> |
| Trade receivables - related parties | <u>66,868,402</u> | <u>21,525,432</u> | <u>317,981</u> | <u>458,981</u> |
| Trade receivables, net | <u>1,525,391,669</u> | <u>1,067,620,272</u> | <u>1,152,686,688</u> | <u>1,722,426,366</u> |

The aging analysis of trade receivables is as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|-----------------------------|------------------------------|------------------------------|------------------------------|
| Current | 1,389,495,840 | 836,005,270 | 492,779,448 | 1,093,962,332 |
| Overdue: | | | | |
| 1 to 30 days | 84,294,305 | 197,448,789 | 368,430,754 | 420,476,161 |
| 31 to 90 days | 13,480,812 | 2,979,346 | 127,752,786 | 126,290,459 |
| Over 90 days | <u>52,616,313</u> | <u>46,457,282</u> | <u>178,789,099</u> | <u>88,589,994</u> |
| | <u>1,539,887,270</u> | <u>1,082,890,687</u> | <u>1,167,752,087</u> | <u>1,729,318,946</u> |
| Provision for impairment loss - third parties | <u>(14,495,601)</u> | <u>(15,270,415)</u> | <u>(15,065,399)</u> | <u>(6,892,580)</u> |
| Trade receivables, net | <u>1,525,391,669</u> | <u>1,067,620,272</u> | <u>1,152,686,688</u> | <u>1,722,426,366</u> |

Trade receivables are non-interest bearing. Due to the short-term nature of trade receivables, their carrying amounts approximate their fair value.

As at June 30, 2015, trade receivables amounting to Rp3,812,000 (December 31, 2014, 2013 and 2012: Rp49,000,000) are used as collateral for a working capital loan from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18c).

Based on the review of the status of the individual receivable accounts at the end of the period, management believes that the provision for impairment loss is sufficient to cover possible losses from the uncollectible receivables.

Changes in the amounts of the provision for impairment loss - third parties are as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|--------------------------|------------------------------|------------------------------|------------------------------|
| Balance at beginning of the period/year | 15,270,415 | 15,065,399 | 6,892,580 | 14,072,046 |
| Provision/(recovery) during the period/year | <u>(774,814)</u> | <u>205,016</u> | <u>8,172,819</u> | <u>(7,179,466)</u> |
| Balance at end of the period/year | <u>14,495,601</u> | <u>15,270,415</u> | <u>15,065,399</u> | <u>6,892,580</u> |

As at December 31, 2014 and 2013, based on results of review of receivables aging and collectability, management recognised additional provision for impairment of receivables amounting to Rp205,016 and Rp8,172,819.

As at June 30, 2015 and December 31, 2012, management recognised recovery of provision for impairment of receivables due to settlement of trade receivables which have been provisioned previously.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

7. INVENTORIES

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Products inventory: | | | | |
| Gold and silver | 1,100,972,397 | 779,787,024 | 772,462,766 | 557,382,085 |
| Bauxite ore | 95,112,311 | 87,133,247 | 46,821,589 | 14,530,248 |
| Ferronickel | 62,337,313 | 327,321,087 | 609,951,163 | 157,728,707 |
| Coal | 22,078,509 | 4,278,186 | 25,485,476 | 7,566,295 |
| Gold and silver precipitates | 11,012,406 | 15,872,934 | 7,888,113 | 19,397,063 |
| Other precious metals | 5,197,798 | 5,341,496 | 5,653,259 | 5,035,932 |
| Ferronickel in transit | - | - | 239,963,771 | - |
| Nickel ore | - | - | 209,718,385 | 185,847,502 |
| | <u>1,296,710,734</u> | <u>1,219,733,974</u> | <u>1,917,944,522</u> | <u>947,487,832</u> |
| Raw material | 303,354,788 | 247,605,601 | 31,935,931 | 52,170,273 |
| Spare parts and supplies | 224,686,891 | 250,917,547 | 483,717,816 | 376,715,371 |
| Work-in-process | <u>59,628,992</u> | <u>50,101,749</u> | <u>55,249,761</u> | <u>73,594,457</u> |
| | <u>587,670,671</u> | <u>548,624,897</u> | <u>570,903,508</u> | <u>502,480,101</u> |
| Provision for impairment loss of inventories | <u>(6,598,888)</u> | <u>(6,470,648)</u> | <u>(42,914,128)</u> | <u>-</u> |
| Inventories, net | <u>1,877,782,517</u> | <u>1,761,888,223</u> | <u>2,445,933,902</u> | <u>1,449,967,933</u> |

During the six-month period ended June 30, 2015 and the years ended December 31, 2014, 2013 and 2012, the cost of inventories recognised as expense and included in cost of goods sold amounted to Rp7,304,173,102, Rp8,547,230,909, Rp8,937,540,794 and Rp7,990,651,334, respectively.

As at June 30, 2015, December 31, 2014, 2013 and 2012, inventories of nickel, gold, silver, spare parts and supplies were insured against the risk of physical damage and theft under blanket policies with a total insurance coverage of US\$91,744,292, US\$91,744,292, US\$74,859,218 and US\$44,562,700, respectively or equivalent to Rp1,223 billion (full amount), Rp1,141 billion (full amount), Rp912 billion (full amount) and Rp 431 billion (full amount), respectively. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

Movement of provision for impairment of inventories is as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|---------------------------|---------------------------|----------------------------|----------------------|
| Beginning balance of the period/year | (6,470,648) | (42,914,128) | - | (4,367,767) |
| Movement during the period/year: | | | | |
| Provision for obsolete inventory | (128,240) | - | (42,914,128) | - |
| Recovery of provision for impairment | - | 36,443,480 | - | 4,367,767 |
| Ending balance of the period/year | <u>(6,598,888)</u> | <u>(6,470,648)</u> | <u>(42,914,128)</u> | <u>-</u> |

During the years ended December 31, 2014 and 2012, the Group recognised recovery of provision for impairment of raw materials and spare parts inventories because the previously provided raw materials and spare parts inventories were usable.

During the six-month period ended June 30, 2015 and the year ended December 31, 2013, the Group recognised the additions to provisions for obsolete raw materials and spare parts inventories, as a result of management's analysis of slow-moving raw materials and spare parts inventories.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

7. INVENTORIES (continued)

As at June 30, 2015, December 31, 2014, 2013 and 2012, CSD's inventories amounting to Rp37,000,000 are used as collateral for a bank loan from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18d).

8. PREPAID EXPENSES

This account consists of prepayments of the following:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Insurance | 15,887,439 | 53,751,867 | 58,406,840 | 43,605,399 |
| Others | 12,632,842 | 19,006,802 | 6,698,897 | 6,912,854 |
| Total prepaid expenses | <u>28,520,281</u> | <u>72,758,669</u> | <u>65,105,737</u> | <u>50,518,253</u> |

9. RESTRICTED CASH

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|--------------------------|--------------------------|---------------------------|--------------------------|
| PT Bank Mandiri (Persero) Tbk | 58,449,673 | 8,909,519 | 48,655,673 | 9,524,466 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 3,555,625 | - | 49,867,037 | 62,942,841 |
| Bank Perkreditan Rakyat Bestari | 2,559,521 | 2,519,040 | 2,474,326 | 2,410,872 |
| Total restricted cash | <u>64,564,819</u> | <u>11,428,559</u> | <u>100,997,036</u> | <u>74,878,179</u> |

Restricted cash in PT Bank Mandiri (Persero) Tbk mainly represents restricted cash in relation with fuel purchases from PT Pertamina (Persero).

Restricted cash in PT Bank Rakyat Indonesia (Persero) Tbk as at June 30, 2015 related with an insurance claim on certain insured fixed assets, whereas restricted cash in PT Bank Rakyat Indonesia (Persero) Tbk as at December 31, 2013 and 2012 related with Employees' Loan Facility Agreement (Note 33i).

Restricted cash in Bank Perkreditan Rakyat Bestari is used as a guarantee for the environmental reclamation cost of PT Antam Resourcindo, a subsidiary.

10. INVESTMENTS

The amounts recognised in consolidated statements of financial position are as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Investment in Associates | | | | |
| NHM | 2,534,478,945 | 2,649,046,884 | 3,460,320,246 | 3,783,438,034 |
| PT Meratus Jaya Iron Steel ("MJIS") | - | 28,288,092 | 112,191,622 | 166,355,335 |
| PT Menara Antam Sejahtera ("MAS") | 9,302,710 | 9,809,095 | 10,036,882 | 6,249,532 |
| PT Antamloka Halimun Energi ("AHE") | 50,000 | - | - | - |
| PT Nikel Halmahera Timur ("NHT") | 27,500 | 27,500 | - | - |
| | <u>2,543,859,155</u> | <u>2,687,171,571</u> | <u>3,582,548,750</u> | <u>3,956,042,901</u> |
| Investment in a joint venture | | | | |
| Indonesia Chemical Alumina ("ICA") | 1,703,804,045 | 1,438,385,425 | 1,350,639,204 | 1,154,405,032 |
| Total | <u>4,247,663,200</u> | <u>4,125,556,996</u> | <u>4,933,187,954</u> | <u>5,110,447,933</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

a. Investments in associates

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| At beginning of the period/year | 3,825,639,874 | 4,148,040,469 | 3,956,042,901 | 173,259,737 |
| Share of profit | 116,714,052 | 114,677,555 | 188,247,568 | 12,475,970 |
| Dividend distribution | - | (437,105,650) | - | (7,669,583) |
| Addition of investment | 50,000 | 27,500 | 3,750,000 | 3,777,976,777 |
| | <u>3,942,403,926</u> | <u>3,825,639,874</u> | <u>4,148,040,469</u> | <u>3,956,042,901</u> |
| Accumulated asset amortisation based on fair value | | | | |
| At beginning of the period/year | (830,342,359) | (396,034,484) | - | - |
| Addition | (260,076,468) | (434,307,875) | (396,034,484) | - |
| | <u>(1,090,418,827)</u> | <u>(830,342,359)</u> | <u>(396,034,484)</u> | <u>-</u> |
| Accumulated impairment of investments | | | | |
| At beginning of the period/year | (308,125,944) | (169,457,235) | - | - |
| Addition | - | (138,668,709) | (169,457,235) | - |
| | <u>(308,125,944)</u> | <u>(308,125,944)</u> | <u>(169,457,235)</u> | <u>-</u> |
| Carrying amount of investments | <u><u>2,543,859,155</u></u> | <u><u>2,687,171,571</u></u> | <u><u>3,582,548,750</u></u> | <u><u>3,956,042,901</u></u> |

Nature of investments in associates is as follows:

| June 30, 2015 | | | | | |
|------------------|--|-----------------|---------------------------|-----------------------|--|
| Name of entities | Place of business/ country of incorporated | % interest held | Nature of relationship | Measurement method | |
| NHM | Indonesia | 25% | Note 1 | Equity | |
| MJIS | Indonesia | 34% | Note 2 | Equity | |
| MAS | Indonesia | 25% | Note 3 | Equity | |
| NHT | Indonesia | 50% | Note 4 | Equity | |
| AHE | Indonesia | 25% | Note 5 | Equity | |

| December 31, 2014 | | | | | |
|-------------------|--|-----------------|---------------------------|-----------------------|--|
| Name of entities | Place of business/ country of incorporated | % interest held | Nature of relationship | Measurement method | |
| NHM | Indonesia | 25% | Note 1 | Equity | |
| MJIS | Indonesia | 34% | Note 2 | Equity | |
| MAS | Indonesia | 25% | Note 3 | Equity | |
| NHT | Indonesia | 50% | Note 4 | Equity | |

| December 31, 2013 and 2012 | | | | | |
|----------------------------|--|-----------------|---------------------------|-----------------------|--|
| Name of entities | Place of business/ country of incorporated | % interest held | Nature of relationship | Measurement method | |
| NHM | Indonesia | 25% | Note 1 | Equity | |
| MJIS | Indonesia | 34% | Note 2 | Equity | |
| MAS | Indonesia | 25% | Note 3 | Equity | |

Note 1 : NHM operates a gold underground mine at North Halmahera Regency, North Maluku Province.

Note 2 : MJIS operates a sponge iron plant at Tanah Tumbu Regency, South Kalimantan Province. As at June 30, 2015, MJIS is under development phase.

Note 3 : MAS owns and manages an office building at South Jakarta. Construction of MAS's building has just been completed in 2015.

Note 4 : NHT operates a nickel mine at North Halmahera Regency, North Maluku Province. NHT was established in 2014.

Note 5 : AHE engages in the electricity sector, including consultancy, construction, maintenance and development of technology relating to electricity. AHE has just been established in 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

a. Investments in associates (continued)

All of the associates are private companies and there is no quoted market price available for their shares.

Refer to Note 33p for contingent purchase price relating to the Group's interest in NHM.

Set out below is the summarised financial information for NHM, a material associate of the Group, which is accounted for using the equity method.

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|---|--|--|--|
| Summarised statements of financial position | | | | |
| Current | | | | |
| Cash and cash equivalents | 1,434,951,594 | 540,300,893 | 719,403,776 | 415,790,201 |
| Other current assets (excluding cash) | <u>825,889,927</u> | <u>1,526,601,821</u> | <u>1,756,759,887</u> | <u>1,321,763,039</u> |
| Total current assets | <u>2,260,841,521</u> | <u>2,066,902,714</u> | <u>2,476,163,663</u> | <u>1,737,553,240</u> |
| Financial liabilities (excluding trade payables) | 242,684,262 | 211,111,342 | 326,133,686 | 253,446,541 |
| Other current liabilities (including trade payables) | <u>123,754,878</u> | <u>112,727,807</u> | <u>63,312,959</u> | <u>44,085,111</u> |
| Total current liabilities | <u>366,439,140</u> | <u>323,839,149</u> | <u>389,446,645</u> | <u>297,531,652</u> |
| Non-current | | | | |
| Non-current assets | <u>3,286,058,289</u> | <u>2,799,818,126</u> | <u>3,534,630,949</u> | <u>3,047,128,599</u> |
| Non-current liabilities | <u>686,403,322</u> | <u>630,858,465</u> | <u>756,137,626</u> | <u>591,435,567</u> |
| Net assets | <u>4,494,057,348</u> | <u>3,912,023,226</u> | <u>4,865,210,341</u> | <u>3,895,714,620</u> |
| | <u>June 30, 2015 (6 months)</u> | <u>December 31, 2014 (12 months)</u> | <u>December 31, 2013 (12 months)</u> | <u>December 31, 2012 (12 months)</u> |
| Summarised statement of profit or loss and other comprehensive income | | | | |
| Revenue | 2,785,396,720 | 5,230,179,753 | 4,428,387,310 | 6,549,319,546 |
| Depreciation and amortisation | (664,765,616) | (1,285,279,242) | (1,041,348,353) | (686,418,026) |
| Interest income | 4,409,120 | 5,915,256 | 1,960,774 | 1,377,031 |
| Interest expense | (240,396) | (12,196,782) | (1,742,139) | (1,034,501) |
| Profit before income tax | 789,102,800 | 1,097,272,690 | 1,315,049,213 | 3,722,061,366 |
| Income tax expense | <u>(207,068,679)</u> | <u>(302,037,217)</u> | <u>(345,553,492)</u> | <u>(954,264,254)</u> |
| Profit for the period/year | <u>582,034,121</u> | <u>795,235,473</u> | <u>969,495,721</u> | <u>2,767,797,112</u> |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | <u>582,042,744</u> | <u>795,235,473</u> | <u>969,495,721</u> | <u>2,767,797,112</u> |
| Dividends received from associate | - | 437,105,650 | - | 383,103,797 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

a. Investments in associates (continued)

Reconciliation of the summarised financial information presented for NHM to the carrying amount of the Group's interest in NHM is as follow:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--------------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Opening net assets January 1 | 3,912,023,227 | 4,865,210,341 | 3,895,714,620 | 3,302,524,553 |
| Dividend distribution | - | (1,748,422,588) | - | (2,174,607,045) |
| Profit for the period/year | 582,034,121 | 795,235,473 | 969,495,721 | 2,767,797,112 |
| Other comprehensive income | - | - | - | - |
| Closing net assets | <u>4,494,057,348</u> | <u>3,912,023,226</u> | <u>4,865,210,341</u> | <u>3,895,714,620</u> |
| Interest in associate (25%) | 1,123,514,337 | 978,005,807 | 1,216,302,585 | 973,928,655 |
| Fair value uplift | 1,544,400,901 | 1,804,477,370 | 2,238,785,245 | 2,634,819,728 |
| Goodwill | 174,689,651 | 174,689,651 | 174,689,651 | 174,689,651 |
| Accumulated impairment of investment | <u>(308,125,944)</u> | <u>(308,125,944)</u> | <u>(169,457,235)</u> | <u>-</u> |
| Carrying value | <u>2,534,478,945</u> | <u>2,649,046,884</u> | <u>3,460,320,246</u> | <u>3,783,438,034</u> |

Effective from December 20, 2012, the Company acquired an additional 7.5% interest in NHM, increasing the total interest acquired to 25%. Based on the independent appraisal report dated November 23, 2012 of Suwendo Rinaldy & Rekan, the fair value of the investment in NHM for the 17.5% portion amounted to Rp2,519,675,988. The excess amounting to Rp2,484,007,689 between fair value and the initial cost of the investment was recorded as a gain on a fair value adjustment in the profit or loss.

For the year ended December 31, 2012 the Company recognised dividend income from NHM amounting to Rp375,434,214.

During the years ended December 31, 2014 and 2013, the Company recognised an impairment loss on its investment in NHM amounting to Rp138,668,709 and Rp169,457,235, respectively. These impairment losses were presented in the profit or loss as "Share of (loss)/profit of associates and joint venture". The impairment on investment in NHM was mainly due to a higher gold price assumptions at the acquisition date of the investment as compared to the gold price assumptions at the time the impairment test was performed.

The summary of financial information of investments in associates which are not material to the Group as at and for the six-month period ended June 30, 2015 and for the years ended December 31, 2014, 2013 and 2012 is as follows:

| | <u>Profit or loss from continuing operations</u> | <u>Other comprehensive income</u> | <u>Total comprehensive income</u> |
|--------------------------|--|---------------------------------------|---------------------------------------|
| June 30, 2015 | | | |
| - MJIS | (99,684,407) | (1,631,699) | (101,316,106) |
| - MAS | (2,025,539) | - | (2,025,539) |
| - NHT | - | - | - |
| - AHE | - | - | - |
| December 31, 2014 | | | |
| - MJIS | (246,778,302) | (1,693,399) | (248,471,701) |
| - MAS | (911,147) | - | (911,147) |
| - NHT | - | - | - |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

a. Investments in associates (continued)

| | <u>Profit or loss from continuing operations</u> | <u>Other comprehensive income</u> | <u>Total comprehensive income</u> |
|--------------------------|--|---------------------------------------|---------------------------------------|
| December 31, 2013 | | | |
| - MJIS | 10,446,973 | - | 10,446,973 |
| - MAS | 149,400 | - | 149,400 |
| December 31, 2012 | | | |
| - MJIS | 19,851,579 | - | 19,851,579 |
| - MAS | (1,874) | - | (1,874) |

b. Investment in a joint venture

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|----------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| At beginning of the period/year | 1,438,385,425 | 1,350,639,204 | 1,154,405,032 | 1,051,781,830 |
| Share of (loss)/profit | (20,028,621) | 87,746,221 | 196,234,172 | 102,623,202 |
| Addition of investment | 285,447,241 | - | - | - |
| At end of the period/year | <u>1,703,804,045</u> | <u>1,438,385,425</u> | <u>1,350,639,204</u> | <u>1,154,405,032</u> |

The nature of an investment in a joint venture as at June 30, 2015, December 31, 2014, 2013 and 2012, is as follows:

| <u>Name of entity</u> | <u>Place of business/ country of incorporated</u> | <u>% interest held</u> | <u>Nature of relationship</u> | <u>Measurement method</u> |
|-----------------------|---|------------------------|-----------------------------------|-------------------------------|
| ICA | Indonesia | 80% | Note 1 | Equity |

Note 1: ICA engages in chemical grade alumina processing activities. As at June 30, 2015, ICA is currently in pre-production phase. ICA is strategic for the Group's expansion to the chemical grade alumina industry.

Set out below are the summarised financial information for ICA, a material joint venture of the Group, which is accounted for using the equity method.

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|
| Summarised statement of financial position | | | | |
| Current | | | | |
| Cash and cash equivalents | 69,054,884 | 109,878,511 | 588,375,721 | 786,127,598 |
| Other current assets (excluding cash) | 206,085,153 | 147,938,951 | 100,993,395 | 42,875,151 |
| Total current assets | 275,140,037 | 257,817,462 | 689,369,116 | 829,002,749 |
| Financial liabilities (excluding trade payables) | 1,922,832,771 | 299,866,767 | 108,192,906 | 85,572,179 |
| Other current liabilities (including trade payables) | 301,557,390 | 213,487,483 | 94,194,362 | 3,740,666 |
| Total current liabilities | 2,224,390,161 | 513,354,250 | 202,387,268 | 89,312,845 |
| Non-current | | | | |
| Non-current assets | 4,101,154,550 | 3,764,271,584 | 3,221,612,833 | 2,637,489,886 |
| Financial liabilities | 20,133,381 | 1,709,949,702 | 2,019,858,790 | 1,928,277,499 |
| Other liabilities | 2,015,989 | 803,313 | 436,886 | 5,896,001 |
| Total non-current liabilities | 22,149,370 | 1,710,753,015 | 2,020,295,676 | 1,934,173,500 |
| Net Assets | <u>2,129,755,056</u> | <u>1,797,981,781</u> | <u>1,688,299,005</u> | <u>1,443,006,290</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

b. Investment in a joint venture (continued)

| | June 30, 2015 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|--|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Summarised statement of profit or loss and other comprehensive income | | | | |
| Revenue | 72,580,171 | - | - | - |
| Depreciation and amortisation | (33,690,410) | (12,595,170) | (7,901,513) | (1,319,006) |
| Interest income | 266,843 | 705,137 | 851,211 | 380,500 |
| Interest expense | (27,431,210) | (14,276,370) | (37,570,122) | (24,229,075) |
| (Loss)/profit before income tax | (23,859,832) | 151,493,989 | 326,405,806 | 134,509,282 |
| Income tax expense | - | (41,811,213) | (81,113,091) | (6,230,280) |
| (Loss)/profit for the period/year | (23,859,832) | 109,682,776 | 245,292,715 | 128,279,002 |
| Other comprehensive loss | (1,175,938) | - | - | - |
| Total comprehensive (loss)/income | (25,035,770) | 109,682,776 | 245,292,715 | 128,279,002 |
| Dividends received from joint venture | - | - | - | - |

Reconciliation of the summarised financial information presented for ICA to the carrying amount of the Group's interest in ICA is as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Opening net assets January 1 | 1,797,981,781 | 1,688,299,005 | 1,443,006,290 | 1,314,727,288 |
| Issuance of new shares capital | 356,809,045 | - | - | - |
| (Loss)/profit for the period | (23,859,832) | 109,682,776 | 245,292,715 | 128,279,002 |
| Other comprehensive loss | (1,175,938) | - | - | - |
| Closing net assets | 2,129,755,056 | 1,797,981,781 | 1,688,299,005 | 1,443,006,290 |
| Interest in joint venture (80%) | 1,703,804,045 | 1,438,385,425 | 1,350,639,204 | 1,154,405,032 |
| Goodwill | - | - | - | - |
| Carrying value | 1,703,804,045 | 1,438,385,425 | 1,350,639,204 | 1,154,405,032 |

ICA is a private company and there is no quoted market price available for its shares.

As at June 30, 2015, ICA has an outstanding long-term loan from Japan Bank for International Cooperation ("JBIC"), Mizuho Corporate Bank Ltd. ("Mizuho Ltd") and Sumitomo Mitsui Trust Bank Ltd. ("Sumitomo Ltd") (Note 33f). ICA placed collateral for the long-term loan in the form of, among others, bank accounts with PT Bank Mizuho Indonesia ("BMI"), ICA's interest in the Manufacturing Technology and Technical Operational Assistance Agreement with Showa Denko K.K. ("SDK") and the offtake agreement with SDK and the Company. The Company and SDK also guarantee ICA's loan repayment. The Company also entered into a Pledge of Shares Agreement whereby the Company agreed to pledge all of its shares in ICA to BMI, as collateral for the full repayment of ICA's loan.

There are no contingent liabilities relating to the Group's investment in ICA.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

10. INVESTMENTS (continued)

c. Investment in Subsidiaries

Information regarding the Company's subsidiaries are disclosed in Note 1b. As at June 30, 2015, December 31, 2014, 2013 and 2012, there are no subsidiaries owned by the Company where there is a material non-controlling interests.

There are no significant restrictions on the Company's access to its subsidiaries, except for collateral placed by CSD for short-term bank loans from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18d).

11. PROPERTY, PLANT AND EQUIPMENT

| | January 1, 2015 | Additions | Disposals | Transfers | June 30, 2015 |
|--|-----------------------------|----------------------|---------------------|---------------|-----------------------------|
| Cost | | | | | |
| Land | 101,683,761 | 3,727,752 | - | 8,333,909 | 113,745,422 |
| Land improvements | 2,453,291,831 | 1,117,409 | (2,752,791) | 85,187,091 | 2,536,843,540 |
| Buildings | 584,025,288 | 11,996,526 | (2,429,052) | (857,240) | 592,735,522 |
| Plant, machinery and equipment | 5,565,178,297 | 16,016,624 | (25,916,346) | 7,593,910 | 5,562,872,485 |
| Vehicles | 95,511,195 | 1,141,000 | (3,198,727) | - | 93,453,468 |
| Furniture, fixtures and office equipment | 147,527,117 | 1,436,926 | (1,970,633) | 1,307,916 | 148,301,326 |
| Construction in progress | 5,457,194,223 | 580,405,187 | - | (101,565,586) | 5,936,033,824 |
| | <u>14,404,411,712</u> | <u>615,841,424</u> | <u>(36,267,549)</u> | <u>-</u> | <u>14,983,985,587</u> |
| Accumulated depreciation | | | | | |
| Land improvements | 1,587,310,079 | 16,773,723 | (2,752,791) | - | 1,601,331,011 |
| Buildings | 251,492,982 | 122,105,267 | (2,429,052) | - | 371,169,197 |
| Plant, machinery and equipment | 3,633,330,060 | 199,823,268 | (25,828,358) | - | 3,807,324,970 |
| Vehicles | 70,347,996 | 4,420,555 | (3,198,727) | - | 71,569,824 |
| Furniture, fixtures and office equipment | 101,466,118 | 9,524,812 | (1,713,085) | - | 109,277,845 |
| | <u>5,643,947,235</u> | <u>352,647,625</u> | <u>(35,922,013)</u> | <u>-</u> | <u>5,960,672,847</u> |
| Accumulated impairment loss | <u>60,804,376</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,804,376</u> |
| Net book value | <u>8,699,660,101</u> | | | | <u>8,962,508,364</u> |
| | January 1, 2014 | Additions | Disposals | Transfers | December 31, 2014 |
| Cost | | | | | |
| Land | 84,655,251 | 6,052,951 | (42,049) | 11,017,608 | 101,683,761 |
| Land improvements | 1,815,897,538 | 14,308,231 | (280,414) | 623,366,476 | 2,453,291,831 |
| Buildings | 526,274,379 | 3,390,673 | (1,230,533) | 55,590,769 | 584,025,288 |
| Plant, machinery and equipment | 5,460,573,942 | 41,492,635 | (16,933,351) | 80,045,071 | 5,565,178,297 |
| Vehicles | 96,267,248 | 1,087,210 | (1,843,263) | - | 95,511,195 |
| Furniture, fixtures and office equipment | 141,735,865 | 8,588,129 | (2,856,728) | 59,851 | 147,527,117 |
| Construction in progress | 3,556,836,039 | 2,670,437,959 | - | (770,079,775) | 5,457,194,223 |
| | <u>11,682,240,262</u> | <u>2,745,357,788</u> | <u>(23,186,338)</u> | <u>-</u> | <u>14,404,411,712</u> |
| Accumulated depreciation | | | | | |
| Land improvements | 1,308,968,008 | 278,537,753 | (195,682) | - | 1,587,310,079 |
| Buildings | 216,349,753 | 36,135,982 | (992,753) | - | 251,492,982 |
| Plant, machinery and equipment | 3,249,129,581 | 399,468,448 | (15,267,969) | - | 3,633,330,060 |
| Vehicles | 63,227,911 | 8,689,453 | (1,569,368) | - | 70,347,996 |
| Furniture, fixtures and office equipment | 83,605,073 | 20,129,581 | (2,268,536) | - | 101,466,118 |
| | <u>4,921,280,326</u> | <u>742,961,217</u> | <u>(20,294,308)</u> | <u>-</u> | <u>5,643,947,235</u> |
| Accumulated impairment loss | <u>60,804,376</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,804,376</u> |
| Net book value | <u>6,700,155,560</u> | | | | <u>8,699,660,101</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

| | January 1, 2013 | Additions | Disposals | Transfers | December 31, 2013 |
|--|-----------------------------|----------------------|----------------------|---------------|-----------------------------|
| Cost | | | | | |
| Land | 76,331,131 | 6,334,102 | (4,493) | 1,994,511 | 84,655,251 |
| Land improvements | 1,538,317,824 | 19,139,797 | (4,382,800) | 262,822,717 | 1,815,897,538 |
| Buildings | 438,747,501 | 5,259,587 | (3,922,938) | 86,190,229 | 526,274,379 |
| Plant, machinery and equipment | 5,093,193,735 | 244,499,005 | (236,997,981) | 359,879,183 | 5,460,573,942 |
| Vehicles | 93,550,278 | 2,845,768 | (2,418,848) | 2,290,050 | 96,267,248 |
| Furniture, fixtures and office equipment | 135,136,204 | 14,822,466 | (14,225,622) | 6,002,817 | 141,735,865 |
| Construction in progress | 1,817,568,651 | 2,458,446,895 | - | (719,179,507) | 3,556,836,039 |
| | <u>9,192,845,324</u> | <u>2,751,347,620</u> | <u>(261,952,682)</u> | <u>-</u> | <u>11,682,240,262</u> |
| Accumulated depreciation | | | | | |
| Land improvements | 1,095,492,606 | 216,817,774 | (3,342,372) | - | 1,308,968,008 |
| Buildings | 188,422,540 | 31,094,576 | (3,167,363) | - | 216,349,753 |
| Plant, machinery and equipment | 3,050,149,580 | 404,761,911 | (205,781,910) | - | 3,249,129,581 |
| Vehicles | 55,390,866 | 10,238,893 | (2,401,848) | - | 63,227,911 |
| Furniture, fixtures and office equipment | 79,136,086 | 18,694,609 | (14,225,622) | - | 83,605,073 |
| | <u>4,468,591,678</u> | <u>681,607,763</u> | <u>(228,919,115)</u> | <u>-</u> | <u>4,921,280,326</u> |
| Accumulated impairment loss | 60,804,376 | - | - | - | 60,804,376 |
| Net book value | <u>4,663,449,270</u> | | | | <u>6,700,155,560</u> |
| | January 1, 2012 | Additions | Disposals | Transfers | December 31, 2012 |
| Cost | | | | | |
| Land | 53,469,406 | 22,941,280 | (79,555) | - | 76,331,131 |
| Land improvements | 1,362,892,042 | 15,240,851 | (1,217,474) | 161,402,405 | 1,538,317,824 |
| Buildings | 391,326,581 | 8,355,095 | (9,174,385) | 48,240,210 | 438,747,501 |
| Plant, machinery and equipment | 4,348,700,983 | 146,538,836 | (68,425,388) | 666,379,304 | 5,093,193,735 |
| Vehicles | 76,870,333 | 17,398,388 | (4,498,868) | 3,780,425 | 93,550,278 |
| Furniture, fixtures and office equipment | 86,738,929 | 47,717,474 | (13,520,052) | 14,199,853 | 135,136,204 |
| Construction in progress | 659,083,153 | 2,063,461,577 | (10,973,882) | (894,002,197) | 1,817,568,651 |
| | <u>6,979,081,427</u> | <u>2,321,653,501</u> | <u>(107,889,604)</u> | <u>-</u> | <u>9,192,845,324</u> |
| Accumulated depreciation | | | | | |
| Land improvements | 897,279,552 | 199,430,528 | (1,217,474) | - | 1,095,492,606 |
| Buildings | 162,962,150 | 25,746,197 | (285,807) | - | 188,422,540 |
| Plant, machinery and equipment | 2,751,241,813 | 328,151,018 | (29,243,251) | - | 3,050,149,580 |
| Vehicles | 48,120,664 | 10,474,465 | (3,204,263) | - | 55,390,866 |
| Furniture, fixtures and office equipment | 66,956,248 | 14,501,732 | (2,321,894) | - | 79,136,086 |
| | <u>3,926,560,427</u> | <u>578,303,940</u> | <u>(36,272,689)</u> | <u>-</u> | <u>4,468,591,678</u> |
| Accumulated impairment loss | 71,778,258 | - | (10,973,882) | - | 60,804,376 |
| Net book value | <u>2,980,742,742</u> | | | | <u>4,663,449,270</u> |

The Company owns 56 plots of land with "Hak Guna Bangunan" titles which will expire on various dates ranging from one to thirty years from June 30, 2015. Management believes that there will be no difficulties in obtaining the extension of the land rights as the plots of land were acquired legally and are supported by sufficient evidence of ownership.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Group's property, plant and equipment were covered by insurance against risks of loss due to natural disaster, fire, riots, sabotage, vandalism and business interruptions with a total coverage of US\$1.02 billion, US\$1.02 billion, US\$1.02 billion and US\$2.5 billion respectively, or equivalent to Rp13.6 trillion (full amount), Rp12,7 trillion (full amount), Rp 12.4 trillion (full amount) and Rp24.2 trillion (full amount) respectively, which is considered adequate by the management to cover possible losses arising from such risks.

As at June 30, 2015, CSD's property, plant and equipment amounting to Rp113,500,000 (December 31, 2014, 2013 and 2012: Rp180,000,000) are used as collateral for a bank loan (Note 18d).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation of property, plant and equipment for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 was allocated as follows:

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|---|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Production costs (Note 26) | 329,269,293 | 281,016,661 | 694,579,165 | 641,577,013 | 555,762,994 |
| General and administrative expenses (Note 27) | <u>16,503,564</u> | <u>15,328,489</u> | <u>34,246,461</u> | <u>29,275,857</u> | <u>21,565,159</u> |
| Total | <u>345,772,857</u> | <u>296,345,150</u> | <u>728,825,626</u> | <u>670,852,870</u> | <u>577,328,153</u> |

The amounts of depreciation on property, plant and equipment capitalised to exploration and evaluation assets and mining properties for the six-month period ended June 30, 2015 and for the years ended December 31, 2014, 2013 and 2012 were Rp6,874,768, Rp14,135,591, Rp10,879,371, and Rp1,443,530, respectively.

Construction in progress represents projects that have not been completed at the date of the consolidated statement of financial position. Construction in progress as at June 30, 2015 mainly comprised Pomalaa Ferronickel Plant Expansion Project, East Halmahera Ferronickel Plant Project and mining facilities and development in Pomalaa and Pongkor. Those constructions are estimated to be completed between 2015 and 2017 with the current percentage of completion being between 7.00%-98.50%.

The Group has capitalised borrowing costs amounting to Rp138,561,076, Rp258,699,243, Rp206,897,043 and Rp34,639,347 on qualifying assets as at June 30, 2015, December 31, 2014, 2013 and 2012. Borrowing costs were capitalised at the weighted-average rate of its general borrowings of 8.49%.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that provision for impairment in the value of the property, plant and equipment is adequate.

Accumulated impairment loss on property, plant and equipment as at June 30, 2015, December 31, 2014, 2013 and 2012 represents impairment loss recognised on property, plant and equipment of CSD.

During the six-month period ended June 30, 2015 and the years ended December 31, 2014, 2013 and 2012, certain property, plant and equipment were disposed at their net carrying value of Rp345,536, Rp2,892,030, Rp32,909,089 and Rp60,175,290, respectively.

As at June 30, 2015, the Group's buildings, plant, machineries and equipment (including construction in progress) with a carrying value amounting to Rp1,977,113,840 has a fair value amounting to Rp7,719,693,222. There is no significant difference between the fair value and the carrying value of property, plant and equipment other than buildings, machineries and equipment.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Group has property, plant and equipment that have been fully depreciated and are still in use totaling Rp2,686,829,182, Rp2,612,492,638, Rp2,314,551,887 and Rp2,191,458,290, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

12. MINING PROPERTIES

| | January 1, 2015 | Additions | Transfer | June 30, 2015 |
|--|---------------------------|---------------------|----------|---------------------------|
| The Company producing mines: | | | | |
| Tanjung Buli | 310,712,150 | 117,121 | - | 310,829,271 |
| Pongkor | 220,402,449 | - | - | 220,402,449 |
| Tayan | 167,491,966 | 3,071,205 | - | 170,563,171 |
| Mornopo | 107,826,946 | 120,800 | - | 107,947,746 |
| Tapunopaka | 72,738,544 | - | - | 72,738,544 |
| Pakal | 70,743,394 | 6,849,417 | - | 77,592,811 |
| Maniang Island | 49,553,743 | - | - | 49,553,743 |
| Kijang | 39,610,464 | - | - | 39,610,464 |
| Cikidang | 5,546,530 | - | - | 5,546,530 |
| Gee Island | 1,215,535 | - | - | 1,215,535 |
| | <u>1,045,841,721</u> | <u>10,158,543</u> | <u>-</u> | <u>1,056,000,264</u> |
| Subsidiaries producing mines: | | | | |
| Cibaliung | 449,742,337 | 217,471 | - | 449,959,808 |
| Cikidang | 14,938,136 | - | - | 14,938,136 |
| Cibodas | 1,816,096 | - | - | 1,816,096 |
| Sarolangun | 1,034,104 | - | - | 1,034,104 |
| Kijang | 484,105 | - | - | 484,105 |
| | <u>468,014,778</u> | <u>217,471</u> | <u>-</u> | <u>468,232,249</u> |
| Less: | | | | |
| Accumulated amortisation | (441,155,288) | (26,901,321) | - | (468,056,609) |
| Accumulated impairment loss Cibaliung | <u>(178,759,702)</u> | <u>-</u> | <u>-</u> | <u>(178,759,702)</u> |
| | <u>(619,914,990)</u> | <u>(26,901,321)</u> | <u>-</u> | <u>(646,816,311)</u> |
| Mining properties, net | <u>893,941,509</u> | | | <u>877,416,202</u> |

| | January 1, 2014 | Additions | Transfer | December 31, 2014 |
|--|---------------------------|---------------------|---------------------|---------------------------|
| The Company producing mines: | | | | |
| Tanjung Buli | 310,527,329 | 184,821 | - | 310,712,150 |
| Pongkor | 210,260,413 | 10,142,036 | - | 220,402,449 |
| Tayan | 151,058,922 | 16,433,044 | - | 167,491,966 |
| Mornopo | 99,311,906 | 8,515,040 | - | 107,826,946 |
| Tapunopaka | 72,738,544 | - | - | 72,738,544 |
| Pakal | 68,098,023 | 2,645,371 | - | 70,743,394 |
| Maniang Island | 34,921,514 | 14,632,229 | - | 49,553,743 |
| Kijang | 39,610,464 | - | - | 39,610,464 |
| Cikidang | 5,546,530 | - | - | 5,546,530 |
| Gee Island | 1,215,535 | - | - | 1,215,535 |
| | <u>993,289,180</u> | <u>52,552,541</u> | <u>-</u> | <u>1,045,841,721</u> |
| Subsidiaries producing mines: | | | | |
| Cibaliung | 364,888,342 | 1,643,714 | 83,210,281 | 449,742,337 |
| Cikidang | 14,938,136 | - | - | 14,938,136 |
| Cibodas | 1,816,096 | - | - | 1,816,096 |
| Sarolangun | 1,034,104 | - | - | 1,034,104 |
| Kijang | 484,105 | - | - | 484,105 |
| | <u>383,160,783</u> | <u>1,643,714</u> | <u>83,210,281</u> | <u>468,014,778</u> |
| Less: | | | | |
| Accumulated amortisation | (380,596,017) | (60,559,271) | - | (441,155,288) |
| Accumulated impairment loss Cibaliung | <u>(137,068,092)</u> | <u>-</u> | <u>(41,691,610)</u> | <u>(178,759,702)</u> |
| | <u>(517,664,109)</u> | <u>(60,559,271)</u> | <u>(41,691,610)</u> | <u>(619,914,990)</u> |
| Mining properties, net | <u>858,785,854</u> | | | <u>893,941,509</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

12. MINING PROPERTIES (continued)

| | January 1, 2013 | Additions | Transfer | December 31, 2013 | |
|--|---------------------------|----------------------|--------------------|---------------------------|---------------------------|
| The Company producing mines: | | | | | |
| Tanjung Buli | 234,160,677 | 76,366,652 | - | 310,527,329 | |
| Pongkor | 19,809,425 | 88,917 | 190,362,071 | 210,260,413 | |
| Tayan | 140,426,292 | 10,632,630 | - | 151,058,922 | |
| Mornopo | 97,096,052 | 2,215,854 | - | 99,311,906 | |
| Tapunopaka | 71,026,518 | 1,712,026 | - | 72,738,544 | |
| Pakal | 64,793,304 | 3,304,719 | - | 68,098,023 | |
| Maniang Island | 9,849,493 | 25,072,021 | - | 34,921,514 | |
| Kijang | 39,610,464 | - | - | 39,610,464 | |
| Cikidang | 5,546,530 | - | - | 5,546,530 | |
| Gee Island | 1,195,535 | 20,000 | - | 1,215,535 | |
| | <u>683,514,290</u> | <u>119,412,819</u> | <u>190,362,071</u> | <u>993,289,180</u> | |
| Subsidiaries producing mines: | | | | | |
| Cibaliung | 361,393,083 | 3,495,259 | - | 364,888,342 | |
| Cikidang | 14,938,136 | - | - | 14,938,136 | |
| Cibodas | 1,816,096 | - | - | 1,816,096 | |
| Sarolangun | 1,034,104 | - | - | 1,034,104 | |
| Kijang | 484,105 | - | - | 484,105 | |
| | <u>379,665,524</u> | <u>3,495,259</u> | <u>-</u> | <u>383,160,783</u> | |
| Less: | | | | | |
| Accumulated amortisation | (259,873,108) | (120,722,909) | - | (380,596,017) | |
| Accumulated impairment loss Cibaliung | (137,068,092) | - | - | (137,068,092) | |
| | <u>(396,941,200)</u> | <u>(120,722,909)</u> | <u>-</u> | <u>(517,664,109)</u> | |
| Mining properties, net | <u>666,238,614</u> | | | <u>858,785,854</u> | |
| | January 1, 2012 | Additions | Transfer | Recovery | December 31, 2012 |
| The Company producing mines: | | | | | |
| Tanjung Buli | 169,129,936 | 65,030,741 | - | - | 234,160,677 |
| Pongkor | 19,809,425 | - | - | - | 19,809,425 |
| Tayan | - | 25,066,286 | 115,360,006 | - | 140,426,292 |
| Mornopo | 97,046,467 | 49,585 | - | - | 97,096,052 |
| Tapunopaka | 70,541,684 | 484,834 | - | - | 71,026,518 |
| Pakal | - | - | 64,793,304 | - | 64,793,304 |
| Maniang island | 1,078,710 | 8,770,783 | - | - | 9,849,493 |
| Kijang | 39,610,464 | - | - | - | 39,610,464 |
| Cikidang | 5,546,530 | - | - | - | 5,546,530 |
| Gee Island | 1,195,535 | - | - | - | 1,195,535 |
| | <u>403,958,751</u> | <u>99,402,229</u> | <u>180,153,310</u> | <u>-</u> | <u>683,514,290</u> |
| Subsidiaries producing mines: | | | | | |
| Cibaliung | 359,239,893 | 2,153,190 | - | - | 361,393,083 |
| Cikidang | 14,938,136 | - | - | - | 14,938,136 |
| Cibodas | 1,816,096 | - | - | - | 1,816,096 |
| Sarolangun | - | 1,034,104 | - | - | 1,034,104 |
| Kijang | 484,105 | - | - | - | 484,105 |
| | <u>376,478,230</u> | <u>3,187,294</u> | <u>-</u> | <u>-</u> | <u>379,665,524</u> |
| Less: | | | | | |
| Accumulated amortisation | (196,263,827) | (63,609,281) | - | - | (259,873,108) |
| Accumulated impairment loss | (155,747,500) | - | - | 18,679,408 | (137,068,092) |
| | <u>(352,011,327)</u> | <u>(63,609,281)</u> | <u>-</u> | <u>18,679,408</u> | <u>(396,941,200)</u> |
| Mining properties, net | <u>428,425,654</u> | | | | <u>666,238,614</u> |

Amortisation of mining properties was charged to production costs for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that the provision for impairment in the value of mining properties is adequate.

During the six-month period ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012, borrowing cost amounting to Rp9,714,974, Rp5,746,496, Rp18,843,518, Rp6,180,587 and Rp nil, were capitalised to mining properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

13. EXPLORATION AND EVALUATION ASSETS

| | January 1, 2015 | Additions | Transfer | Disposal | June 30, 2015 |
|---|---------------------------|-------------------|----------|----------|---------------------------|
| The Company: | | | | | |
| Sangaji | 108,584,607 | 16,805,350 | - | - | 125,389,957 |
| Pongkor | - | 4,868,995 | - | - | 4,868,995 |
| Obi island | 95,657,105 | - | - | - | 95,657,105 |
| Papandayan | 90,895,059 | 211,656 | - | - | 91,106,715 |
| Tapunopaka | 84,389,159 | - | - | - | 84,389,159 |
| Mandiodo | 91,489,768 | - | - | - | 91,489,768 |
| Mempawah | 65,697,459 | 404,620 | - | - | 66,102,079 |
| Others | 63,733,688 | 6,984,428 | - | - | 70,718,116 |
| | <u>600,446,845</u> | <u>29,275,049</u> | <u>-</u> | <u>-</u> | <u>629,721,894</u> |
| Subsidiaries: | | | | | |
| Cibaliung | 19,371,065 | - | - | - | 19,371,065 |
| Gag island | 80,707,454 | 536,511 | - | - | 81,243,965 |
| Landak | 48,360,027 | - | - | - | 48,360,027 |
| Meliau | 33,836,182 | 561,500 | - | - | 34,397,682 |
| | <u>182,274,728</u> | <u>1,098,011</u> | <u>-</u> | <u>-</u> | <u>183,372,739</u> |
| Less: | | | | | |
| Accumulated impairment loss Obi island | (95,657,105) | - | - | - | (95,657,105) |
| Exploration and evaluation assets, net | <u>687,064,468</u> | | | | <u>717,437,528</u> |

| | January 1, 2014 | Additions | Transfer | Disposal | December 31, 2014 |
|---|---------------------------|-------------------|---------------------|--------------------|---------------------------|
| The Company: | | | | | |
| Sangaji | 108,584,607 | - | - | - | 108,584,607 |
| Obi island | 95,657,105 | - | - | - | 95,657,105 |
| Papandayan | 88,642,897 | 2,252,162 | - | - | 90,895,059 |
| Tapunopaka | 85,205,214 | - | - | (816,055) | 84,389,159 |
| Mandiodo | 91,489,768 | - | - | - | 91,489,768 |
| Mempawah | 54,814,613 | 10,882,846 | - | - | 65,697,459 |
| Others | 63,918,734 | - | - | (185,046) | 63,733,688 |
| | <u>588,312,938</u> | <u>13,135,008</u> | <u>-</u> | <u>(1,001,101)</u> | <u>600,446,845</u> |
| Subsidiaries: | | | | | |
| Cibaliung | 100,552,385 | 2,028,961 | (83,210,281) | - | 19,371,065 |
| Gag island | 76,785,940 | 3,921,514 | - | - | 80,707,454 |
| Landak | 47,439,931 | 920,096 | - | - | 48,360,027 |
| Meliau | 33,970,135 | 1,289,109 | (1,423,062) | - | 33,836,182 |
| | <u>258,748,391</u> | <u>8,159,680</u> | <u>(84,633,343)</u> | <u>-</u> | <u>182,274,728</u> |
| Less: | | | | | |
| Accumulated impairment loss | | | | | |
| Cibaliung | (41,691,610) | - | 41,691,610 | - | - |
| Obi island | (95,657,105) | - | - | - | (95,657,105) |
| | <u>(137,348,715)</u> | <u>-</u> | <u>41,691,610</u> | <u>-</u> | <u>(95,657,105)</u> |
| Exploration and evaluation assets, net | <u>709,712,614</u> | | | | <u>687,064,468</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

13. EXPLORATION AND EVALUATION ASSETS (continued)

| | January 1, 2013 | Additions | Transfer | Disposal | December 31, 2013 |
|---|---------------------------|--------------------|----------------------|----------|---------------------------|
| The Company: | | | | | |
| Pongkor | 152,625,299 | 37,736,772 | (190,362,071) | - | - |
| Sangaji | 108,584,607 | - | - | - | 108,584,607 |
| Obi island | 95,657,105 | - | - | - | 95,657,105 |
| Papandayan | 70,147,309 | 18,495,588 | - | - | 88,642,897 |
| Tapunopaka | 62,737,329 | 22,467,885 | - | - | 85,205,214 |
| Mandiodo | 80,454,591 | 11,035,177 | - | - | 91,489,768 |
| Mempawah | 39,641,313 | 15,173,300 | - | - | 54,814,613 |
| Others | 59,228,325 | 4,690,409 | - | - | 63,918,734 |
| | <u>669,075,878</u> | <u>109,599,131</u> | <u>(190,362,071)</u> | <u>-</u> | <u>588,312,938</u> |
| Subsidiaries: | | | | | |
| Cibaliung | 94,384,398 | 6,167,987 | - | - | 100,552,385 |
| Gag island | 60,626,967 | 16,158,973 | - | - | 76,785,940 |
| Landak | 39,693,549 | 7,746,382 | - | - | 47,439,931 |
| Meliau | 27,972,025 | 5,998,110 | - | - | 33,970,135 |
| | <u>222,676,939</u> | <u>36,071,452</u> | <u>-</u> | <u>-</u> | <u>258,748,391</u> |
| Less: | | | | | |
| Accumulated impairment loss | | | | | |
| Cibaliung | (41,691,610) | - | - | - | (41,691,610) |
| Obi island | (95,657,105) | - | - | - | (95,657,105) |
| | <u>(137,348,715)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(137,348,715)</u> |
| Exploration and evaluation assets, net | <u>754,404,102</u> | | | | <u>709,712,614</u> |

| | January 1, 2012 | Additions | Transfer | Disposal | Recovery | December 31, 2012 |
|---|---------------------------|--------------------|----------------------|------------------|------------------|---------------------------|
| The Company: | | | | | | |
| Tayan | 115,360,006 | - | (115,360,006) | - | - | - |
| Pongkor | 98,280,622 | 54,344,677 | - | - | - | 152,625,299 |
| Sangaji | 108,584,607 | - | - | - | - | 108,584,607 |
| Obi island | 95,657,105 | - | - | - | - | 95,657,105 |
| Papandayan | 35,346,504 | 34,800,805 | - | - | - | 70,147,309 |
| Tapunopaka | 28,489,841 | 34,247,488 | - | - | - | 62,737,329 |
| Mandiodo | 62,646,898 | 17,807,693 | - | - | - | 80,454,591 |
| Mempawah | 21,770,299 | 17,871,014 | - | - | - | 39,641,313 |
| Pakal | 65,305,392 | - | (64,793,304) | (512,088) | - | - |
| Lain-lain | 55,326,713 | 3,901,612 | - | - | - | 59,228,325 |
| | <u>686,767,987</u> | <u>162,973,289</u> | <u>(180,153,310)</u> | <u>(512,088)</u> | <u>-</u> | <u>669,075,878</u> |
| Subsidiaries: | | | | | | |
| Cibaliung | 91,308,992 | 3,075,406 | - | - | - | 94,384,398 |
| Gag island | 24,602,316 | 36,024,651 | - | - | - | 60,626,967 |
| Landak | 33,402,213 | 6,291,336 | - | - | - | 39,693,549 |
| Meliau | 20,633,444 | 7,338,581 | - | - | - | 27,972,025 |
| | <u>169,946,965</u> | <u>52,729,974</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>222,676,939</u> |
| Less: | | | | | | |
| Accumulated impairment | | | | | | |
| Cibaliung | (47,274,925) | - | - | - | 5,583,315 | (41,691,610) |
| Pulau Obi | (95,657,105) | - | - | - | - | (95,657,105) |
| | <u>(142,932,030)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,583,315</u> | <u>(137,348,715)</u> |
| Exploration and evaluation assets, net | <u>713,782,922</u> | | | | | <u>754,404,102</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

13. EXPLORATION AND EVALUATION ASSETS (continued)

In relation to the cancellation of the Company's Mining Authorisation in Obi Island, the Company has provided an allowance for impairment loss on exploration and evaluation assets amounting to Rp95,657,105 as at June 30, 2015.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the management believes that the provision for impairment in the value of the exploration and evaluation assets is adequate.

During the six-month periods ended June 30, 2015 and 2014, and for the years ended December 31, 2014, 2013 and 2012, borrowing costs amounting to Rp849,794, Rp2,111,503, Rp3,760,528, Rp7,331,226 and Rp4,836,245 were capitalised to the exploration and evaluation assets.

14. GOODWILL

| | <u>January 1, 2015</u> | <u>Additions</u> | <u>Disposal</u> | <u>June 30, 2015</u> |
|-------------------------------|----------------------------|-------------------|-----------------|------------------------------|
| Cost | | | | |
| CTSP | 83,614,545 | - | - | 83,614,545 |
| APN | 44,658,887 | - | - | 44,658,887 |
| BEI | 32,439,844 | - | - | 32,439,844 |
| MCU | 19,689,730 | - | - | 19,689,730 |
| GK | 16,307,000 | - | - | 16,307,000 |
| | <u>196,710,006</u> | <u>-</u> | <u>-</u> | <u>196,710,006</u> |
| Accumulated impairment | | | | |
| CTSP | 51,722,510 | 19,061,676 | - | 70,784,186 |
| APN | 4,651,968 | - | - | 4,651,968 |
| BEI | 4,110,719 | - | - | 4,110,719 |
| MCU | 2,573,347 | - | - | 2,573,347 |
| GK | - | - | - | - |
| | <u>63,058,544</u> | <u>19,061,676</u> | <u>-</u> | <u>82,120,220</u> |
| Net book value | <u>133,651,462</u> | | | <u>114,589,786</u> |
| | | | | |
| | <u>January 1, 2014</u> | <u>Additions</u> | <u>Disposal</u> | <u>December 31, 2014</u> |
| Cost | | | | |
| CTSP | 83,614,545 | - | - | 83,614,545 |
| APN | 44,658,887 | - | - | 44,658,887 |
| BEI | 32,439,844 | - | - | 32,439,844 |
| MCU | 19,689,730 | - | - | 19,689,730 |
| GK | 16,307,000 | - | - | 16,307,000 |
| | <u>196,710,006</u> | <u>-</u> | <u>-</u> | <u>196,710,006</u> |
| Accumulated impairment | | | | |
| CTSP | 5,432,759 | 46,289,751 | - | 51,722,510 |
| APN | 4,651,968 | - | - | 4,651,968 |
| BEI | 4,110,719 | - | - | 4,110,719 |
| MCU | 2,573,347 | - | - | 2,573,347 |
| GK | - | - | - | - |
| | <u>16,768,793</u> | <u>46,289,751</u> | <u>-</u> | <u>63,058,544</u> |
| Net book value | <u>179,941,213</u> | | | <u>133,651,462</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

14. GOODWILL (continued)

| | January 1, 2013 | Additions | Disposal | December 31, 2013 |
|-------------------------------|---------------------------|------------------|----------|---------------------------|
| Cost | | | | |
| CTSP | 83,614,545 | - | - | 83,614,545 |
| APN | 44,658,887 | - | - | 44,658,887 |
| BEI | 32,439,844 | - | - | 32,439,844 |
| MCU | 19,689,730 | - | - | 19,689,730 |
| GK | 16,307,000 | - | - | 16,307,000 |
| | <u>196,710,006</u> | - | - | <u>196,710,006</u> |
| Accumulated impairment | | | | |
| CTSP | - | 5,432,759 | - | 5,432,759 |
| APN | 4,651,968 | - | - | 4,651,968 |
| BEI | 4,110,719 | - | - | 4,110,719 |
| MCU | 2,573,347 | - | - | 2,573,347 |
| GK | - | - | - | - |
| | <u>11,336,034</u> | <u>5,432,759</u> | - | <u>16,768,793</u> |
| Net book value | <u>185,373,972</u> | | | <u>179,941,213</u> |
| | | | | |
| | January 1, 2012 | Additions | Disposal | December 31, 2012 |
| Cost | | | | |
| CTSP | 83,614,545 | - | - | 83,614,545 |
| APN | 44,658,887 | - | - | 44,658,887 |
| BEI | 32,439,844 | - | - | 32,439,844 |
| MCU | 19,689,730 | - | - | 19,689,730 |
| GK | 16,307,000 | - | - | 16,307,000 |
| | <u>196,710,006</u> | - | - | <u>196,710,006</u> |
| Accumulated impairment | | | | |
| APN | 4,651,968 | - | - | 4,651,968 |
| BEI | 4,110,719 | - | - | 4,110,719 |
| MCU | 2,573,347 | - | - | 2,573,347 |
| | <u>11,336,034</u> | - | - | <u>11,336,034</u> |
| Net book value | <u>185,373,972</u> | | | <u>185,373,972</u> |

Goodwill is tested for impairment annually (as at December 31) or when circumstances indicate that the carrying value may be impaired. The Company's impairment test for goodwill is based on fair value less cost to sell calculation that uses a discounted cash flow model, which is classified as fair value level 3 in the fair value hierarchy.

For the six-month period ended June 30, 2015 and for the years ended December 31, 2014 and 2013, there were impairments of goodwill of CTSP amounting to Rp19,061,676, Rp46,289,751, Rp5,432,759 respectively. The impairment loss was mainly caused by the decline in coal price during those periods. Based on management impairment analysis as at June 30, 2015, December 31, 2014 and 2013, recoverable amount of CTSP is amounting to Rp38,048,377, Rp58,409,123 and Rp97,384,844, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

14. GOODWILL (continued)

The key assumptions used in the test as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

| | <u>CTSP</u> | <u>APN</u> | <u>BEI</u> | <u>MCU</u> | <u>GK</u> |
|--------------------------|-------------|---------------|---------------|---------------|--------------|
| December 31, 2014 | | | | | |
| Cash flow period | 2015-2019 | 2015-2046 | 2015-2046 | 2015-2036 | 2015-2031 |
| Discount rate | 9.20% | 14.83% | 10.84% | 10.84% | 10.84% |
| Sensitivity | | | | | |
| discount rate +1% | (1,400,941) | (99,110,066) | (98,778,636) | (51,284,717) | (7,004,845) |
| December 31, 2013 | | | | | |
| Cash flow period | 2014-2018 | 2014-2044 | 2014-2042 | 2014-2035 | 2014-2047 |
| Discount rate | 11.00% | 10.12% | 11.51% | 7.40% | 15.71% |
| Sensitivity | | | | | |
| discount rate +1% | (1,071,005) | (186,481,773) | (120,740,641) | (112,457,381) | (6,223,896) |
| December 31, 2012 | | | | | |
| Cash flow period | 2013-2021 | 2013-2041 | 2013-2029 | 2013-2032 | 2013-2047 |
| Discount rate | 13.61% | 11.78% | 11.23% | 11.23% | 11.23% |
| Sensitivity | | | | | |
| discount rate +1% | (7,980,398) | (171,794,402) | (91,011,254) | (46,980,409) | (14,159,538) |

As at June 30, 2015, management performed an impairment assessment for goodwill of CTSP with a cash flow period from 2015 - 2021 and a discount rate of 10.81%. If the discount rate increased by 1%, the recoverable amount of CTSP would decrease by Rp2,902,427.

15. TRADE PAYABLES

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|-----------------------------|---------------------------|------------------------------|------------------------------|------------------------------|
| Third parties | 189,140,162 | 448,654,416 | 471,822,225 | 378,228,386 |
| Related parties (Note 29) | <u>334,293,927</u> | <u>238,821,839</u> | <u>75,257,785</u> | <u>38,725,066</u> |
| Total trade payables | <u>523,434,089</u> | <u>687,476,255</u> | <u>547,080,010</u> | <u>416,953,452</u> |

Trade payables based on currency consist of:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|-----------------------------|---------------------------|------------------------------|------------------------------|------------------------------|
| Rupiah | 323,470,692 | 296,696,297 | 512,435,502 | 407,868,714 |
| United States Dollar | 188,061,588 | 384,408,825 | 22,548,787 | 8,601,414 |
| Japanese Yen | 7,635,939 | 5,453,518 | 7,277,743 | 28,169 |
| European Euro | 3,723,229 | 596,180 | 4,431,645 | 122,721 |
| British Poundsterling | 276,217 | 255,147 | 264,714 | 205,206 |
| Australian Dollar | 247,707 | 48,464 | 88,668 | 114,355 |
| Singapore Dollar | 18,717 | 17,824 | 32,951 | 12,873 |
| Total trade payables | <u>523,434,089</u> | <u>687,476,255</u> | <u>547,080,010</u> | <u>416,953,452</u> |

16. ACCRUED EXPENSES

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|---------------------------|------------------------------|------------------------------|------------------------------|
| Contractor and consultant service fees | 88,926,029 | 112,321,831 | 243,654,345 | 278,086,545 |
| Material purchases | 29,853,066 | 24,927,226 | 356,917 | 15,067,242 |
| Exploitation costs | 14,333,014 | 3,681,765 | 33,215,794 | 73,943,844 |
| Interest | 13,460,655 | 16,691,286 | 17,646,632 | 12,009,720 |
| Local retribution | 742,125 | 1,027,778 | 16,679,683 | 12,104,297 |
| Others (each below Rp1,000,000) | <u>16,611,758</u> | <u>2,973,768</u> | <u>20,070,488</u> | <u>22,795,364</u> |
| Total accrued expenses | <u>163,926,647</u> | <u>161,623,654</u> | <u>331,623,859</u> | <u>414,007,012</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION

a. Prepaid taxes

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| Corporate income tax | 265,424,797 | 467,572,268 | 725,690,398 | 428,317,812 |
| Other taxes: | | | | |
| Article 23/26 | 1,873,048 | 1,581,295 | 1,146,479 | 288,344 |
| Customs tax penalty (Note 17f) | - | - | - | 47,858,790 |
| VAT | 839,629,520 | 710,813,015 | 551,262,964 | 328,826,115 |
| Total prepaid taxes | 1,106,927,365 | 1,179,966,578 | 1,278,099,841 | 805,291,061 |
| Less current portion | (841,502,568) | (712,394,310) | (555,601,716) | (329,114,459) |
| Non-current portion | 265,424,797 | 467,572,268 | 722,498,125 | 476,176,602 |

b. Taxes payable

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|----------------------------|-------------------|----------------------|----------------------|----------------------|
| Corporate income tax | 1,137,009 | 623,574 | 31,361,705 | 51,494,108 |
| Other taxes: | | | | |
| Article 21 | 7,211,304 | 13,243,705 | 8,052,699 | 13,740,106 |
| Article 23/26 | 4,055,762 | 13,000,391 | 16,689,563 | 17,943,320 |
| Land and building tax | 1,422,728 | - | 27,507,989 | - |
| VAT | 70,270,627 | 93,302,002 | 96,987,872 | 66,830,331 |
| Total taxes payable | 84,097,430 | 120,169,672 | 180,599,828 | 150,007,865 |

c. Income tax (benefit)/expense

| | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|--|--------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Current tax | 1,845,807 | 969,022 | 1,602,521 | 150,303,250 | 270,775,997 |
| Adjustment in respect of prior year | - | 24,613,219 | 24,613,219 | - | - |
| Deferred tax | (48,279,818) | (73,899,473) | (73,478,706) | (652,230,054) | 637,150,593 |
| Income tax (benefit)/ expense | (46,434,011) | (48,317,232) | (47,262,966) | (501,926,804) | 907,926,590 |

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits on the consolidated entities is as follows:

| | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|--|--------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Consolidated (loss)/profit before income tax | (442,427,916) | (719,461,242) | (790,792,559) | 30,873,462 | 3,917,684,100 |
| Tax calculated at applicable tax rates | (110,606,979) | (179,865,311) | (197,698,140) | 7,718,365 | 979,421,025 |
| Tax effects of: | | | | | |
| - Associates' results reported net of tax | 40,847,759 | 77,737,124 | 92,638,202 | 91,008,277 | (32,745,053) |
| - Income subject to final tax | (5,670,887) | (7,176,820) | (16,869,934) | (21,080,185) | (53,873,050) |
| - Expenses not deductible for tax purposes | 23,197,059 | 22,411,700 | 36,090,831 | 35,335,026 | 15,123,668 |
| - Fiscal loss adjustment | - | - | - | 6,093,635 | - |
| - Unrecognised deferred tax | 5,799,037 | - | - | - | - |
| - Reversal of deferred tax liabilities | - | - | - | (621,001,922) | - |
| - Adjustment in respect of prior year tax expense | - | 24,613,219 | 24,613,219 | - | - |
| - Deferred tax assets adjustment from the prior year | - | 13,962,856 | 13,962,856 | - | - |
| Income tax (benefit)/ expense | (46,434,011) | (48,317,232) | (47,262,966) | (501,926,804) | 907,926,590 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

c. Income tax (benefit)/expense (continued)

The reconciliation between (loss)/profit before income tax as shown in the profit or loss and estimated taxable income/(fiscal loss) of the Company for the six-month periods ended on June 30, 2015 and 2014, and for the years ended December 31, 2014, 2013 and 2012 is as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|--|---|--|---|---|---|
| Consolidated (loss)/ profit before income tax | (442,427,916) | (719,461,242) | (790,792,559) | 30,873,462 | 3,917,684,100 |
| Loss before income tax - Subsidiaries | 72,252,615 | 51,441,907 | 200,598,562 | 9,751,358 | 168,373,606 |
| Elimination adjustment | <u>14,557,876</u> | <u>20,539,044</u> | <u>47,804,560</u> | <u>32,962,779</u> | <u>(337,594,604)</u> |
| (Loss)/profit before income tax - the Company | <u>(355,617,425)</u> | <u>(647,480,291)</u> | <u>(542,389,437)</u> | <u>73,587,599</u> | <u>3,748,463,102</u> |
| Temporary differences: | | | | | |
| Pension and other post-retirement benefits obligations | (6,341,884) | 20,715,944 | (34,114,671) | 60,274,736 | (79,517,741) |
| Short-term employee benefits liabilities | 29,717,014 | 1,942,545 | (21,792,794) | (74,030,734) | (18,411,965) |
| Depreciation of property, plant and equipment | 66,771,345 | 32,048,864 | 69,145,078 | 100,101,044 | (1,377,194) |
| Provision for inventory impairment | 6,598,888 | (42,914,128) | (36,443,479) | 42,914,128 | - |
| Provision for environmental and reclamation cost | 12,127,878 | - | (11,867,495) | (37,279,268) | (12,871,126) |
| Gain from fair value adjustment | - | - | - | - | (2,484,007,689) |
| Provision/(reversal) of receivables impairment | <u>(1,108,114)</u> | <u>(179,696)</u> | <u>205,016</u> | <u>6,006,732</u> | <u>(319,227)</u> |
| | <u>107,765,127</u> | <u>11,613,529</u> | <u>(34,868,345)</u> | <u>97,986,638</u> | <u>(2,596,504,942)</u> |
| Permanent differences: | | | | | |
| Non-deductible expenses for tax purpose | 59,033,850 | 22,443,594 | 66,612,995 | 119,414,213 | 271,058,683 |
| Share of loss/(profit) of associates and joint venture | 163,391,037 | 310,948,074 | 370,552,807 | 181,009,977 | (130,980,212) |
| Recognition of contingent consideration | - | - | - | 182,835,000 | - |
| Dividend income | - | - | - | - | (61,356,666) |
| Interest income subject to final tax | <u>(18,472,577)</u> | <u>(28,114,369)</u> | <u>(60,524,592)</u> | <u>(78,822,889)</u> | <u>(154,135,535)</u> |
| | <u>203,952,310</u> | <u>305,277,299</u> | <u>376,641,210</u> | <u>404,436,301</u> | <u>(75,413,730)</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

c. Income tax (benefit)/expense (continued)

| | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|--|--------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Estimated taxable income/ (fiscal loss) | | | | | |
| - the Company | <u>(43,899,988)</u> | <u>(330,589,463)</u> | <u>(200,616,572)</u> | <u>576,010,538</u> | <u>1,076,544,430</u> |
| Computation of corporate income tax at 25% tax rate | - | - | - | 144,002,634 | 269,136,108 |
| Current income tax | - | - | - | 144,002,634 | 269,136,108 |
| Less prepaid income taxes: | | | | | |
| Article 22 | 103,521,185 | 21,107,597 | 102,024,874 | 77,675,038 | 32,096,593 |
| Article 23 | 723,853 | 456,757 | 1,131,249 | 2,104,375 | 51,315,519 |
| Article 25 | - | 56,891,898 | 62,243,833 | 361,586,672 | 610,858,670 |
| Total | <u>104,245,038</u> | <u>78,456,252</u> | <u>165,399,956</u> | <u>441,366,085</u> | <u>694,270,782</u> |
| Corporate income tax overpayment - the Company | | | | | |
| Current period/year | (104,245,038) | (78,456,252) | (165,399,956) | (297,363,451) | (425,134,674) |
| Restitution in current period/year | 306,756,488 | 425,134,674 | 425,134,674 | - | - |
| Beginning of the year | <u>(462,763,407)</u> | <u>(722,498,125)</u> | <u>(722,498,125)</u> | <u>(425,134,674)</u> | <u>-</u> |
| Total | <u>(260,251,957)</u> | <u>(375,819,703)</u> | <u>(462,763,407)</u> | <u>(722,498,125)</u> | <u>(425,134,674)</u> |
| Corporate income tax overpayment - Subsidiaries | <u>(5,172,840)</u> | <u>(1,462,580)</u> | <u>(4,808,861)</u> | <u>(3,192,273)</u> | <u>(3,183,138)</u> |
| Corporate income tax underpayment - Subsidiaries | <u>1,337,009</u> | <u>-</u> | <u>623,574</u> | <u>31,361,705</u> | <u>51,494,108</u> |
| Corporate income tax overpayment - Consolidated | <u>(264,087,788)</u> | <u>(377,282,283)</u> | <u>(466,948,694)</u> | <u>(694,328,693)</u> | <u>(376,823,704)</u> |

The amount of taxable income/(fiscal loss) is based on preliminary calculations. The amounts may be adjusted when the Annual Tax Returns are filed to or assessed by the tax authorities.

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

d. Deferred tax assets

| | January 1, 2015* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | June 30 2015 |
|---|---------------------|---|---|-----------------------|
| Difference between commercial and tax base of property, plant and equipment | 210,570,910 | 15,518,077 | - | 226,088,987 |
| Pension and other post-retirement obligations | 104,815,072 | (2,925,526) | 26,787,429 | 128,676,975 |
| Provision for impairment loss on inventories | 1,696,412 | 1,570,972 | - | 3,267,384 |
| Short-term employee benefit liabilities | 4,973,405 | 7,429,253 | - | 12,402,658 |
| Accrued Interest | 13,395,645 | 3,688,535 | - | 17,084,180 |
| Accumulated impairment loss on exploration and evaluation assets | 24,806,135 | - | - | 24,806,135 |
| Provision for environmental and reclamation costs | 8,934,928 | 3,031,970 | - | 11,966,898 |
| Provision for receivables impairment | 6,294,128 | 116,620 | - | 6,410,748 |
| Goodwill impairment | 12,930,627 | 4,765,419 | - | 17,696,046 |
| Tax loss carried forward | 88,563,261 | 15,084,498 | - | 103,647,759 |
| Total | 476,980,523 | 48,279,818 | 26,787,429 | 552,047,770 |
| | January 1, 2014* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | December 31, 2014* |
| Difference between commercial and tax base of property, plant and equipment | 179,395,679 | 31,175,231 | - | 210,570,910 |
| Pension and other post-retirement obligations | 315,360,160 | (13,985,614) | (196,559,474) | 104,815,072 |
| Provision for impairment loss on inventories | 11,568,980 | (9,872,568) | - | 1,696,412 |
| Short-term employee benefit liabilities | 19,288,229 | (14,314,824) | - | 4,973,405 |
| Accrued interest | 7,727,992 | 5,667,653 | - | 13,395,645 |
| Accumulated impairment loss on exploration and evaluation assets | 24,806,135 | - | - | 24,806,135 |
| Provision for environmental and reclamation costs | 11,901,802 | (2,966,874) | - | 8,934,928 |
| Provision for receivables impairment | 9,391,493 | (3,097,365) | - | 6,294,128 |
| Goodwill impairment | 1,358,190 | 11,572,437 | - | 12,930,627 |
| Tax loss carried forward | 19,262,631 | 69,300,630 | - | 88,563,261 |
| Total | 600,061,291 | 73,478,706 | (196,559,474) | 476,980,523 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

d. Deferred tax assets (continued)

| | January 1, 2013* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | December 31, 2013* |
|---|---------------------|---|---|-----------------------|
| Difference between commercial and tax base of property, plant and equipment | 8,473,368 | 170,922,311 | - | 179,395,679 |
| Pension and other post-retirement obligations | 4,181,037 | 218,284,061 | 92,895,062 | 315,360,160 |
| Provision for impairment loss on inventories | (75,437) | 11,644,417 | - | 11,568,980 |
| Short-term employee benefit liabilities | 1,753,292 | 17,534,937 | - | 19,288,229 |
| Accrued Interest | 1,622,242 | 6,105,750 | - | 7,727,992 |
| Accumulated impairment loss on exploration and evaluation assets | - | 24,806,135 | - | 24,806,135 |
| Provision for environmental and reclamation costs | (258,526) | 12,160,328 | - | 11,901,802 |
| Provision for receivables impairment | 763,164 | 8,628,329 | - | 9,391,493 |
| Goodwill impairment | - | 1,358,190 | - | 1,358,190 |
| Tax loss carried forward | 19,752,560 | (489,929) | - | 19,262,631 |
| Total | 36,211,700 | 470,954,529 | 92,895,062 | 600,061,291 |

| | January 1, 2012* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | December 31, 2012* |
|---|---------------------|---|---|-----------------------|
| Difference between commercial and tax base of property, plant and equipment | 148,467,399 | (139,994,031) | - | 8,473,368 |
| Pension and other post-retirement obligations | 201,925,746 | (197,744,709) | - | 4,181,037 |
| Provision for impairment loss on inventories | (75,437) | - | - | (75,437) |
| Short-term employee benefit liabilities | 43,822,322 | (42,069,030) | - | 1,753,292 |
| Accrued Interest | 1,622,242 | - | - | 1,622,242 |
| Accumulated impairment loss on exploration and evaluation of assets | 24,806,135 | (24,806,135) | - | - |
| Provision for environmental and reclamation costs | 24,180,874 | (24,439,400) | - | (258,526) |
| Provision for receivables impairment | 9,562,427 | (8,799,263) | - | 763,164 |
| Finance lease | 75,437 | (75,437) | - | - |
| Contractor and consultant fee | (15,850) | 15,850 | - | - |
| Stripping cost | 258,526 | (258,526) | - | - |
| Tax loss carried forward | 17,466,943 | 2,285,617 | - | 19,752,560 |
| Total | 472,096,764 | (435,885,064) | - | 36,211,700 |

Management believes that the deferred tax assets that resulted from the temporary differences are realisable in future years.

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

e. Deferred tax liabilities

| | January 1, 2013* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | December 31, 2013* |
|---|----------------------|---|---|-----------------------|
| Difference between commercial and tax base of property, plant and equipment | 147,894,426 | (147,894,426) | - | - |
| Pension and other post-retirement obligations | 201,875,661 | (201,875,661) | - | - |
| Short-term employee benefits liabilities | 37,872,132 | (37,872,132) | - | - |
| Accumulated impairment loss on exploration and evaluation assets | 24,806,135 | (24,806,135) | - | - |
| Provision for environmental and reclamation costs | 21,221,619 | (21,221,619) | - | - |
| Provision for receivables impairment | 6,056,424 | (6,056,424) | - | - |
| Gain on fair value adjustment | (621,001,922) | 621,001,922 | - | - |
| Total | (181,275,525) | 181,275,525 | - | - |
| | January 1, 2012* | Credited/ (charged) to profit or loss | Credited/ (charged) to other comprehensive income | December 31, 2012* |
| Difference between commercial and tax base of property, plant and equipment | - | 147,894,426 | - | 147,894,426 |
| Pension and other post-retirement obligations | - | 181,885,657 | 19,990,004 | 201,875,661 |
| Short-term employee benefits liabilities | - | 37,872,132 | - | 37,872,132 |
| Accumulated impairment loss on exploration and evaluation assets | - | 24,806,135 | - | 24,806,135 |
| Provision for environmental and reclamation costs | - | 21,221,619 | - | 21,221,619 |
| Provision for receivables impairment | - | 6,056,424 | - | 6,056,424 |
| Gain on fair value adjustment | - | (621,001,922) | - | (621,001,922) |
| Total | - | (201,265,529) | 19,990,004 | (181,275,525) |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

17. TAXATION (continued)

f. Tax and customs penalties

During the six-month period ended June 30, 2015 the Company received several Tax Overpayment Assessment Letters ("SKPLB"), as follows:

- SKPLB regarding corporate income tax ("CIT") covering fiscal year 2013 amounting to Rp266,320,773. The Company received the tax refund in May 2015.
- SKPLB regarding Value Added Tax ("VAT") covering the December 2012 period with a total amount of Rp21,375,916. The Company received the tax refund in July 2015.

During the year ended December 31, 2014, the Company received several SKPLB, as follows:

- SKPLB regarding CIT covering fiscal year of 2012 amounting to Rp400,941,384. The Company received the tax refund in April 2014.
- Various SKPLB regarding VAT covering the period from January 2012 to November 2012 with a total amount of Rp228,281,556. The Company received the tax refund in June 2014.

During the year ended December 31, 2014, the Company received various Notification of Tax Due ("SPPT") regarding Land and Building Tax of underground production for the fiscal year 2014 in Tanjung Buli amounting to Rp30,997,736. The Company paid the tax underpayment in 2014 and recognised it as expenses in the consolidated statement of profit or loss for the year ended December 31, 2014.

The Company disagrees with the SKPKB and filed a tax objection letter to Tax Office Pratama Tobelo. On April 2015, the Company received Decision Letter from DGT Regional North Sulawesi, Central Sulawesi, Gorontalo and North Maluku that reject the Company objection. On July 2015, the Company filed a tax appeal over the decision letter to the tax court.

During the year ended December 31, 2013, the Company received various SKPLB regarding VAT for the fiscal period from October 2011 to December 2011 with total amount of Rp51,142,566.

During the year ended December 31, 2012, the Company received various SKPLB regarding VAT for the fiscal period from October 2010 to September 2011 with total amount of Rp189,578,001.

The difference between the amount claimed by the Company and the amount refunded by the Tax Office was recognised in the profit or loss.

Based on the Customs Assessment Letter No. SPP-05/KPU.01/2012 dated February 13, 2012, the Company has the obligation to pay import duty, VAT and related interest totaling Rp47,858,790.

The Company paid the above assessment on July 25, 2012 and submitted an appeal on September 7, 2012. This payment was recorded as part of the prepaid taxes, in the consolidated statement of financial position.

On April 8, 2013, based on decree No. Put-45155/PP/M.XVII/19/2013, the Tax Court rejected the Company's appeal. As at June 30, 2015, the Company is still preparing to submit a Judicial Review to the Supreme Court. However the amount that was previously recorded as prepaid taxes has been fully charged to the profit or loss in 2013.

g. Administration

Under the taxation laws of Indonesia, companies which are domiciled in Indonesia calculate and pay tax on the basis of self assessment. DGT may assess or amend taxes liabilities within five years of the time the tax becomes due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

18. SHORT-TERM BANK LOANS

| | | June 30, 2015 | |
|--|-----------------|--|---------------------------------|
| | | Carrying amount | |
| Creditor | Currency | Original currency (full amount) | Equivalent in Rupiah |
| Third parties: | | | |
| Bank of Tokyo Mitsubishi UFJ, Ltd. | US Dollar | 100,000,000 | 1,333,200,000 |
| PT Bank UOB Indonesia | Rupiah | 29,330,400,000 | 29,330,400 |
| Related party: | | | |
| PT Bank Rakyat Indonesia (Persero) Tbk | US Dollar | 100,000,000 | 1,333,200,000 |
| PT Bank Rakyat Indonesia (Persero) Tbk | Rupiah | 20,000,000,000 | <u>20,000,000</u> |
| Total | | | <u>2,715,730,400</u> |

| | | December 31, 2014 | |
|--|-----------------|--|---------------------------------|
| | | Carrying amount | |
| Creditor | Currency | Original currency (full amount) | Equivalent in Rupiah |
| Third parties: | | | |
| PT Bank Central Asia Tbk | US Dollar | 100,000,000 | 1,244,000,000 |
| PT Bank UOB Indonesia | Rupiah | 20,041,360,000 | 20,041,360 |
| Related parties: | | | |
| PT Bank Mandiri (Persero) Tbk | US Dollar | 100,000,000 | 1,244,000,000 |
| PT Bank Rakyat Indonesia (Persero) Tbk | Rupiah | 20,000,000,000 | <u>20,000,000</u> |
| Total | | | <u>2,528,041,360</u> |

| | | December 31, 2013 | |
|--|-----------------|--|---------------------------------|
| | | Carrying amount | |
| Creditor | Currency | Original currency (full amount) | Equivalent in Rupiah |
| Third parties: | | | |
| Bank of Tokyo Mitsubishi UFJ, Ltd. | US Dollar | 100,000,000 | 1,218,900,000 |
| PT Bank UOB Indonesia | Rupiah | 12,000,000,000 | 12,000,000 |
| Related parties: | | | |
| PT Bank Mandiri (Persero) Tbk | US Dollar | 100,000,000 | 1,218,900,000 |
| PT Bank Rakyat Indonesia (Persero) Tbk | Rupiah | 20,000,000,000 | <u>20,000,000</u> |
| Total | | | <u>2,469,800,000</u> |

| | | December 31, 2012 | |
|--|-----------------|--|---------------------------------|
| | | Carrying amount | |
| Creditor | Currency | Original currency (full amount) | Equivalent in Rupiah |
| Third parties: | | | |
| Bank of Tokyo Mitsubishi UFJ, Ltd. | US Dollar | 100,000,000 | 967,000,000 |
| PT Bank Sumitomo Mitsui Indonesia | US Dollar | 70,000,000 | 676,900,000 |
| Related party: | | | |
| PT Bank Rakyat Indonesia (Persero) Tbk | Rupiah | 20,000,000,000 | <u>20,000,000</u> |
| Total | | | <u>1,663,900,000</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

18. SHORT-TERM BANK LOANS (continued)

The fair value of short-term bank loans approximates their carrying amount, since the maturity of the loans is less than one year.

a. Bank of Tokyo Mitsubishi UFJ, Ltd.

On July 25, 2012, the Company obtained a credit loan facility with a maximum limit amounting to US\$100,000,000 with an interest rate of 1.62% per annum from PT Bank of Tokyo Mitsubishi UFJ, Ltd. ("BTMU") for the funding of working capital expenditure.

The first drawdown of the facility was made on September 14, 2012 in the amount of US\$100,000,000.

On June 30, 2013, the Company and BTMU has amended the credit loan with a maximum limit amounting to US\$150,000,000.

On December 10, 2012, December 6, 2013, March 6, 2014 and September 6, 2014, the interest rate was 1.52%, 1.55%, 1.75% and 2.00% per annum, respectively.

On December 5, 2014, the Company has fully repaid the credit loan facility.

On May 11, 2015, the Company's drawdown of the facility amounted to US\$100,000,000 with an interest rate of 1.75% per annum and will be due on August 11, 2015. On June 30, 2015, the credit loan facility was extended to June 30, 2016.

Loan covenants required under the credit agreement are as follows:

1. To maintain the ratio of interest bearing debt (excluding trade payables) to a total equity not exceeding 3:1;
2. To maintain the ratio of the total Earning Before Interest, Tax, Depreciation and Amortisation ("EBITDA") plus cash on hand and cash in banks to total matured debt and interest at not less than 1.25 times;
3. To maintain net value of tangible assets greater than Rp7,000,000,000.

As at June 30, 2015, management believes that the Company has complied with all loan covenants.

b. PT Bank Central Asia Tbk

On June 13, 2013, the Company obtained a credit loan facility from PT Bank Central Asia Tbk ("BCA") with a maximum limit amounting to US\$150,000,000. The proceeds of the loan will be utilised for the funding of working capital expenditure. On May 9, 2014, the Company and BCA amended the credit loan facility with a maximum limit amounting to US\$100,000,000.

The first drawdown from the facility was made on February 12, 2014 amounting to US\$50,000,000 with an interest rate of 2.00% per annum.

On May 12, 2014, this credit facility period was extended to August 12, 2014 with an interest rate of 2.00% per annum. On November 12, 2014, the short-term loan was extended to January 9, 2015 with a 1.75% interest rate per annum.

On May 20, 2014, the Company made another drawdown from the facility amounting to US\$50,000,000 with an interest rate of 2.00% per annum. The short-term loan facility was extended to November 20, 2014 with 1.75% interest rate per annum and then was fully repaid on May 9, 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

18. SHORT-TERM BANK LOANS (continued)

c. PT Bank Rakyat Indonesia (Persero) Tbk for the Company

On July 15, 2013, the Company entered into a working capital loan credit facility agreement with PT Bank Rakyat Indonesia (Persero) Tbk for the maximum credit limit amounting to US\$100,000,000.

On December 12, 2014, the period of this credit facility was extended to July 15, 2015.

On January 6, 2015, the Company's drawdown of the facility amounted to US\$100,000,000 with an interest rate of 1.75% per annum. The maturity of the loan was extended from April 6, 2015 to July 6, 2015 with a 1.75% interest rate per annum.

d. PT Bank Rakyat Indonesia (Persero) Tbk for CSD

On November 12, 2012, CSD, a subsidiary, entered into a working capital loan credit facility agreement with PT Bank Rakyat Indonesia (Persero) Tbk for the maximum credit limit amounting to Rp80,000,000.

In February 2015, CSD obtained loan extension from BRI until November 12, 2015. Based on this extension, the maximum credit limit decreasing to Rp40,000,000.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the total drawdowns from this loan facility amounted to Rp20,000,000 with 10.25%, 10.50%, 9.25% and 8.40% interest rate, respectively. This loan will mature on November 12, 2015.

As at 30 June 2015, the above working capital loan credit facility agreement is secured by certain collateral as follows:

1. trade receivables amounting to Rp3,812,000;
2. inventories amounting to Rp37,000,000;
3. a 326,166m² land, property, plants and machine located in CSD's mining plant, all valued at Rp113,500,000.

e. PT Bank Mandiri (Persero) Tbk

On May 31, 2013, the Company entered into a credit agreement with PT Bank Mandiri (Persero) Tbk with a maximum credit limit of US\$100,000,000. The proceeds of the loan will be used for working capital purposes.

On March 24, 2014, the Company's drawdown of the facility amounted to US\$100,000,000 with 1.75% per annum interest rate and the loan was repaid on May 24, 2014. On July 3, 2014, the Company drewdown an amount of US\$50,000,000 and repaid it on October 3, 2014.

The Company made a drawdown of the credit facility from PT Bank Mandiri (Persero) Tbk amounting to US\$100,000,000 on November 17, 2014 with 2.00% interest rate and was fully repaid on May 15, 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

18. SHORT-TERM BANK LOANS (continued)

f. PT Bank UOB Indonesia

On December 20, 2011, ICR, a subsidiary, entered into a working capital loan credit facility agreement with PT Bank UOB Indonesia for the maximum credit limit amounting to Rp30,000,000.

As at December 31, 2013, the total drawdowns from this loan facility amounted to Rp12,000,000 with interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date was on February 9, 2014 and it was fully repaid on February 6, 2014.

As at December 31, 2014, the total drawdowns from this loan facility amounted to Rp20,041,360 with an interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date is on December 18, 2015.

As at June 30, 2015, the total drawdowns from this loan facility amounted to Rp29,330,400 with an interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date is on December 18, 2015.

g. PT Bank Sumitomo Mitsui Indonesia

On July 6, 2012, the Company entered into a working capital loan credit facility agreement with PT Bank Sumitomo Mitsui Indonesia for the maximum credit limit amounting US\$75,000,000.

The availability of the loan facility was up to December 6, 2012 and each drawdown bears interest at the annual rate of LIBOR at the time of drawdown plus margin of 1.20% per year. During 2012, the interest rate determined was 1.58% per annum. Maximum period of repayment is three months after each drawdown.

The first drawdown from the facility was made on September 24, 2012 in the amount of US\$70,000,000, which was due on December 27, 2012. On December 14, 2012, the due date of the loan was extended to March 27, 2013, and the interest rate was amended to 1.51% per annum.

On March 25, 2013, the Company submitted a request to extend the due date of the loan to June 27, 2013 and to revise the interest rate to become 1.48% per annum.

On June 20, 2013, the Company submitted a request to extend the due date of the loan to September 27, 2013 and to revise the interest rate to become 1.47% per annum.

On September 27, 2013, this loan was fully repaid by the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

19. BONDS PAYABLE

The details of bonds payable as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|
| Principal: | | | | |
| Antam Continuation Bonds I with Fixed Interest Rate Phase I Year 2011 ("bonds") | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 |
| Unamortised bonds issuance costs (net of accumulated amortisation of Rp2,416,829 as at June 30, 2015, Rp2,028,818 as at December 31 2014, Rp1,301,728 as at December 31, 2013 and Rp635,324 as at December 31, 2012) | <u>(5,374,525)</u> | <u>(5,762,536)</u> | <u>(6,489,626)</u> | <u>(7,156,030)</u> |
| Total bonds payable | <u>2,994,625,475</u> | <u>2,994,237,464</u> | <u>2,993,510,374</u> | <u>2,992,843,970</u> |

On December 2, 2011, the Company issued the bonds with a total principal amount of Rp3,000,000,000. Interest is payable quarterly every March 14, June 14, September 14 and December 14. Bonds series A and series B will mature on December 14, 2018 and December 14, 2021, respectively. The breakdown of the bonds are as follows:

| <u>Series</u> | <u>Coupon rate</u> | <u>Maturities</u> | <u>Principal (Rp)</u> |
|---------------|--------------------|-------------------|-----------------------------|
| A | 8.38% | 7 years | 900,000,000 |
| B | 9.05% | 10 years | <u>2,100,000,000</u> |
| Total | | | <u>3,000,000,000</u> |

With regard to the Public Offering of Continuation Bonds, PT Bank Permata Tbk acts as the Trustee or the institution that is entrusted to represent the interests of the bond holders following the provisions of the Bonds Trustee Agreement Deed No. 48 dated September 30, 2011, Amendment I of Bonds Trustee Agreement Deed No. 49 dated October 28, 2011 and Amendment II of Bonds Trustee Agreement Deed No. 52 dated November 28, 2011, of Fathiah Helmi, S.H., Notary in Jakarta, between the Company and the Trustee. As a Trustee, PT Bank Permata Tbk has stated firmly that it is not affiliated with the Company, either directly or indirectly.

The bonds have been rated A (Negative Outlook) by PT Pemeringkat Efek Indonesia ("Pefindo") in its latest rating report released on September 11, 2014.

The bonds proceeds are used for a routine investment in the Company's business units, renovation and modernisation of ferronickel plant in Pomalaa and for the opening of nickel mines in North Maluku and/or Southeast Sulawesi and/or a bauxite mine in West Kalimantan.

The bonds are listed on the Indonesia Stock Exchange.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

19. BONDS PAYABLE (continued)

During the term of the bonds, the Company has the obligation to, among other things, meet certain financial ratios and maintain the direct and/or indirect shareholding in the Company by the Government of the Republic of Indonesia at not less than 51% of the number of shares that has been issued and fully paid. Without the written consent of the Trustee, the Company will not conduct a merger or acquisition with another company that does not comply with the intents and purposes of the Company's Articles of Association, unless this is required by applicable regulations or court decisions.

The Company will not: reduce its authorised capital, issued capital and paid-up capital; pledge assets and provide loans or guarantees to third parties without the written consent of the Trustee. Application for written consent of the Trustee will not be rejected for no apparent or fair reason.

The financial ratios required under the Trusteeship Agreement are as follows:

- The ratio of total interest-bearing debts (excluding trade payables but including syariah funding) to total equity shall not exceed three times;
- The ratio of the total of EBITDA plus cash on hand and cash in banks to total matured debt and interest shall not be less than 1.25 times;
- The equity shall be greater than Rp7,000,000,000.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that the Company has complied with all the debt covenants.

The fair values of the bonds payable as at June 30, 2015, December 31, 2014, 2013 and 2012 amounted to Rp2,728,500,000, Rp2,704,285,327, Rp 2,780,931,600 and Rp 3,525,315,055, respectively.

The fair values are based on price released by Indonesian Bonds Pricing Agency ("IBPA") which are within level 2 of the fair value hierarchy.

20. INVESTMENT LOANS

| Creditor | Currency | June 30, 2015 | |
|---|-----------|---------------------------------|-----------------------------|
| | | Original currency (full amount) | Equivalent in Rupiah |
| Principal: | | | |
| LPEI Indonesia Eximbank | US Dollar | 160,000,000 | 2,133,120,000 |
| PT Bank Mizuho Indonesia | US Dollar | 63,750,000 | 849,915,000 |
| PT Bank Sumitomo Mitsui Indonesia | US Dollar | 29,344,778 | 391,224,580 |
| | | | <u>3,374,259,580</u> |
| Unamortised up front fee (net of accumulated amortisation of Rp7,150,607) | | | <u>(10,615,832)</u> |
| Total Investment Loans | | | <u>3,363,643,748</u> |
| Net of current portion | | | <u>(265,306,800)</u> |
| Non-current portion | | | <u>3,098,336,948</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

20. INVESTMENT LOANS (continued)

| Creditor | Currency | December 31, 2014 | |
|---|-----------|---------------------------------|-----------------------------|
| | | Original currency (full amount) | Equivalent in Rupiah |
| Carrying amount | | | |
| Principal: | | | |
| LPEI Indonesia Eximbank | US Dollar | 100,000,000 | 1,244,000,000 |
| PT Bank Mizuho Indonesia | US Dollar | 69,375,000 | 863,025,000 |
| PT Bank Sumitomo Mitsui Indonesia | US Dollar | 31,794,778 | 395,527,038 |
| | | | <u>2,502,552,038</u> |
| Unamortised up front fee (net of accumulated amortisation of Rp5,039,677) | | | <u>(9,662,796)</u> |
| Total Investment Loans | | | <u>2,492,889,242</u> |
| Net of current portion | | | <u>(224,231,000)</u> |
| Non-current portion | | | <u>2,268,658,242</u> |

| Creditor | Currency | December 31, 2013 | |
|---|-----------|---------------------------------|-----------------------------|
| | | Original currency (full amount) | Equivalent in Rupiah |
| Carrying amount | | | |
| Principal: | | | |
| PT Bank Mizuho Indonesia | US Dollar | 75,000,000 | 914,175,000 |
| PT Bank Sumitomo Mitsui Indonesia | US Dollar | 34,244,768 | 417,409,477 |
| | | | <u>1,331,584,477</u> |
| Unamortised up front fee (net of accumulated amortisation of Rp1,934,485) | | | <u>(9,424,088)</u> |
| Total Investment Loans | | | <u>1,322,160,389</u> |
| Net of current portion | | | <u>(98,426,175)</u> |
| Non-current portion | | | <u>1,223,734,214</u> |

The fair value of the investment loans at the reporting dates is as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 |
|-----------------------------------|---------------|-------------------|-------------------|
| LPEI Indonesia Eximbank | 2,152,966,453 | 1,256,627,816 | - |
| PT Bank Sumitomo Mitsui Indonesia | 393,390,783 | 397,872,985 | 419,518,011 |

The fair values of the loans are based on cash flows discounted using a borrowing rate of 5.00% (2014: 5.00%, 2013: 3.30%) and are within level 3 of the fair value hierarchy.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

20. INVESTMENT LOANS (continued)

a. PT Bank Mizuho Indonesia

On April 18, 2013, the Company entered into a credit agreement with PT Bank Mizuho Indonesia ("Mizuho").

Based on the credit agreement, Mizuho provided the Company with a credit loan facility amounting to US\$75,000,000 which has been fully drawdown. The proceeds of the loan are utilised for the funding of general corporate purpose financing.

The tenor of the loan is five years consisting of a one year grace period and a four years principal repayment period. The interest rate is LIBOR three months +1.80%. Interest payments are due every three months.

On October 15, 2014, the Company made the first payment of loan installments amounting to US\$5,625,000. On April 19, 2015, the Company made a second payment of loan instalment amounting to US\$5,625,000.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage Ratio minimum at 1.25 times.

As at June 30, 2015, December 31, 2014 and 2013, the Company has complied with all the debt covenants.

b. PT Bank Sumitomo Mitsui Indonesia

On June 21, 2013, the Company entered into a credit agreement with PT Bank Sumitomo Mitsui Indonesia ("BSMI"). The Company obtained an investment loan facility with a maximum limit amounting to US\$75,000,000.

On July 3, 2013, the Company made a drawdown from the credit facility amounting to US\$34,244,778 which will be due on June 17, 2021 with an interest rate of 4.56% per annum. On December 17, 2014, the Company made the first payment of loan installments amounting to US\$2,450,000. On June 17, 2015, the Company made the second payment of loan instalment amounting to US\$2,450,000.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage ratio minimum at 1.25 times.

As at June 30, 2015, December 31, 2014 and 2013, the Company has complied with all the debt covenants.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

20. INVESTMENT LOANS (continued)

c. LPEI Indonesia Eximbank

On May 23, 2014, the Company obtained a loan facility from LPEI Indonesia Eximbank to finance the capital expenditures. The loan has a maximum credit facility of US\$100,000,000 with an interest rate of 5.00% per annum, which was fully drawdown by the Company in 2014. The loan is payable in quarterly installments, with a two years grace period on principal repayments and shall be due on June 6, 2024.

On March 24, 2015, the Company obtained a second loan facility from LPEI Indonesia Eximbank. The loan has a maximum credit facility of US\$60,000,000 with an interest rate of 5.00% per annum, which was fully drawdown by the Company in 2015. The loan is payable in quarterly installments, with a one and half year grace period on the principal repayment and shall be due on June 6, 2024.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage ratio minimum at 1.25 times.

As at June 30, 2015 and December 31, 2014, the Company has complied with all the debt covenants.

21. PROVISION FOR ENVIRONMENTAL AND RECLAMATION COSTS

The movement in the provision for environmental and reclamation costs was as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|---------------------------|------------------------------|------------------------------|------------------------------|
| Balance at beginning of the period/year | 239,504,229 | 269,682,865 | 251,719,310 | 222,478,656 |
| Provision made during the period/year | 2,134,986 | 27,077,261 | 22,612,427 | 44,988,856 |
| Actual realisation during the period/year | - | (21,741,903) | (14,286,073) | (15,748,202) |
| Increase in provision due to the passage of time | 5,244,008 | 27,288,624 | 25,948,795 | - |
| Decrease in provision due to changes in assumptions | <u>5,558,333</u> | <u>(62,802,618)</u> | <u>(16,311,594)</u> | <u>-</u> |
| Balance at end of the period/year | 252,441,556 | 239,504,229 | 269,682,865 | 251,719,310 |
| Less current portion | <u>(18,441,304)</u> | <u>(19,260,587)</u> | <u>(30,337,362)</u> | <u>(45,990,788)</u> |
| Non-current portion | <u>234,000,252</u> | <u>220,243,642</u> | <u>239,345,503</u> | <u>205,728,522</u> |

At each reporting period, the Group adjusts the provision for environmental and reclamation cost to reflect the most recent disturbed area as at the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

22. SHARE CAPITAL

| Shareholders | June 30, 2015 | | |
|--|--|-------------------------|----------------------------|
| | Number of shares issued and fully paid | Percentage of ownership | Amount (in Rp full amount) |
| Preferred Share (Series A Dwiwarna share) Government of the Republic of Indonesia | 1 | 0% | 100 |
| Ordinary Shares (Series B shares) Government of the Republic of Indonesia | 6,199,999,999 | 65% | 619,999,999,900 |
| Ir. Tedy Badrujaman, M.M. (President Director) | 35,500 | 0% | 3,550,000 |
| Agus Zamzam Jamaluddin, S.T., M.T. (Director) | 47,500 | 0% | 4,750,000 |
| Ir. I Made Surata, M.Si. (Director) | 138,250 | 0% | 13,825,000 |
| Ir. Hari Widjajanto, M.M. (Director) | 53,500 | 0% | 5,350,000 |
| Public (each below 5% ownership) | 3,338,185,000 | 35% | 333,818,500,000 |
| Total | 9,538,459,750 | 100% | 953,845,975,000 |

| Shareholders | December 31, 2014 | | |
|--|--|-------------------------|----------------------------|
| | Number of shares issued and fully paid | Percentage of ownership | Amount (in Rp full amount) |
| Preferred Share (Series A Dwiwarna share) Government of the Republic of Indonesia | 1 | 0% | 100 |
| Ordinary Shares (Series B shares) Government of the Republic of Indonesia | 6,199,999,999 | 65% | 619,999,999,900 |
| Ir. Tato Miraza, S.E., M.M. (President Director) | 800,000 | 0% | 80,000,000 |
| Ir. Hendra Santika, M.M. (Director) | 173,500 | 0% | 17,350,000 |
| Ir. I Made Surata, M.Si. (Director) | 138,250 | 0% | 13,825,000 |
| Ir. Tedy Badrujaman, M.M. (Director) | 35,500 | 0% | 3,550,000 |
| Ir. Hari Widjajanto, M.M. (Director) | 53,500 | 0% | 5,350,000 |
| Public (each below 5% ownership) | 3,337,259,000 | 35% | 333,725,900,000 |
| Total | 9,538,459,750 | 100% | 953,845,975,000 |

| Shareholders | December 31, 2013 | | |
|--|--|-------------------------|----------------------------|
| | Number of shares issued and fully paid | Percentage of ownership | Amount (in Rp full amount) |
| Preferred Share (Series A Dwiwarna share) Government of the Republic of Indonesia | 1 | 0% | 100 |
| Ordinary Shares (Series B shares) Government of the Republic of Indonesia | 6,199,999,999 | 65% | 619,999,999,900 |
| Ir. Tato Miraza, S.E., M.M. (President Director) | 800,000 | 0% | 80,000,000 |
| Ir. Hendra Santika, M.M. (Director) | 173,500 | 0% | 17,350,000 |
| Ir. I Made Surata, M.Si. (Director) | 138,250 | 0% | 13,825,000 |
| Ir. Tedy Badrujaman, M.M. (Director) | 35,500 | 0% | 3,550,000 |
| Public (each below 5% ownership) | 3,333,434,500 | 35% | 333,343,450,000 |
| Sub-total | 9,534,581,750 | | 953,458,175,000 |
| Treasury stock | 3,878,000 | | 387,800,000 |
| Total | 9,538,459,750 | 100% | 953,845,975,000 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

22. SHARE CAPITAL (continued)

| Shareholders | December 31, 2012 | | |
|--|--|-------------------------|----------------------------|
| | Number of shares issued and fully paid | Percentage of ownership | Amount (in Rp full amount) |
| Preferred Share (Series A Dwiwarna share) | | | |
| Government of the Republic of Indonesia | 1 | 0% | 100 |
| Ordinary Shares (Series B shares) | | | |
| Government of the Republic of Indonesia | 6,199,999,999 | 65% | 619,999,999,900 |
| Ir. Alwinskyah Lubis, M.M. (President Director) | 310,000 | 0% | 31,000,000 |
| Ir. Tato Miraza, S.E., M.M. (President Director) | 800,000 | 0% | 80,000,000 |
| Prof. Bambang P.S Brodjonegoro, S.E., M.U.P., Ph.D. (Commissioner) | 500 | 0% | 50,000 |
| Public (each below 5% ownership) | 3,333,471,250 | 35% | 333,347,125,000 |
| Sub-total | 9,534,581,750 | | 953,458,175,000 |
| Treasury stock | 3,878,000 | | 387,800,000 |
| Total | 9,538,459,750 | 100% | 953,845,975,000 |

The holder of series A shares has certain special rights in addition to the rights held by the holders of series B shares. These special rights include the rights to approve (a) the appointment and dismissal of the members of the boards of commissioners and directors, (b) dividend distributions and (c) amendments to the Articles of Association.

The Company records its treasury stock transactions using the cost method.

On May 14, 2012, the Company distributed a significant portion of the treasury stock to its employees as part of the 2011 annual bonuses. The 11,548,000 treasury shares distributed had a total value of Rp15,901,596. The excess of the value of the shares over their cost amounting to Rp5,843,964 was credited to additional paid-in capital (Note 23).

The Company distributed the remaining 3,878,000 treasury shares with a total value of Rp3,490,205 to its employees on December 24, 2014 as a proportion of the incentive component of target and work productivity for 2014. The share distribution was carried out to comply with the Regulation Number XI.B.2 Regarding Repurchase of Shares That Have Been Issued By an Issuer or Public Company, Attachment of the Decision of the Chairman of BAPEPAM-LK No. Kep-105/BL/2010 dated April 13, 2010, which requires the sale of treasury stocks within six years after the share buyback period concludes. The excess of the value of the shares amounting to Rp112,694 was credited to additional paid-in capital (Note 23).

23. ADDITIONAL PAID-IN CAPITAL

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|
| Excess of proceeds from issuance of share capital over par value | 387,692,100 | 387,692,100 | 387,692,100 | 387,692,100 |
| Share issuance costs | (46,704,316) | (46,704,316) | (46,704,316) | (46,704,316) |
| Conversion of additional paid-in capital to bonus shares | (338,461,475) | (338,461,475) | (338,461,475) | (338,461,475) |
| Excess of value over cost of treasury shares distributed as bonus | 5,956,658 | 5,956,658 | 5,843,964 | 5,843,964 |
| Difference arising from restructuring transaction of entities under common control | 21,334,633 | 21,334,633 | 21,334,633 | - |
| Additional paid-in capital, net | 29,817,600 | 29,817,600 | 29,704,906 | 8,370,273 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

24. DISTRIBUTION OF PROFIT FOR THE YEAR

At the Company's Annual General Shareholders' Meetings ("AGMS") held on March 31, 2015, there were no dividend declared and general reserve allocated since the Group experiencing loss during the year ended December 31, 2014.

At the Company's AGMS held on March 26, 2014, April 30, 2013 and May 31, 2012, the shareholders approved the declaration of cash dividends from the 2013, 2012 and 2011 profit for the year totaling Rp92,237,426 or Rp9.67 (full amount) per share, Rp448,967,247 or Rp47.07 (full amount) per share and Rp867,550,297 or Rp90.99 (full amount) per share, respectively and an allocation for the partnership and community development program from the 2013, 2012 and 2011 profit for the year amounting to nil, nil and Rp77,115,582, respectively.

In addition, the shareholders also approved the allocation of 2013, 2012 and 2011 profit for the year amounting to Rp317,706,690, Rp2,544,147,734 and Rp983,223,670, respectively, for the Company's business development.

25. SALES

The details of sales are as follows:

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|--|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Mining products | | | | | |
| Gold | 5,648,480,321 | 1,947,599,873 | 4,901,204,509 | 4,705,060,121 | 3,628,426,726 |
| Ferronickel | 1,923,101,732 | 1,738,812,487 | 3,975,808,745 | 2,072,043,486 | 3,175,557,022 |
| Coal | 102,015,089 | 73,337,316 | 179,413,151 | 80,691,664 | 207,681,770 |
| Silver | 53,140,115 | 87,376,416 | 158,694,044 | 166,462,113 | 235,879,834 |
| Nickel ore | - | 89,109,729 | 89,185,723 | 4,054,295,247 | 3,061,174,436 |
| Bauxite ore | 35,442,432 | 9,214,405 | 19,745,246 | 70,575,869 | 47,408,373 |
| Other precious metals | 3,105,314 | 4,318,786 | 4,671,699 | 4,350,133 | 3,612,332 |
| | <u>7,765,285,003</u> | <u>3,949,769,012</u> | <u>9,328,723,117</u> | <u>11,153,478,633</u> | <u>10,359,740,493</u> |
| Services | | | | | |
| Refining of precious metals and other services | 83,729,986 | 36,948,418 | 91,907,816 | 144,842,873 | 90,145,019 |
| Total sales | <u>7,849,014,989</u> | <u>3,986,717,430</u> | <u>9,420,630,933</u> | <u>11,298,321,506</u> | <u>10,449,885,512</u> |

The details of the above amounts of sales by customers are as follows:

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|--|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Export - third parties | | | | | |
| J.B Overseas | 2,842,973,116 | - | - | - | - |
| Xion Gems & Jewellers Private Ltd. | 1,010,520,374 | - | - | - | - |
| Standard Bank PLC | 518,678,084 | 1,038,839,565 | 1,974,765,325 | 1,066,538,640 | 859,122,988 |
| Pohang Iron & Steel Co | 418,568,348 | 861,319,056 | 1,558,897,631 | 674,373,339 | - |
| Avarus AG | - | 819,749,640 | 844,329,293 | 1,685,141,305 | 2,006,298,116 |
| Others (each less than 10% of total sales) | 1,767,319,274 | 189,003,012 | 2,319,864,816 | 3,869,954,905 | 4,550,554,532 |
| Sub-total | <u>6,558,059,196</u> | <u>2,908,911,273</u> | <u>6,697,857,065</u> | <u>7,296,008,189</u> | <u>7,415,975,636</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

25. SALES (continued)

The details of the above amounts of sales by customers are as follows (continued):

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014 (6 months)</u> | <u>December 31, 2014 (12 months)</u> | <u>December 31, 2013 (12 months)</u> | <u>December 31, 2012 (12 months)</u> |
|---|---|---|--|--|--|
| Domestic - related parties (Note 29) | 342,988,733 | 397,334,871 | 1,023,016,655 | 1,568,711,850 | 1,096,882,746 |
| Domestic - third parties Others (each less than 10% of total sales) | 947,967,060 | 680,471,286 | 1,699,757,213 | 2,433,601,467 | 1,937,027,130 |
| Total sales | <u>7,849,014,989</u> | <u>3,986,717,430</u> | <u>9,420,630,933</u> | <u>11,298,321,506</u> | <u>10,449,885,512</u> |

Sales to related parties are set based on sales contracts using the market price.

26. COST OF GOODS SOLD

The following is the reconciliation of the cost of goods sold during the period/year:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|---|---|--|---|---|---|
| Production cost: | | | | | |
| Purchases of precious metals | 5,023,020,915 | 1,450,826,335 | 3,427,636,051 | 3,433,799,111 | 2,074,788,966 |
| Materials used | 595,065,904 | 392,783,691 | 944,661,328 | 718,158,953 | 715,091,682 |
| Fuel used | 548,711,349 | 647,804,265 | 1,267,030,540 | 1,346,001,611 | 1,428,466,375 |
| Depreciation (Note 11) | 329,269,293 | 281,016,661 | 694,579,165 | 641,577,013 | 555,762,994 |
| Salaries, wages, bonuses and employee benefits | 275,906,571 | 290,937,646 | 569,180,413 | 677,061,957 | 566,959,411 |
| Transportation and ore mining fees | 147,878,014 | 16,538,399 | 282,963,731 | 1,611,097,329 | 1,309,109,557 |
| Rent | 107,300,927 | 106,537,793 | 198,771,387 | 447,714,991 | 318,635,666 |
| Royalties | 104,951,742 | 110,219,897 | 208,826,803 | 356,449,468 | 350,089,485 |
| Indirect labor | 46,689,095 | 45,634,686 | 92,406,193 | 105,547,738 | 93,352,817 |
| Insurance | 33,344,869 | 30,799,732 | 63,704,596 | 56,200,367 | 54,321,312 |
| Amortisation | 30,498,596 | 16,079,358 | 65,989,759 | 124,183,971 | 65,862,649 |
| Repairs and maintenance | 26,236,061 | 18,386,776 | 53,573,361 | 73,649,585 | 60,013,382 |
| Tax and retribution | 16,772,540 | 37,131,290 | 80,038,863 | 674,325,779 | 426,669,649 |
| Reclamation and mine closure Others (each below Rp50,000,000) | 6,928,391 | 14,503,799 | 1,155,989 | 52,505,612 | 60,263,243 |
| | <u>7,407,321,408</u> | <u>3,639,618,209</u> | <u>8,079,816,903</u> | <u>10,521,064,439</u> | <u>8,238,687,392</u> |
| Work-in-process (Note 7): | | | | | |
| Beginning of period/year | 50,101,749 | 55,249,761 | 55,249,761 | 73,594,457 | 53,191,166 |
| End of period/year | <u>(59,628,992)</u> | <u>(52,622,124)</u> | <u>(50,101,749)</u> | <u>(55,249,761)</u> | <u>(73,594,457)</u> |
| | <u>7,397,794,165</u> | <u>3,642,245,846</u> | <u>8,084,964,915</u> | <u>10,539,409,135</u> | <u>8,218,284,101</u> |
| Finished goods (Note 7): | | | | | |
| Beginning of period/year | 1,219,733,974 | 1,917,944,522 | 1,917,944,522 | 947,487,832 | 1,142,812,960 |
| Transfer of finished goods to raw materials | - | (213,317,436) | (119,462,210) | - | - |
| (Recovery)/impairment of inventories | 128,240 | (42,914,128) | (36,443,480) | 42,914,128 | - |
| End of period/year | <u>(1,296,710,734)</u> | <u>(1,560,945,345)</u> | <u>(1,219,733,974)</u> | <u>(1,917,944,522)</u> | <u>(947,487,832)</u> |
| Cost of goods sold | <u>7,320,945,645</u> | <u>3,743,013,459</u> | <u>8,627,269,773</u> | <u>9,611,866,573</u> | <u>8,413,609,229</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

26. COST OF GOODS SOLD (continued)

Detail of purchase of goods and services per suppliers with transactions more than 10% of total sales are as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|-------------------------------------|---|--|---|---|---|
| Related party: | | | | | |
| PT Pertamina (Persero) (Note 29) | 248,715,397 | 601,538,800 | 911,544,655 | 1,449,128,453 | 1,205,585,987 |
| Third parties: | | | | | |
| Standard Bank PLC | 2,772,531,962 | 1,237,291,957 | 1,953,247,447 | 3,336,716,846 | 1,800,490,914 |
| The Bank of Nova Scotia | <u>2,162,074,582</u> | - | <u>1,353,427,333</u> | - | - |
| Total third parties | <u>4,934,606,544</u> | <u>1,237,291,957</u> | <u>3,306,674,780</u> | <u>3,336,716,846</u> | <u>1,800,490,914</u> |
| Total | <u>5,183,321,941</u> | <u>1,838,830,757</u> | <u>4,218,219,435</u> | <u>4,785,845,299</u> | <u>3,006,076,901</u> |

During the six-month period ended June 30, 2014, and for the year ended December 31, 2014, nickel ore inventory amounting to Rp213,317,436 and Rp119,462,210 was transferred to and presented as raw material inventory because such inventory will be used to produce ferronickel inventory.

27. OPERATING EXPENSE

The details of operating expenses are as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|--|---|--|---|---|---|
| General and administrative: | | | | | |
| Salaries, wages, bonuses and employee benefits | 145,953,068 | 183,343,338 | 354,202,446 | 379,548,752 | 269,280,309 |
| Corporate social environmental responsibilities program | 33,548,071 | 22,549,905 | 62,778,067 | 92,051,699 | 133,004,278 |
| Professional services | 18,790,692 | 10,310,079 | 24,778,853 | 46,184,320 | 42,416,975 |
| Office supplies | 18,003,020 | 13,775,120 | 30,852,852 | 53,869,766 | 65,186,275 |
| Depreciation (Note 11) | 16,503,564 | 15,328,489 | 34,246,461 | 29,275,857 | 21,565,159 |
| Rent | 15,873,068 | 13,836,154 | 32,205,286 | 30,864,069 | 26,557,815 |
| Reclamation and mine closure | 15,867,261 | 17,411,605 | 38,637,151 | 34,146,972 | 77,890,479 |
| Exploration | 12,989,198 | 14,072,565 | 29,374,130 | 80,362,063 | 90,435,775 |
| Business travel | 11,660,662 | 11,748,657 | 29,958,813 | 32,033,655 | 32,064,764 |
| Training | 7,171,747 | 3,315,113 | 9,973,743 | 35,852,417 | 57,457,416 |
| Others (each below Rp2,000,000) | <u>55,343,785</u> | <u>51,411,946</u> | <u>136,687,913</u> | <u>126,462,767</u> | <u>123,145,616</u> |
| | <u>351,704,136</u> | <u>357,102,971</u> | <u>783,695,715</u> | <u>940,652,337</u> | <u>939,004,861</u> |
| Selling and marketing: | | | | | |
| Commissions, freight and insurance | 65,216,063 | 65,418,840 | 128,132,569 | 150,597,605 | 165,811,257 |
| Representative office expenses - Tokyo | <u>7,805,680</u> | <u>8,513,355</u> | <u>18,595,600</u> | <u>10,369,437</u> | <u>13,407,070</u> |
| | <u>73,021,743</u> | <u>73,932,195</u> | <u>146,728,169</u> | <u>160,967,042</u> | <u>179,218,327</u> |
| Total operating expenses | <u>424,725,879</u> | <u>431,035,166</u> | <u>930,423,884</u> | <u>1,101,619,379</u> | <u>1,118,223,188</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY

Short-term employee benefits liability

Short-term employee benefits liability comprises accrued incentives for employee which will be due in period less than one year.

Pension and other post-retirement obligations

The pension and other post-retirement obligations for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were calculated in accordance with SFAS 24 (revised 2013) "Employee Benefits" by an independent actuary, PT KAIA Magna Consulting ("KAIA"), as stated in its reports dated July 27, 2015. Expenses for the six-month periods ended June 30, 2015 and 2014 are based on the total projected expenses for the years ended December 31, 2015 and 2014.

The details of employee benefit obligations are as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|-------------------------------------|---------------------------|-------------------------------|-------------------------------|-------------------------------|
| Pension benefits | 21,131,202 | 26,352,784 | 259,965,868 | 21,491,963 |
| Post-employment medical benefits | 211,925,885 | 116,094,980 | 654,475,471 | 418,556,321 |
| Other post-retirement benefits | 204,474,396 | 197,485,133 | 254,432,486 | 285,113,049 |
| Other long-term employment benefits | 78,105,411 | 79,327,389 | 67,346,288 | 72,003,291 |
| Total | <u>515,636,894</u> | <u>419,260,286</u> | <u>1,236,220,113</u> | <u>797,164,624</u> |

The details of employee benefit costs are as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|---|---|---|---|---|
| Pension benefits | (7,755,351) | 38,509,652 | 152,260,737 | 11,478,705 |
| Post-employment Post-employment medical benefits | 36,100,422 | 125,417,868 | 76,877,705 | 56,442,877 |
| Other post-retirement benefits | 39,526,091 | 38,200,240 | 40,140,263 | 48,309,542 |
| Other long-term employment benefits | 5,290,921 | 17,426,583 | (844,793) | 14,624,318 |
| Total | <u>73,162,083</u> | <u>219,554,343</u> | <u>268,433,912</u> | <u>130,855,442</u> |

The details of remeasurement of employee benefit obligations are as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|----------------------------------|---|---|---|---|
| Pension benefits | 32,851,724 | (154,340,606) | 93,773,330 | 6,827,119 |
| Post-employment medical benefits | 61,807,477 | (585,502,751) | 312,478,628 | 61,925,201 |
| Other post-retirement benefits | 10,622,886 | (46,394,541) | (34,671,711) | 11,207,694 |
| Total | <u>105,282,087</u> | <u>(786,237,898)</u> | <u>371,580,247</u> | <u>79,960,014</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits

The Company received approval from the Minister of Finance of the Republic of Indonesia in his Decision Letter No. Kep-369/KM.17/1997 dated July 15, 1997 as amended by Decision Letter No. Kep-348/KM.17/2000 dated September 11, 2000 to establish a separate trustee-administered pension fund, Dana Pensiun Antam, from which all employees, after serving a qualifying period, are entitled to receive defined benefits upon retirement, disability or death.

The amounts recognised in the consolidated statement of financial position were determined as follows:

| | June 30, 2015 | December 31, 2014* | December 31, 2013* | December 31, 2012* |
|--|-------------------|-----------------------|-----------------------|-----------------------|
| Present value of funded obligations | 903,794,851 | 911,805,523 | 928,410,428 | 747,895,290 |
| Fair value of plan assets | (1,073,589,334) | (1,089,278,219) | (668,444,560) | (726,403,327) |
| Impact of minimum funding/assets ceiling | 190,925,685 | 203,825,480 | - | - |
| Net | 21,131,202 | 26,352,784 | 259,965,868 | 21,491,963 |

The movement in the defined benefits obligation over the period/year is as follows:

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|--|-----------------------------------|---------------------------------|--------------------|---|-------------------|
| At January 1, 2012* | 729,850,481 | (733,445,853) | (3,595,372) | 12,978,426 | 9,383,054 |
| Current service cost | 6,762,199 | - | 6,762,199 | - | 6,762,199 |
| Interest expense/(income) | 78,061,091 | (73,344,585) | 4,716,506 | - | 4,716,506 |
| | 84,823,290 | (73,344,585) | 11,478,705 | - | 11,478,705 |
| Remeasurements: | | | | | |
| - (Gain)/loss from change in financial assumptions | (13,903,528) | 33,709,073 | 19,805,545 | - | 19,805,545 |
| - Change in asset ceiling | - | - | - | (12,978,426) | (12,978,426) |
| | (13,903,528) | 33,709,073 | 19,805,545 | (12,978,426) | 6,827,119 |
| Contributions: | | | | | |
| - Employers | - | (4,994,601) | (4,994,601) | - | (4,994,601) |
| - Plan participants | - | (1,012,267) | (1,012,267) | - | (1,012,267) |
| Benefit paid by plan: | | | | | |
| - Benefit payments | (52,874,953) | 52,684,906 | (190,047) | - | (190,047) |
| | (52,874,953) | 46,678,038 | (6,196,915) | - | (6,196,915) |
| At December 31, 2012* | 747,895,290 | (726,403,327) | 21,491,963 | - | 21,491,963 |

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|--|-----------------------------------|---------------------------------|----------------------|---|--------------------|
| At December 31, 2012* | 747,895,290 | (726,403,327) | 21,491,963 | - | 21,491,963 |
| Current service cost | 15,934,211 | - | 15,934,211 | - | 15,934,211 |
| Past service cost | 138,033,722 | - | 138,033,722 | - | 138,033,722 |
| Interest expense/(income) | 68,087,250 | (69,794,446) | (1,707,196) | - | (1,707,196) |
| | 222,055,183 | (69,794,446) | 152,260,737 | - | 152,260,737 |
| Remeasurements: | | | | | |
| - Loss from change in financial assumptions | 22,937,851 | 70,835,479 | 93,773,330 | - | 93,773,330 |
| | 22,937,851 | 70,835,479 | 93,773,330 | - | 93,773,330 |
| Contributions: | | | | | |
| - Employers | (11,020) | (5,128,862) | (5,139,882) | - | (5,139,882) |
| - Plan participants | - | (1,039,936) | (1,039,936) | - | (1,039,936) |
| Benefit paid by plan: | | | | | |
| - Benefit payments | (64,466,876) | 63,086,532 | (1,380,344) | - | (1,380,344) |
| | (64,477,896) | 56,917,734 | (7,560,162) | - | (7,560,162) |
| At December 31, 2013* | 928,410,428 | (668,444,560) | 259,965,868 | - | 259,965,868 |
| Current service cost | 18,002,984 | - | 18,002,984 | - | 18,002,984 |
| Interest expense/(income) | 74,115,921 | (53,609,253) | 20,506,668 | - | 20,506,668 |
| | 92,118,905 | (53,609,253) | 38,509,652 | - | 38,509,652 |
| Remeasurements: | | | | | |
| - Gain from change in financial assumptions | (39,232,986) | (318,933,100) | (358,166,086) | - | (358,166,086) |
| - Change in asset ceiling | - | - | - | 203,825,480 | 203,825,480 |
| | (39,232,986) | (318,933,100) | (358,166,086) | 203,825,480 | (154,340,606) |
| Contributions: | | | | | |
| - Employers | - | (114,196,812) | (114,196,812) | - | (114,196,812) |
| - Plan participants | - | (1,036,021) | (1,036,021) | - | (1,036,021) |
| Benefit paid by plan: | | | | | |
| - Benefit payments | (69,490,824) | 66,941,527 | (2,549,297) | - | (2,549,297) |
| | (69,490,824) | (48,291,306) | (117,782,130) | - | (117,782,130) |
| At December 31, 2014* | 911,805,523 | (1,089,278,219) | (177,472,696) | 203,825,480 | 26,352,784 |
| Current service cost | 7,776,349 | - | 7,776,349 | - | 7,776,349 |
| Interest expense/(income) | 28,148,357 | (43,680,057) | (15,531,700) | - | (15,531,700) |
| | 35,924,706 | (43,680,057) | (7,755,351) | - | (7,755,351) |
| Remeasurements: | | | | | |
| - (Gain)/loss from change in financial assumptions | (7,044,020) | 52,795,539 | 45,751,519 | - | 45,751,519 |
| - Change in asset ceiling | - | - | - | (12,899,795) | (12,899,795) |
| | (7,044,020) | 52,795,539 | 45,751,519 | (12,899,795) | 32,851,724 |
| Contributions: | | | | | |
| - Employers | - | (28,733,040) | (28,733,040) | - | (28,733,040) |
| - Plan participants | - | (500,516) | (500,516) | - | (500,516) |
| Benefit paid by plan: | | | | | |
| - Benefit payments | (36,891,358) | 35,806,959 | (1,084,399) | - | (1,084,399) |
| | (36,891,358) | 6,573,403 | (30,317,955) | - | (30,317,955) |
| At June 30, 2015 | 903,794,851 | (1,073,589,334) | (169,794,483) | 190,925,685 | 21,131,202 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

Pension benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

| | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|---|--------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Cost of goods sold (Note 26) | (3,112,335) | 19,937,422 | 16,898,152 | 75,348,781 | 4,606,570 |
| General and administrative expenses (Note 27) | (4,643,016) | 24,883,136 | 21,611,500 | 76,911,956 | 6,872,135 |
| Total | <u>(7,755,351)</u> | <u>44,820,558</u> | <u>38,509,652</u> | <u>152,260,737</u> | <u>11,478,705</u> |

As result of increase in minimum pension benefit, during the year ended December 31, 2013, the Company recognised past service cost amounting to Rp138,033,722.

The actual return on plan assets during the six-month period ended June 30, 2015 and the years ended December 2014, 2013 and 2012 were Rp33,320,567, Rp62,595,591, Rp58,406,639 and Rp67,524,130, respectively.

Plan assets comprise the following:

| | June 30, 2015 | | December 31, 2014 | | December 31, 2013 | | December 31, 2012 | |
|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|
| | Fair value | % | Fair value | % | Fair value | % | Fair value | % |
| Debt instruments | 378,628,176 | 35% | 352,961,900 | 32% | 300,449,845 | 45% | 357,645,093 | 49% |
| Equity instruments | 130,381,626 | 12% | 148,717,908 | 14% | 144,803,010 | 22% | 145,267,527 | 20% |
| Property | 395,780,000 | 37% | 391,657,542 | 36% | 99,456,206 | 15% | 109,569,640 | 15% |
| Mutual fund | 17,716,594 | 2% | 19,916,775 | 2% | 44,472,352 | 7% | 50,235,478 | 7% |
| Others | 151,082,938 | 14% | 176,024,094 | 16% | 79,263,147 | 11% | 63,685,589 | 9% |
| Total | <u>1,073,589,334</u> | <u>100%</u> | <u>1,089,278,219</u> | <u>100%</u> | <u>668,444,560</u> | <u>100%</u> | <u>726,403,327</u> | <u>100%</u> |

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company's plan assets for pension benefit plan are invested in the Company's shares and bonds that listed in Indonesia Stock Exchange amounting to Rp28,407,365, Rp31,355,695, Rp34,057,845 and Rp50,203,997, respectively.

The Group's plan assets as at June 30, 2015 amounting to Rp475,469,884 (December 31, 2014: Rp467,319,903, December 31, 2013: Rp436,152,968, December 31, 2012: Rp498,658,479) represent investments in stocks, government bonds, corporate bonds and mutual funds traded on the Indonesia Stock Exchange. Meanwhile, plan assets amounting to Rp140,000,000 (December 31, 2014: Rp143,000,000, December 31, 2013: Rp40,500,000, December 31, 2012: Rp44,500,000) represent investments in liquid investments, such as time deposits and deposits on-call.

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

The principal actuarial assumptions used by KAIA in determining the employee benefits obligation were as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|----------------------------------|---|---|---|---|
| Discount rate | 8% | 8% | 9% | 10% |
| Future salary increases | 8% | 8% | 8% | 8% |
| Mortality table-active employees | TMI 3 (2011) | TMI 3 (2011) | TMI 3 (2011) | TMI 2 (1999) |
| Mortality table-pensioners | Group Annuity Mortality 1971 | Group Annuity Mortality 1971 | Group Annuity Mortality 1971 | Group Annuity Mortality 1971 |
| Voluntary resignation | 10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter | 10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter | 10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter | 10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter |
| Normal retirement age | 56 years | 56 years | 56 years for non-operators and 50 years for operators | 56 years for non-operators and 50 years for operators |

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

| <u>June 30, 2015</u> | <u>Change in assumptions</u> | <u>Impact on overall liability</u> |
|----------------------|--------------------------------------|--|
| Discount rate | increase by 0.5% decrease by 0.5% | decrease by Rp3,092,632 increase by Rp3,256,419 |

Through its defined benefits pension plan, post-employment medical benefits plan (Note 28b), and other post-retirement benefits plan (Note 28c), the Group is exposed to a number of risks which include but are not limited to the following:

- The plan liabilities are calculated using a discount rate set with reference to government bond yields. If plan assets underperform this yield, this will create a deficit.
- A decrease in government bond yield will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holding.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investment are well-diversified, so that the failure of any single investments would not have a material impact on the overall assets. The Pension Fund spread its investments proportionally in high liquid investments, investments traded in active market, private equity instruments and property.

Contributions are computed annually by the Pension Fund whereby the employee contribute 5.00% of pension basic salary and the Company contribute 31.81% of pension basic salary.

Expected contributions to pension plans for the year ending December 31, 2015 are Rp25,951,312.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits

The Company operates a post-employment medical benefits scheme. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal actuarial assumptions used were also similar except for:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|----------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| Discount rate | 7.93% | 7.93% | 9% | 10% |
| Health cost increase | 9% | 9% | 9% | 9% |

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

| <u>June 30, 2015</u> | <u>Change in assumptions</u> | <u>Impact on overall liability</u> |
|----------------------|--------------------------------------|--|
| Discount rate | increase by 0.5% decrease by 0.5% | decrease by Rp39,716,644 increase by Rp43,817,342 |

The amounts recognised in the consolidated statement of financial position were determined as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|-------------------------------------|---------------------------|-------------------------------|-------------------------------|-------------------------------|
| Present value of funded obligations | 1,377,633,732 | 1,333,399,150 | 1,752,973,968 | 1,429,641,729 |
| Fair value of plan assets | <u>(1,165,707,847)</u> | <u>(1,217,304,170)</u> | <u>(1,098,498,497)</u> | <u>(1,011,085,408)</u> |
| Net | <u>211,925,885</u> | <u>116,094,980</u> | <u>654,475,471</u> | <u>418,556,321</u> |

The movement in the defined benefit obligation over the period/year is as follows:

| | <u>Present value of obligation</u> | <u>Fair value of plan assets</u> | <u>Total</u> | <u>Impact of minimum funding requirement/ assets ceiling</u> | <u>Total</u> |
|---|--|--|---------------------------|--|---------------------------|
| At January 1, 2012* | 1,332,512,822 | (869,904,831) | 462,607,991 | - | 462,607,991 |
| Current service cost | 12,695,571 | - | 12,695,571 | - | 12,695,571 |
| Adjustment on plan asset | - | 2,803,938 | 2,803,938 | - | 2,803,938 |
| Interest expense/(income) | <u>133,251,282</u> | <u>(92,307,914)</u> | <u>40,943,368</u> | - | <u>40,943,368</u> |
| | <u>145,946,853</u> | <u>(89,503,976)</u> | <u>56,442,877</u> | - | <u>56,442,877</u> |
| Remeasurements: | | | | | |
| - Loss from change in financial assumptions | <u>1,645,301</u> | <u>60,279,900</u> | <u>61,925,201</u> | - | <u>61,925,201</u> |
| Contributions: | | | | | |
| - Employers | - | (161,379,832) | (161,379,832) | - | (161,379,832) |
| - Plan participants | - | (1,039,916) | (1,039,916) | - | (1,039,916) |
| Benefit paid by plan: | | | | | |
| - Benefit payments | <u>(50,463,247)</u> | <u>50,463,247</u> | - | - | - |
| | <u>(50,463,247)</u> | <u>(111,956,501)</u> | <u>(162,419,748)</u> | - | <u>(162,419,748)</u> |
| At December 31, 2012* | <u>1,429,641,729</u> | <u>(1,011,085,408)</u> | <u>418,556,321</u> | - | <u>418,556,321</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|---|-----------------------------------|---------------------------------|---------------------------|---|---------------------------|
| At December 31, 2012* | 1,429,641,729 | (1,011,085,408) | 418,556,321 | - | 418,556,321 |
| Current service cost | 17,715,518 | - | 17,715,518 | - | 17,715,518 |
| Adjustment on plan asset | - | 2,094,232 | 2,094,232 | - | 2,094,232 |
| Interest expense/(income) | 162,868,790 | (105,800,835) | 57,067,955 | - | 57,067,955 |
| | <u>180,584,308</u> | <u>(103,706,603)</u> | <u>76,877,705</u> | - | <u>76,877,705</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in Financial assumptions | 198,150,769 | 114,327,859 | 312,478,628 | - | 312,478,628 |
| Contributions: | | | | | |
| – Employers | - | (152,489,746) | (152,489,746) | - | (152,489,746) |
| – Plan participants | - | (947,437) | (947,437) | - | (947,437) |
| Benefit paid by plan: | | | | | |
| – Benefit payments | (55,402,838) | 55,402,838 | - | - | - |
| | <u>(55,402,838)</u> | <u>(98,034,345)</u> | <u>(153,437,183)</u> | - | <u>(153,437,183)</u> |
| At December 31, 2013* | <u>1,752,973,968</u> | <u>(1,098,498,497)</u> | <u>654,475,471</u> | - | <u>654,475,471</u> |
| Current service cost | 52,053,391 | - | 52,053,391 | - | 52,053,391 |
| Interest expense/(income) | 161,326,084 | (87,961,607) | 73,364,477 | - | 73,364,477 |
| | <u>213,379,475</u> | <u>(87,961,607)</u> | <u>125,417,868</u> | - | <u>125,417,868</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in financial assumptions | (576,113,320) | (9,389,431) | (585,502,751) | - | (585,502,751) |
| Contributions: | | | | | |
| – Employers | - | (77,197,072) | (77,197,072) | - | (77,197,072) |
| – Plan participants | - | (1,098,536) | (1,098,536) | - | (1,098,536) |
| Benefit paid by plan: | | | | | |
| – Benefit payments | (56,840,973) | 56,840,973 | - | - | - |
| | <u>(56,840,973)</u> | <u>(21,454,635)</u> | <u>(78,295,608)</u> | - | <u>(78,295,608)</u> |
| At December 31, 2014* | <u>1,333,399,150</u> | <u>(1,217,304,170)</u> | <u>116,094,980</u> | - | <u>116,094,980</u> |
| Current service cost | 6,490,592 | 22,625,632 | 29,116,224 | - | 29,116,224 |
| Interest expense/(income) | 52,869,276 | (45,885,078) | 6,984,198 | - | 6,984,198 |
| | <u>59,359,868</u> | <u>(23,259,446)</u> | <u>36,100,422</u> | - | <u>36,100,422</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in financial assumptions | 4,969,266 | 56,838,211 | 61,807,477 | - | 61,807,477 |
| Contributions: | | | | | |
| – Employers | - | (1,527,726) | (1,527,726) | - | (1,527,726) |
| – Plan participants | - | (549,268) | (549,268) | - | (549,268) |
| Benefit paid by plan: | | | | | |
| – Benefit payments | (20,094,552) | 20,094,552 | - | - | - |
| | <u>(20,094,552)</u> | <u>18,017,558</u> | <u>(2,076,994)</u> | - | <u>(2,076,994)</u> |
| At June 30, 2015 | <u>1,377,633,732</u> | <u>(1,165,707,847)</u> | <u>211,925,885</u> | - | <u>211,925,885</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

Post-employment medical benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|---|---|--|---|---|---|
| Cost of goods sold (Note 26) | 14,106,560 | 34,526,585 | 42,642,075 | 32,663,911 | 22,055,554 |
| General and administrative expenses (Note 27) | <u>21,993,862</u> | <u>54,544,260</u> | <u>82,775,793</u> | <u>44,213,794</u> | <u>34,387,323</u> |
| Total | <u>36,100,422</u> | <u>89,070,845</u> | <u>125,417,868</u> | <u>76,877,705</u> | <u>56,442,877</u> |

The actual return on plan assets as at June 30, 2015, December 31, 2014, 2013 and 2012 were Rp(8,730,393), Rp105,640,582, Rp10,629,973 and Rp31,793,859, respectively.

Expected contributions to post-employment medical benefits plan for the year ending December 31, 2015 are Rp77,197,072.

Plan assets comprise the following:

| | <u>June 30, 2015</u> | | <u>December 31, 2014</u> | | <u>December 31, 2013</u> | | <u>December 31, 2012</u> | |
|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|
| | <u>Fair value</u> | <u>%</u> | <u>Fair value</u> | <u>%</u> | <u>Fair value</u> | <u>%</u> | <u>Fair value</u> | <u>%</u> |
| Equity instruments | 326,520,750 | 28% | 321,581,201 | 27% | 282,265,568 | 26% | 297,945,485 | 29% |
| Debt instruments | 458,262,292 | 39% | 455,645,520 | 37% | 516,973,998 | 47% | 372,398,361 | 37% |
| Mutual fund | 172,040,881 | 15% | 152,012,210 | 12% | 131,512,710 | 12% | 107,512,590 | 11% |
| Others | <u>208,883,924</u> | <u>18%</u> | <u>288,065,239</u> | <u>24%</u> | <u>167,746,221</u> | <u>15%</u> | <u>233,228,972</u> | <u>23%</u> |
| Total | <u>1,165,707,847</u> | <u>100%</u> | <u>1,217,304,170</u> | <u>100%</u> | <u>1,098,498,497</u> | <u>100%</u> | <u>1,011,085,408</u> | <u>100%</u> |

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company's plant assets for post-employment medical benefits plan are invested in the Company's shares and bonds that listed in Indonesia Stock Exchange amounting to Rp5,706,313, Rp8,884,644, Rp18,623,883 and Rp12,590,563, respectively.

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

The Group's plan assets as at June 30, 2015 amounting to Rp705,503,923 (December 31, 2014: Rp653,302,391, December 31, 2013: Rp832,902,918, December 31, 2012: Rp733,436,433) represent investment in stocks, government bonds, corporate bonds and mutual funds traded on the Indonesia Stock Exchange. Meanwhile, plan assets amounting to Rp192,200,000 (December 31, 2014: Rp270,700,000, December 31, 2013: Rp152,930,000, December 31, 2012: Rp217,130,000) represents investment in liquid investment such as time deposits and deposits on call.

c. Other post-retirement benefits

The Company also provides for other post-retirement benefits such as past-service benefits, severance, compensation for accumulated unused leave, compensation for repatriation, funeral allowance and special awards. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal assumptions used in determining the benefits were similar to those used for defined benefit pension scheme, except for:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---------------|--------------------------|------------------------------|------------------------------|------------------------------|
| Discount rate | 8.30% | 8.30% | 9.00% | 10.00% |

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

| <u>June 30, 2015</u> | <u>Change in assumptions</u> | <u>Impact on overall liability</u> |
|----------------------|--------------------------------------|--|
| Discount rate | increase by 0.5% decrease by 0.5% | decrease by Rp1,460,394 increase by Rp3,808,010 |

The amounts recognised in the consolidated statement of financial position were determined as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|------------------------------|---------------------------|-------------------------------|-------------------------------|-------------------------------|
| Present value of obligations | 235,664,114 | 228,673,136 | 282,841,836 | 313,833,897 |
| Fair value of plan assets | (31,189,718) | (31,188,003) | (28,409,350) | (28,720,848) |
| Net | <u>204,474,396</u> | <u>197,485,133</u> | <u>254,432,486</u> | <u>285,113,049</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

c. Other post-retirement benefits (continued)

The movement in the defined benefit obligation over the period/year is as follows:

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|--|-----------------------------------|---------------------------------|---------------------------|---|---------------------------|
| At January 1, 2012* | 278,425,597 | (23,583,699) | 254,841,898 | - | 254,841,898 |
| Current service cost | 30,065,438 | - | 30,065,438 | - | 30,065,438 |
| Interest expense/(income) | 19,489,792 | (1,245,688) | 18,244,104 | - | 18,244,104 |
| | <u>49,555,230</u> | <u>(1,245,688)</u> | <u>48,309,542</u> | - | <u>48,309,542</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in financial assumptions | (17,845) | 11,225,539 | 11,207,694 | - | 11,207,694 |
| Contributions: | | | | | |
| – Employers | - | (19,060,764) | (19,060,764) | - | (19,060,764) |
| – Benefit payments | (14,129,085) | 3,943,764 | (10,185,321) | - | (10,185,321) |
| | <u>(14,129,085)</u> | <u>(15,117,000)</u> | <u>(29,246,085)</u> | - | <u>(29,246,085)</u> |
| At December 31, 2012* | <u>313,833,897</u> | <u>(28,720,848)</u> | <u>285,113,049</u> | - | <u>285,113,049</u> |
| Current service cost | 22,802,382 | - | 22,802,382 | - | 22,802,382 |
| Interest expense/(income) | 18,830,034 | (1,492,153) | 17,337,881 | - | 17,337,881 |
| | <u>41,632,416</u> | <u>(1,492,153)</u> | <u>40,140,263</u> | - | <u>40,140,263</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in financial assumptions | (53,641,338) | 18,969,627 | (34,671,711) | - | (34,671,711) |
| Contributions: | | | | | |
| – Employers | - | (22,603,755) | (22,603,755) | - | (22,603,755) |
| – Benefit payments | (18,983,139) | 5,437,779 | (13,545,360) | - | (13,545,360) |
| | <u>(18,983,139)</u> | <u>(17,165,976)</u> | <u>(36,149,115)</u> | - | <u>(36,149,115)</u> |
| At December 31, 2013* | <u>282,841,836</u> | <u>(28,409,350)</u> | <u>254,432,486</u> | - | <u>254,432,486</u> |
| Current service cost | 15,102,451 | - | 15,102,451 | - | 15,102,451 |
| Interest expense/(income) | 25,455,765 | (2,357,976) | 23,097,789 | - | 23,097,789 |
| | <u>40,558,216</u> | <u>(2,357,976)</u> | <u>38,200,240</u> | - | <u>38,200,240</u> |
| Remeasurements: | | | | | |
| – (Gain)/loss from change in financial assumptions | (46,368,678) | (25,863) | (46,394,541) | - | (46,394,541) |
| Contributions: | | | | | |
| – Employers | - | (17,278,332) | (17,278,332) | - | (17,278,332) |
| – Benefit payments | (48,358,238) | 16,883,518 | (31,474,720) | - | (31,474,720) |
| | <u>(48,358,238)</u> | <u>(394,814)</u> | <u>(48,753,052)</u> | - | <u>(48,753,052)</u> |
| At December 31, 2014* | <u>228,673,136</u> | <u>(31,188,003)</u> | <u>197,485,133</u> | - | <u>197,485,133</u> |

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

c. Other post-retirement benefits (continued)

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|---|-----------------------------|---------------------------|--------------|---|--------------|
| At December 31, 2014* | 228,673,136 | (31,188,003) | 197,485,133 | - | 197,485,133 |
| Current service cost | 8,041,644 | 23,288,814 | 31,330,458 | - | 31,330,458 |
| Interest expense/(income) | 9,489,935 | (1,294,302) | 8,195,633 | - | 8,195,633 |
| | 17,531,579 | 21,994,512 | 39,526,091 | - | 39,526,091 |
| Remeasurements: | | | | | |
| - Loss from change in financial assumptions | 6,374,107 | 4,248,779 | 10,622,886 | - | 10,622,886 |
| Contributions: | | | | | |
| - Employers | - | (9,330,299) | (9,330,299) | - | (9,330,299) |
| - Benefit payments | (16,914,708) | (16,914,707) | (33,829,415) | - | (33,829,415) |
| | (16,914,708) | (26,245,006) | (43,159,714) | - | (43,159,714) |
| At June 30, 2015 | 235,664,114 | (31,189,718) | 204,474,396 | - | 204,474,396 |

Other post-retirement benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

| | June 30, 2015 (6 months) | June 30, 2014* (6 months) | December 31, 2014* (12 months) | December 31, 2013* (12 months) | December 31, 2012* (12 months) |
|---|-----------------------------|------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Cost of goods sold (Note 26) | 21,871,345 | 11,544,813 | 31,087,794 | 16,884,632 | 26,731,575 |
| General and administrative expenses (Note 27) | 17,654,746 | 12,868,491 | 7,112,446 | 23,255,631 | 21,577,967 |
| Total | 39,526,091 | 24,413,304 | 38,200,240 | 40,140,263 | 48,309,542 |

Expected contributions to other post-retirement benefits plan for the year ending December 31, 2015 are Rp18,660,598.

Plan assets comprise the following:

| | June 30, 2015 | | December 31, 2014 | | December 31, 2013 | | December 31, 2012 | |
|----------------|---------------|------|-------------------|------|-------------------|------|-------------------|------|
| | Fair value | % | Fair value | % | Fair value | % | Fair Value | % |
| Insurance fund | 31,189,718 | 100% | 31,188,003 | 100% | 28,409,350 | 100% | 28,720,848 | 100% |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

d. Other long-term employment benefits

Apart from pension benefits, post-employment medical benefits and other post-employment benefits, the Company also provides long-term employment benefits such as continuing salary before retirement age and service allowances. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal assumptions used by KAIA in determining the benefits were similar to those used in other post-retirement benefits (Note 28c).

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

| <u>June 30, 2015</u> | <u>Change in assumptions</u> | <u>Impact on overall liability</u> |
|----------------------|--------------------------------------|--|
| Discount rate | increase by 0.5% decrease by 0.5% | decrease by Rp1,212,650 increase by Rp1,287,972 |

The amounts recognised in the consolidated statement of financial position were determined as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|------------------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| Present value of obligations | 78,105,411 | 79,327,389 | 67,346,288 | 72,003,291 |

The movement in the defined benefit obligation over the period/year is as follows:

| | <u>Present value of obligation</u> | <u>Fair value of plan assets</u> | <u>Total</u> | <u>Impact of minimum funding requirement/ assets ceiling</u> | <u>Total</u> |
|-----------------------------|--|--|--------------------------|--|--------------------------|
| At January 1, 2012 | 63,512,927 | - | 63,512,927 | - | 63,512,927 |
| Current service cost | 4,607,599 | - | 4,607,599 | - | 4,607,599 |
| Interest expense/(income) | 4,445,905 | - | 4,445,905 | - | 4,445,905 |
| Actuarial (gain)/loss | 5,570,814 | - | 5,570,814 | - | 5,570,814 |
| | <u>14,624,318</u> | - | <u>14,624,318</u> | - | <u>14,624,318</u> |
| Benefit payments | (6,133,954) | - | (6,133,954) | - | (6,133,954) |
| At December 31, 2012 | <u>72,003,291</u> | - | <u>72,003,291</u> | - | <u>72,003,291</u> |
| Current service cost | 3,968,344 | - | 3,968,344 | - | 3,968,344 |
| Interest expense/(income) | 4,320,197 | - | 4,320,197 | - | 4,320,197 |
| Actuarial (gain)/loss | (9,133,334) | - | (9,133,334) | - | (9,133,334) |
| | <u>(844,793)</u> | - | <u>(844,793)</u> | - | <u>(844,793)</u> |
| Benefit payments | (3,812,210) | - | (3,812,210) | - | (3,812,210) |
| At December 31, 2013 | <u>67,346,288</u> | - | <u>67,346,288</u> | - | <u>67,346,288</u> |
| Current service cost | 3,871,292 | - | 3,871,292 | - | 3,871,292 |
| Interest expense/(income) | 6,061,166 | - | 6,061,166 | - | 6,061,166 |
| Actuarial (gain)/loss | 7,494,125 | - | 7,494,125 | - | 7,494,125 |
| | <u>17,426,583</u> | - | <u>17,426,583</u> | - | <u>17,426,583</u> |
| Benefit payments | (5,445,482) | - | (5,445,482) | - | (5,445,482) |
| At December 31, 2014 | <u>79,327,389</u> | - | <u>79,327,389</u> | - | <u>79,327,389</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

d. Other long-term employment benefits (continued)

| | Present value of obligation | Fair value of plan assets | Total | Impact of minimum funding requirement/ assets ceiling | Total |
|-----------------------------|-----------------------------------|---------------------------------|--------------------------|---|--------------------------|
| At December 31, 2014 | 79,327,389 | - | 79,327,389 | - | 79,327,389 |
| Current service cost | 2,018,288 | - | 2,018,288 | - | 2,018,288 |
| Interest expense/(income) | 3,292,086 | - | 3,292,086 | - | 3,292,086 |
| Actuarial (gain)/loss | (19,453) | - | (19,453) | - | (19,453) |
| | <u>5,290,921</u> | - | <u>5,290,921</u> | - | <u>5,290,921</u> |
| Benefit payments | (6,512,899) | - | (6,512,899) | - | (6,512,899) |
| At June 30, 2015 | <u>78,105,411</u> | - | <u>78,105,411</u> | - | <u>78,105,411</u> |

Other long term employment benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012, were allocated as follows:

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|---|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Cost of goods sold (Note 26) | 3,753,075 | 2,933,022 | 5,866,045 | (3,121,621) | 10,373,650 |
| General and administrative expenses (Note 27) | 1,537,846 | 1,623,594 | 11,560,538 | 2,276,828 | 4,250,668 |
| Total | <u>5,290,921</u> | <u>4,556,616</u> | <u>17,426,583</u> | <u>(844,793)</u> | <u>14,624,318</u> |

29. RELATED PARTIES INFORMATION

The Company is controlled by the Government of the Republic of Indonesia. Transactions with related parties are as follows:

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|---|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Sales: | | | | | |
| PT Pegadaian (Persero) | 290,400,583 | 353,278,756 | 953,891,499 | 1,428,332,529 | 967,300,385 |
| PT Indonesia Chemical Alumina | 35,445,232 | 9,184,405 | 19,745,246 | - | - |
| PT Bank Mandiri (Persero) Tbk | 17,142,918 | 2,660,497 | 2,690,303 | 26,214,129 | - |
| PT Nusa Halmahera Minerals | - | 6,576,547 | 9,308,805 | 8,765,226 | - |
| PT Bank Negara Indonesia (Persero) Tbk | - | 4,482,454 | 4,923,935 | 18,056,435 | - |
| PT Bank Rakyat Indonesia (Persero) Tbk | - | 3,996,075 | 21,496,587 | 27,752,559 | 60,644,766 |
| PT Pertamina (Persero) | - | - | 20,285 | 33,674,429 | 45,088,829 |
| PT Bukit Asam (Persero) Tbk | - | - | 4,232,940 | 5,571,738 | 9,762,155 |
| Others (each below 0.5% of paid in capital) | - | 17,156,137 | 6,707,055 | 20,344,805 | 14,086,611 |
| | <u>342,988,733</u> | <u>397,334,871</u> | <u>1,023,016,655</u> | <u>1,568,711,850</u> | <u>1,096,882,746</u> |
| Percentage of total sales | <u>4.37%</u> | <u>9.97%</u> | <u>10.86%</u> | <u>13.88%</u> | <u>10.50%</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

29. RELATED PARTIES INFORMATION (continued)

| | June 30, 2015 (6 months) | June 30, 2014 (6 months) | December 31, 2014 (12 months) | December 31, 2013 (12 months) | December 31, 2012 (12 months) |
|--|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Purchase of goods/services : | | | | | |
| PT Pertamina (Persero) | 248,715,397 | 601,538,800 | 911,554,655 | 1,449,128,453 | 1,205,585,987 |
| Koperasi Karyawan dan Pensiunan PT Antam Tbk | 26,431,488 | 29,308,139 | 46,311,952 | 27,223,675 | 103,561,757 |
| PT Reksa Griya Antam | 6,204,478 | 4,590,171 | 8,291,981 | 17,497,503 | 10,574,495 |
| PT Dahana (Persero) | 5,937,256 | 6,574,766 | 10,916,748 | 10,711,643 | - |
| PT Minerina Bhakti | - | 16,790,953 | 19,475,116 | 85,793,603 | 25,318,947 |
| Others (each below 0.5% of paid in capital) | 2,279,270 | 19,636,092 | 6,669,654 | 15,602,937 | 6,490,451 |
| | <u>289,567,889</u> | <u>678,438,921</u> | <u>1,003,220,106</u> | <u>1,605,957,814</u> | <u>1,351,531,637</u> |
| Percentage of total cost of goods sold and operating expenses | <u>3.74%</u> | <u>16.25%</u> | <u>10.50%</u> | <u>14.99%</u> | <u>14.18%</u> |

Balances with related parties are as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|----------------------|----------------------|----------------------|----------------------|
| Cash in banks: | | | | |
| PT Bank Mandiri (Persero) Tbk | 932,001,311 | 729,686,524 | 870,342,443 | 1,153,390,955 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 47,322,374 | 29,627,229 | 16,825,648 | 38,479,167 |
| PT Bank Negara Indonesia (Persero) Tbk | 23,116,366 | 24,842,324 | 58,855,551 | 24,430,453 |
| PT Bank Syariah Mandiri | 435,654 | 2,872,463 | 3,383,444 | 1,039 |
| | <u>1,002,875,705</u> | <u>787,028,540</u> | <u>949,407,086</u> | <u>1,216,301,614</u> |
| Time deposits: | | | | |
| PT Bank Negara Indonesia (Persero) Tbk | 100,000,000 | - | 3,500,000 | 74,000,000 |
| PT Bank Tabungan Negara (Persero) Tbk | 14,000,000 | 104,349,867 | 106,094,848 | 268,825,566 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 8,553,465 | 616,348,846 | 405,000,000 | 1,090,100,000 |
| PT Bank Mandiri (Persero) Tbk | 6,154,214 | 37,999,995 | 40,640,850 | 24,193,413 |
| PT Bank Syariah Mandiri | - | 385,235 | 4,460,000 | - |
| | <u>128,707,679</u> | <u>759,083,943</u> | <u>559,695,698</u> | <u>1,457,118,979</u> |
| | <u>1,131,583,384</u> | <u>1,546,112,483</u> | <u>1,509,102,784</u> | <u>2,673,420,593</u> |
| Percentage of total assets | <u>5.02%</u> | <u>7.03%</u> | <u>6.85%</u> | <u>13.56%</u> |
| Trade receivables: | | | | |
| PT Indonesia Chemical Alumina MJIS | 58,189,012 | 20,437,730 | - | - |
| Others (each below 0.5% of paid in capital) | 7,380,306 | - | - | - |
| | <u>1,299,084</u> | <u>1,087,702</u> | <u>317,981</u> | <u>458,981</u> |
| | <u>66,868,402</u> | <u>21,525,432</u> | <u>317,981</u> | <u>458,981</u> |
| Percentage of total assets | <u>0.30%</u> | <u>0.10%</u> | <u>0.001%</u> | <u>0.002%</u> |
| Non-trade receivable: MJIS | 41,030,678 | 37,027,697 | 33,732,183 | - |
| Percentage of total assets | <u>0.18%</u> | <u>0.17%</u> | <u>0.15%</u> | <u>-</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

29. RELATED PARTIES INFORMATION (continued)

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|----------------------|----------------------|----------------------|----------------------|
| Restricted cash: | | | | |
| PT Bank Mandiri (Persero) Tbk | 58,449,673 | 8,909,519 | 48,655,673 | 9,524,466 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 3,555,625 | - | 49,867,037 | 62,942,841 |
| | <u>62,005,298</u> | <u>8,909,519</u> | <u>98,522,710</u> | <u>72,467,307</u> |
| Percentage of total assets | 0.27% | 0.04% | 0.45% | 0.37% |
| Trade payables: | | | | |
| PT Wijaya Karya (Persero) Tbk | 171,377,890 | 192,145,705 | - | - |
| PT Pertamina (Persero) | 119,050,141 | 21,570,267 | 49,779,238 | 4,604,379 |
| PT Adhi Karya (Persero) Tbk | 20,435,039 | 11,375,728 | - | 11,083,521 |
| PT Nindya Karya (Persero) | 8,514,086 | - | 8,588,262 | - |
| PT Dahana (Persero) | 5,122,505 | 1,736,038 | 2,275,309 | 3,773,110 |
| PT Menara Antam Sejahtera | 4,300,190 | - | - | - |
| Others (each below 0.5% of paid in capital) | 5,494,076 | 11,994,101 | 14,614,976 | 19,264,056 |
| | <u>334,293,927</u> | <u>238,821,839</u> | <u>75,257,785</u> | <u>38,725,066</u> |
| Percentage of total liabilities | 3.05% | 2.40% | 0.77% | 0.54% |
| Short-term bank loans: | | | | |
| PT Bank Rakyat Indonesia (Persero) Tbk | 1,353,200,000 | 20,000,000 | 20,000,000 | 20,000,000 |
| PT Bank Mandiri (Persero) Tbk | - | 1,244,000,000 | 1,218,900,000 | - |
| | <u>1,353,200,000</u> | <u>1,264,000,000</u> | <u>1,238,900,000</u> | <u>20,000,000</u> |
| Percentage of total liabilities | 12.33% | 12.70% | 12.72% | 0.28% |

The aggregate compensation of key management personnel of the Company for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 is as follows:

| | June 30, 2015 | | | |
|-------------------|-----------------------------|-------------------|-----------------------------|------------------|
| | Board of Directors | | Board of Commissioners | |
| | % of total employee cost | Rp | % of total employee cost | Rp |
| Salaries | 1.60 | 6,737,747 | 0.55 | 2,319,000 |
| Tantiem and bonus | 0.23 | 962,280 | 0.10 | 433,026 |
| Total | 1.83 | 7,700,027 | 0.65 | 2,752,026 |
| | June 30, 2014 | | | |
| | Board of Directors | | Board of Commissioners | |
| | % of total employee cost | Rp | % of total employee cost | Rp |
| Salaries | 1.81 | 8,615,996 | 0.43 | 2,044,125 |
| Tantiem and bonus | 0.43 | 2,029,735 | 0.19 | 910,292 |
| Total | 2.24 | 10,645,731 | 0.62 | 2,954,417 |
| | December 31, 2014 | | | |
| | Board of Directors | | Board of Commissioners | |
| | % of total employee cost | Rp | % of total employee cost | Rp |
| Salaries | 1.09 | 10,040,910 | 0.47 | 4,345,313 |
| Tantiem and bonus | 0.40 | 3,737,793 | 0.16 | 1,495,117 |
| Total | 1.49 | 13,778,703 | 0.63 | 5,840,430 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

29. RELATED PARTIES INFORMATION (continued)

| | December 31, 2013 | | | |
|-------------------|-----------------------------|-------------------|-----------------------------|------------------|
| | Board of Directors | | Board of Commissioners | |
| | % of total employee cost | Rp | % of total employee cost | Rp |
| Salaries | 1.26 | 13,382,289 | 0.50 | 6,145,087 |
| Tantiem and bonus | 0.48 | 5,069,500 | 0.10 | 2,216,844 |
| Total | 1.74 | 18,451,789 | 0.60 | 8,361,931 |

| | December 31, 2012 | | | |
|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | Board of Directors | | Board of Commissioners | |
| | % of total employee cost | Rp | % of total employee cost | Rp |
| Salaries | 2.17 | 18,211,400 | 0.94 | 7,884,779 |
| Tantiem and bonus | 1.11 | 9,334,552 | 0.50 | 3,334,741 |
| Total | 3.28 | 27,545,952 | 1.44 | 11,219,520 |

The Company considers the members of the Boards of Commissioners and Directors as its key management personnel.

Because of the nature of related party relationships, it is possible that the terms and conditions of the above transactions are not the same as those that would result from transactions with non-related parties.

The Company provides a post-employment benefit plan and a post-employment healthcare benefit plan for employees through Dana Pensiun Antam and Yayasan Kesehatan Pensiunan Antam ("Yakespen Antam"). The total payments made by the Company related to these plans is as follows:

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|------------------------|-------------------|----------------------|----------------------|----------------------|
| Contributions paid to: | | | | |
| Dana Pensiun Antam | 28,733,040 | 114,196,812 | 5,139,882 | 4,994,601 |
| Yakespen Antam | 1,527,726 | 77,197,072 | 152,489,746 | 161,379,832 |
| | <u>30,260,766</u> | <u>191,393,884</u> | <u>157,629,628</u> | <u>166,374,433</u> |

The nature of transactions and relationships with related parties is as follows:

| Related parties | Relationship | Nature of transactions |
|--|--|--|
| Dana Pensiun Antam | Provider of the Company's pension benefit plan | Pension and other plan services |
| Yakespen Antam | Provider of the Company's post-retirement healthcare benefit | Post-retirement and healthcare benefit plan services |
| Boards of Commissioners and Directors | Key management personnel | Salaries, tantiem and bonus |
| Koperasi Karyawan dan Pensiunan PT Antam Tbk | Employees' and retirees' cooperative | Raw material purchases and non-permanent labor |
| PT Adhi Karya (Persero) Tbk | Entity related with the Government of Indonesia | Construction services |
| PT Bank Mandiri (Persero) Tbk | Entity related with the Government of Indonesia | Cash in bank and time deposits and guarantee for fuel purchases from PT Pertamina (Persero) and customer of precious metal |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

29. RELATED PARTIES INFORMATION (continued)

| <u>Related parties</u> | <u>Relationship</u> | <u>Nature of transactions</u> |
|---|---|---|
| PT Bank Negara Indonesia (Persero) Tbk | Entity related with the Government of Indonesia | Cash in bank and time deposits and customer of precious metal |
| PT Bank Rakyat Indonesia (Persero) Tbk | Entity related with the Government of Indonesia | Cash in bank and time deposits and guarantee for employees' loan facility, customer of precious metal |
| PT Bank Tabungan Negara (Persero) Tbk | Entity related with the Government of Indonesia | Time deposits |
| PT Barata Indonesia (Persero) | Entity related with the Government of Indonesia | Purchases of goods and services for production activities |
| PT Dahana (Persero) | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Pelindo II (Persero) | Entity related with the Government of Indonesia | Transportation service of nickel |
| PT Djakarta Lloyd (Persero) | Entity related with the Government of Indonesia | Transportation service of nickel |
| PT Garuda Indonesia (Persero) Tbk | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Badan Klarifikasi Indonesia (Persero) | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Minerina Bhakti | Entity related with the Government of Indonesia | Mining contractor services |
| PT Minerina Cipta Guna | Entity related with the Government of Indonesia | Mining contractor services |
| PT Pegadaian (Persero) | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Krakatau Steel (Persero) | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Pupuk Sriwidjaja | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Perusahaan Gas Negara (Persero) | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Pertamina (Persero) | Entity related with the Government of Indonesia | Purchases of goods and services for production activities, customer of precious metal |
| PT Perusahaan Perdagangan Indonesia (Persero) | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Nindya Karya (Persero) | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Wijaya Karya (Persero) | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Bank Syariah Mandiri Tbk | Entity related with the Government of Indonesia | Cash in bank and time deposits and customer of precious metal |
| PT Jasa Marga (Persero) Tbk | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Reksa Griya Antam | A major investee of Dana Pensiun Antam | Rental of office space, maintenance and cleaning services |
| PT Nusa Halmahera Minerals | An associate of the Company | Customer of precious metal |
| PT Meratus Jaya Iron & Steel | An associate of the Company | Interest bearing loan to related party |
| PT Indonesia Chemical Alumina | A jointly controlled entity by the Company | Customer of bauxite |
| PT Menara Antam Sejahtera | An associate of the Company | Rental service for office |
| PT Bukit Asam (Persero) Tbk | Entity related with the Government of Indonesia | Customer of precious metal |
| PT Surveyor Indonesia Tbk | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Telekomunikasi Indonesia Tbk | Entity related with the Government of Indonesia | Purchases of goods for production activities |
| PT Semen Indonesia (Persero) | Entity related with the Government of Indonesia | Customer of precious metal |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

30. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014* (6 months)</u> | <u>December 31, 2014* (12 months)</u> | <u>December 31, 2013* (12 months)</u> | <u>December 31, 2012* (12 months)</u> |
|--|---|--|---|---|---|
| (Loss)/profit attributable to the owners of the parent | (395,993,432) | (671,144,683) | (743,529,137) | 532,797,012 | 3,009,756,761 |
| Weighted-average number of shares outstanding during the period/year | <u>9,534,667</u> | <u>9,534,582</u> | <u>9,534,667</u> | <u>9,534,582</u> | <u>9,530,251</u> |
| Basic and diluted (loss)/earnings per share (full amount) | <u>(42)</u> | <u>(70)</u> | <u>(78)</u> | <u>56</u> | <u>316</u> |

There is no dilution to the basic earnings per share as at June 30, 2015, 2014 and December 31, 2014, 2013 and 2012.

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014 (6 months)</u> | <u>December 31, 2014 (12 months)</u> | <u>December 31, 2013 (12 months)</u> | <u>December 31, 2012 (12 months)</u> |
|--|---|---|--|--|--|
| Weighted-average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share | 9,534,667 | 9,538,460 | 9,534,667 | 9,538,460 | 9,534,129 |
| Treasury stock | <u>-</u> | <u>(3,878)</u> | <u>-</u> | <u>(3,878)</u> | <u>(3,878)</u> |
| Net | <u>9,534,667</u> | <u>9,534,582</u> | <u>9,534,667</u> | <u>9,534,582</u> | <u>9,530,251</u> |

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

31. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

| | June 30, 2015 | | December 31, 2014 | | December 31, 2013 | | December 31, 2012 | | |
|---------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|-----------------------------|
| | Foreign currencies (Full amount) | Rupiah equivalent | Foreign currencies (Full amount) | Rupiah equivalent | Foreign currencies (Full amount) | Rupiah equivalent | Foreign currencies (Full amount) | Rupiah equivalent | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | US Dollar | 113,285,142 | 1,510,317,507 | 138,666,833 | 1,725,015,399 | 157,647,647 | 1,921,567,173 | 224,048,427 | 2,166,548,289 |
| | Australian Dollar | 506,215 | 5,172,374 | 597,936 | 6,109,899 | 802,805 | 8,731,305 | 1,741,799 | 17,461,538 |
| | Japanese Yen | 3,917,509 | 426,842 | 13,709,787 | 1,429,233 | 7,076,371 | 822,062 | 5,893,820 | 659,931 |
| | Chinese Renminbi | 69,626 | 180,120 | 61,795 | 125,630 | - | - | - | - |
| Trade receivables | US Dollar | 113,925,900 | 1,518,860,102 | 85,817,947 | 1,067,575,256 | 95,435,361 | 1,163,261,614 | 178,030,308 | 1,721,553,081 |
| Restricted cash | US Dollar | 4,283,303 | <u>57,104,992</u> | 638,458 | <u>7,942,417</u> | 3,932,236 | <u>47,930,025</u> | 966,675 | <u>9,347,747</u> |
| Total assets | | | <u>3,092,061,937</u> | | <u>2,808,197,834</u> | | <u>3,142,312,179</u> | | <u>3,915,570,586</u> |
| Liabilities | | | | | | | | | |
| Trade payables | US Dollar | 14,106,030 | 188,061,588 | 30,901,031 | 384,408,825 | 1,849,929 | 22,548,787 | 889,495 | 8,601,414 |
| | Japanese Yen | 70,081,813 | 7,635,939 | 52,312,377 | 5,453,518 | 62,647,353 | 7,277,743 | 251,576 | 28,169 |
| | European Euro | 249,547 | 3,723,229 | 39,395 | 596,180 | 263,443 | 4,431,645 | 9,580 | 122,721 |
| | British PoundSterling | 13,172 | 276,217 | 13,172 | 255,147 | 13,172 | 264,714 | 13,172 | 205,206 |
| | Australian Dollar | 24,243 | 247,707 | 4,743 | 48,464 | 8,153 | 88,668 | 11,407 | 114,355 |
| | Singapore Dolar | 1,892 | 18,717 | 1,892 | 17,824 | 3,422 | 32,951 | 1,628 | 12,873 |
| Accrued expenses | US Dollar | 2,239,204 | 29,853,066 | 2,003,796 | 24,927,226 | 3,462,839 | 42,208,543 | 8,342,136 | 80,668,451 |
| Advance from the customer | US Dollar | - | - | - | - | - | - | 19,609,057 | 189,619,579 |
| Bank loans | US Dollar | 453,094,778 | 6,040,659,580 | 401,169,778 | 4,990,552,038 | 309,244,768 | 3,769,384,477 | 170,000,000 | 1,643,900,000 |
| Other non-current liabilities | US Dollar | 14,400,000 | <u>191,980,800</u> | 15,000,000 | <u>186,600,000</u> | 15,000,000 | <u>182,835,000</u> | - | - |
| Total liabilities | | | <u>6,462,456,843</u> | | <u>5,592,859,222</u> | | <u>4,029,072,528</u> | | <u>1,923,272,768</u> |
| Net assets/(liabilities) | | | <u>(3,370,394,906)</u> | | <u>(2,784,661,388)</u> | | <u>(886,760,349)</u> | | <u>1,992,252,818</u> |

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar.

If assets and liabilities in foreign currencies as at June 30, 2015 had been translated using the closing rates as at the date of this report, the total net foreign currencies liabilities of the Group would increase by approximately Rp51,498,385.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

32. OPERATING SEGMENT INFORMATION

The management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business operations from both the business type and geographical perspective. The Group's business segments can be identified as two major business operations, consisting of (a) nickel and (b) gold and refinery. All transactions between segments have been eliminated.

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows:

| | June 30, 2015 | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Nickel | Gold and refinery | Others | Head Office | Total |
| Sales | 1,923,101,732 | 5,777,334,674 | 148,578,583 | - | 7,849,014,989 |
| Outcome | | | | | |
| Operating profit/(loss) | 23,021,313 | 433,506,086 | (114,878,709) | (238,305,225) | 103,343,465 |
| Finance income | 178,399 | 1,509,867 | 3,317,541 | 17,677,742 | 22,683,549 |
| Finance costs | - | (10,516,582) | (651,186) | (106,504,454) | (117,672,222) |
| Income tax benefit, net | - | - | - | 46,434,011 | 46,434,011 |
| Other (expenses)/income, net | (45,939,968) | 19,037,493 | (11,169,342) | (412,710,891) | (450,782,708) |
| (Loss)/profit for the period | (22,740,256) | 443,536,864 | (123,381,696) | (693,408,817) | (395,993,905) |
| Other information | | | | | |
| Segment assets | 4,163,533,095 | 3,171,228,135 | 2,020,881,077 | 13,194,948,962 | 22,550,591,269 |
| Segment liabilities | 465,571,543 | 270,155,939 | 146,547,273 | 10,092,893,403 | 10,975,168,158 |
| Capital expenditures | 28,875,881 | 149,095,641 | 32,669,273 | 405,200,629 | 615,841,424 |
| Depreciation and amortisation | 161,652,802 | 189,415,133 | 24,833,130 | 2,698,348 | 378,599,413 |
| | June 30, 2014* | | | | |
| | Nickel | Gold and refinery | Others | Head Office | Total |
| Sales | 1,827,922,216 | 2,073,993,720 | 84,801,494 | - | 3,986,717,430 |
| Outcome | | | | | |
| Operating profit/(loss) | 23,826,068 | 151,137,065 | (117,845,366) | (244,448,962) | (187,331,195) |
| Finance income | 189,658 | 1,259,743 | 1,854,795 | 27,353,928 | 30,658,124 |
| Finance costs | - | (1,070,150) | (426,715) | (63,021,310) | (64,518,175) |
| Income tax benefit, net | - | - | - | 48,317,232 | 48,317,232 |
| Other (expenses)/income, net | (115,414,405) | (19,489,755) | (56,124,648) | (307,241,188) | (498,269,996) |
| (Loss)/profit for the period | (91,398,679) | 131,836,903 | (172,541,934) | (539,040,300) | (671,144,010) |
| Other information | | | | | |
| Segment assets | 4,168,660,692 | 2,533,990,871 | 1,924,832,798 | 12,265,036,849 | 20,892,521,210 |
| Segment liabilities | 433,925,188 | 271,062,755 | 163,224,800 | 8,457,174,875 | 9,325,387,618 |
| Capital expenditures | 42,847,752 | 164,121,503 | 101,488,486 | 793,608,191 | 1,102,065,932 |
| Depreciation and amortisation | 163,630,633 | 129,013,541 | 19,668,544 | 2,175,117 | 314,487,835 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

32. OPERATING SEGMENT INFORMATION (continued)

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows (continued) :

| | December 31, 2014* | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|
| | Nickel | Gold and refinery | Others | Head Office | Total |
| Sales | 4,064,994,468 | 5,146,859,511 | 208,776,954 | - | 9,420,630,933 |
| Outcome | | | | | |
| Operating profit (loss) | 569,910,280 | 96,648,334 | (292,427,741) | (511,193,597) | (137,062,724) |
| Finance income | 349,942 | 3,667,193 | 5,701,310 | 58,946,111 | 68,664,556 |
| Finance costs | - | (4,119,937) | (1,808,676) | (120,623,519) | (126,552,132) |
| Income tax benefit, net | - | - | - | 47,262,966 | 47,262,966 |
| Other (expenses)/income, net | (92,150,593) | 55,427,862 | (53,250,972) | (505,868,556) | (595,842,259) |
| Profit/(loss) for the year | 478,109,629 | 151,623,452 | (341,786,079) | (1,031,476,595) | (743,529,593) |
| Other information | | | | | |
| Segment assets | 4,135,962,875 | 2,776,032,570 | 1,981,761,851 | 13,110,326,384 | 22,004,083,680 |
| Segment liabilities | 342,790,293 | 259,691,248 | 127,944,516 | 9,223,740,734 | 9,954,166,791 |
| Capital expenditures | 79,081,892 | 56,462,801 | 454,633,547 | 2,155,179,548 | 2,745,357,788 |
| Depreciation and amortisation | 328,162,701 | 420,227,910 | 46,325,975 | 4,292,133 | 799,008,719 |
| | December 31, 2013* | | | | |
| | Nickel | Gold and refinery | Others | Head Office | Total |
| Sales | 6,126,338,733 | 5,020,191,358 | 151,791,415 | - | 11,298,321,506 |
| Outcome | | | | | |
| Operating profit (loss) | 1,095,846,696 | 723,304,362 | (309,188,334) | (925,127,170) | 584,835,554 |
| Finance income | 578,416 | 3,144,028 | 5,786,944 | 75,806,993 | 85,316,381 |
| Finance costs | - | (1,956,620) | (384,697) | (58,318,728) | (60,660,045) |
| Income tax benefit, net | - | - | - | 501,926,804 | 501,926,804 |
| Other (expenses)/income, net | 109,535,647 | 46,415,472 | (295,974) | (734,273,573) | (578,618,428) |
| Profit/(loss) for the year | 1,205,960,759 | 770,907,242 | (304,082,061) | (1,139,985,674) | 532,800,266 |
| Other information | | | | | |
| Segment assets | 5,267,574,767 | 2,400,979,838 | 1,806,849,951 | 12,556,739,334 | 22,032,143,890 |
| Segment liabilities | 640,370,102 | 258,370,471 | 207,985,764 | 8,633,009,519 | 9,739,735,856 |
| Capital expenditures | 485,119,187 | 460,091,412 | 609,349,145 | 1,196,787,876 | 2,751,347,620 |
| Depreciation and amortisation | 390,197,469 | 371,396,196 | 33,680,372 | 3,553,092 | 798,827,129 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

32. OPERATING SEGMENT INFORMATION (continued)

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows (continued) :

| | December 31, 2012* | | | | Total |
|--------------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Nickel | Gold and refinery | Others | Head Office | |
| Sales | 6,236,731,459 | 3,957,874,045 | 255,280,008 | - | 10,449,885,512 |
| Outcome | | | | | |
| Operating profit (loss) | 1,036,493,491 | 647,361,993 | (201,929,265) | (563,873,124) | 918,053,095 |
| Finance income | 512,707 | 2,244,852 | 11,491,402 | 151,820,196 | 166,069,157 |
| Finance costs | - | - | (628,402) | (233,872,418) | (234,500,820) |
| Income tax expense, net | - | - | - | (907,926,590) | (907,926,590) |
| Other (expenses)/income, net | (102,572,563) | 60,442,463 | 3,937,934 | 3,106,254,834 | 3,068,062,668 |
| Profit/(loss) for the year | 934,433,635 | 710,049,308 | (187,128,331) | 1,552,402,898 | 3,009,757,510 |
| Other information | | | | | |
| Segment assets | 4,962,184,608 | 2,106,191,653 | 1,302,664,695 | 11,337,499,990 | 19,708,540,946 |
| Segment liabilities | 687,732,796 | 362,544,972 | 118,848,445 | 6,052,345,887 | 7,221,472,100 |
| Capital expenditures | 696,393,360 | 364,295,589 | 505,814,202 | 728,471,436 | 2,294,974,587 |
| Depreciation and amortisation | 307,366,806 | 311,046,692 | 23,340,755 | 4,025,511 | 645,779,764 |

The information for the geographical segment for the six-months periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows:

| | Nickel | Gold and refinery | Others | Total |
|---|----------------------|----------------------|--------------------|-----------------------|
| <u>June 30, 2015 (6 months)</u> | | | | |
| Sales: | | | | |
| Export | 1,923,101,732 | 4,206,901,099 | - | 6,130,002,831 |
| Local | - | 1,570,433,575 | 148,578,583 | 1,719,012,158 |
| Total | 1,923,101,732 | 5,777,334,674 | 148,578,583 | 7,849,014,989 |
| <u>June 30, 2014 (6 months)</u> | | | | |
| Sales: | | | | |
| Export | 1,827,922,216 | 1,036,589,792 | 42,149,492 | 2,906,661,500 |
| Local | - | 1,037,403,928 | 42,652,002 | 1,080,055,930 |
| Total | 1,827,922,216 | 2,073,993,720 | 84,801,494 | 3,986,717,430 |
| <u>December 31, 2014 (12 months)</u> | | | | |
| Sales: | | | | |
| Export | 4,064,994,468 | 2,590,984,640 | 41,877,957 | 6,697,857,065 |
| Local | - | 2,555,874,871 | 166,898,997 | 2,722,773,868 |
| Total | 4,064,994,468 | 5,146,859,511 | 208,776,954 | 9,420,630,933 |
| <u>December 31, 2013 (12 months)</u> | | | | |
| Sales: | | | | |
| Export | 6,126,338,733 | 1,066,538,640 | 103,130,816 | 7,296,008,189 |
| Local | - | 3,953,652,718 | 48,660,599 | 4,002,313,317 |
| Total | 6,126,338,733 | 5,020,191,358 | 151,791,415 | 11,298,321,506 |
| <u>December 31, 2012 (12 months)</u> | | | | |
| Sales: | | | | |
| Export | 6,236,731,459 | 1,024,789,151 | 154,455,026 | 7,415,975,636 |
| Local | - | 2,933,084,894 | 100,824,982 | 3,033,909,876 |
| Total | 6,236,731,459 | 3,957,874,045 | 255,280,008 | 10,449,885,512 |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Financial Obligations under Various Mining Business Permits

As a mining license holder, the Group is obligated to pay concession fees per hectare of Mining Business Permits explored, developed and extracted to the State Office Funds. The amount of concession fees is based on the type of mineral and the level of production.

b. Environmental Matters

The operations of the Group have been, and may in the future be, affected from time to time by changes in environmental regulations. The Group's policy is to comply with all applicable regulations issued by the Government of the Republic of Indonesia, by applying technically proven and economically feasible measures.

The Group have recognised a provision for estimated environmental and reclamation costs (Note 21).

c. The Company's Ownership in Joint Venture Mining Entities

The Company has ownership interests in joint venture entities without any cash contributions ("free carried"), as follows:

| | <u>Percentage of ownership (%)</u> | <u>Status as at June 30, 2015</u> |
|----------------------------|--|-----------------------------------|
| PT Sorikmas Mining | 25 | Exploration |
| PT Galuh Cempaka | 20 | Production* |
| PT Dairi Prima Minerals | 20 | Construction |
| PT Gorontalo Minerals | 20 | Development |
| PT Sumbawa Timur Mining | 20 | Exploration |
| PT Pelsart Tambang Kencana | 15 | Exploration |
| PT Weda Bay Nickel | 10 | Construction |

* Production phase is suspended due to reassessment of the value of reserves.

The Company will only contribute funds for the operations of the above companies in accordance with the Company's ownership interest if they have entered the production stage.

Those mining entities hold a Contract of Work ("CoW") with the Government of the Republic of Indonesia.

d. Agreement for Feasibility Study and/or Establishment of Joint Venture to Undertake Exploration, Evaluation and Development Work

The Company has entered into a joint venture agreement with Herald Mining Group ("HMG") to undertake exploration, evaluation and development work in relation to Mining Business Permits held by an affiliate of HMG, covering the following areas located in North Sumatra:

| <u>Mining Business Permits number</u> | <u>Location</u> | <u>Percentage of ownership(%)</u> |
|---------------------------------------|-----------------|-----------------------------------|
| KW99JLP005 | Kendit | 20 |
| KW98APP035 | Parongil | 20 |

Based on the Decision Letter No. 039/40.00/OJG/2002 on April 2002 by the Director General of Geology and Mineral Resources regarding the extension of the CoW area during the exploration stage of PT Dairi Prima Minerals, another affiliate of HMG, both mining rights in Kendit and Parongil were merged with those of PT Dairi Prima Minerals.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Sales Agreements

Group has various commitments to sell ferronickel and gold to various third party customers at specified agreed quantities based on the agreements signed by the Group with those customers. Generally, selling price agreed with customers is based on international indices (for example nickel and precious metal price according to LME), as adjusted with certain factors. The selling price adjustments vary between customers, which depend on factors like the specification of requested product, handling cost, freight differential, terms of payment, etc. Beside commitment with consumers, the Company also have commitment with Glencore, who acts as sales agent. The products will be periodically delivered for periods ranging from one month to three years.

f. Alumina Project and Joint Venture Agreement

Joint Venture Agreement

On March 31, 2006, the Company entered into a Joint Venture Agreement (“JVA”) with Showa Denko K.K. (“SDK”), Straits Trading Amalgamated Resources Private Limited (“STAR”) and Marubeni Corporation (“Marubeni”) to form ICA, a foreign investment limited liability company (“JVCO”). The JVCO shall exploit and mine bauxite and process and sell the product which is known as chemical grade alumina and other products as may be mutually agreed upon by the Parties in the future. On February 26, 2007, the Company and the Parties established ICA (Note 1c).

As acknowledged and agreed upon by the shareholders, as of the date of the JVA, the estimated total Project Cost was approximately US\$257,000,000. The JVA contained a time limit up to December 31, 2007 for ICA to meet certain conditions. Among others, the Project Cost cannot be more than US\$450,000,000, to obtain the lenders’ agreement to fund the Project Cost and enter into all Ancillary Agreements.

As at December 31, 2007, ICA failed to comply with several condition in JVA. Among others, ICA has not yet entered into a loan agreement for project funding and the Engineering, Procurement and Construction (“EPC”) agreement. As result of these conditions, STAR and Marubeni withdrew their equities on ICA’s share capital on August 12, 2008 and July 30, 2010, respectively. On August 31, 2010, JVA was amended and restated. Now, the parties of ICA only consist of the Company with 80% interest and SDK with 20% interest.

As of June 30, 2015, ICA has not obtained some of the required Ancillary Agreements. However, ICA has obtained statement letters from the Company and SDK that they will not dispose of their equity investment or liquidate ICA.

The construction of ICA’s chemical grade alumina plant has been completed in 2014. As at June 30, 2015, ICA is currently in the pre-production phase of its commercial operation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Alumina Project and Joint Venture Agreement (continued)

EPC Agreement

• **Supply Contract**

On August 31, 2010, ICA entered into a Supply Contract with Tsukishima Kikai Co. Ltd. ("Tsukishima"), as a contractor, whereby the contractor is committed to providing engineering, designing, procurement and related services to deliver all items of machinery, facilities, equipment and materials to the ICA amounting to US\$1,230,000, EUR8,991,000 and JPY6,575,985,000.

The Supply Contract has been amended subsequently with several change orders. Those change orders resulted addition in contract amount to become US\$3,735,956, JPY 690,026,000 and EUR 10,350,880.

• **Installation Contract**

On August 31, 2010, ICA entered into an Installation Contract with the Contractors, which consist of PT Wijaya Karya (Persero) Tbk ("Wika"), Tsukishima, and PT Nusantara Energi Abadi ("Nusea"), (together as "Consortium WTN"), whereby the Consortium committed to providing engineering, designing, procurement and related services to deliver all items of machinery, facilities, equipment and materials to ICA for a total contract price of US\$226,196,000.

The Installation Contract has been amended subsequently with several change orders. Those change orders resulted addition in contract amount to become US\$239,633,318.

As at June 30, 2015, total project costs capitalised by ICA from Supply Contract and Installation Contract amounted to US\$350 million.

Common Terms Agreement ("CTA")

On June 13, 2011, ICA entered into a CTA with JBIC for JBIC Loan Facility and Mizuho Ltd and Sumitomo Mitsui Trust Bank Ltd. ("Sumitomo Ltd") for a Commercial Loan Facility. The total amount of JBIC Loan Facility and Commercial Loan Facility amounting to JPY15,795,000,000 and JPY10,530,000,000, respectively. ICA is required to repay all loan facilities commencing on December 15, 2014 up to December 15, 2020. The Company and SDK provided a guarantee for repayment of ICA's loan. As at June 30, 2015, ICA has made a full drawdown from these loan facilities and the outstanding loans from these loans amount to JPY24,132,127,500.

As at June 30, 2015, ICA has complied with loan covenants, except for the Debt Service Coverage Ratio. ICA has received a waiver letter from the lender on July 1, 2015 which stated that ICA has to comply with the Debt Service Coverage Ratio covenant by November 30, 2015. As at June 30, 2015, ICA received a support letter from the Company and SDK which stated that the Company and SDK committed to provide financial support to ICA in fulfilling all of ICA's obligations for at least twelve months after August 14, 2015.

On September 30, 2011, ICA entered into a Pledge of Shares Agreement with the Company and PT Bank Mizuho Indonesia ("BMI"), whereby the Company agreed to, among others, pledge all of its shares in ICA for the interest of BMI, for and on behalf of the Finance Parties, as security for the full payment of the Secured Obligations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Alumina Project and Joint Venture Agreement (continued)

Agreement Regarding Entrustment of Guarantee Commitment

On June 13, 2011, the Company, SDK and Japan Oil, Gas, and Metal National Corporation (“JOGMEC”) entered into a Guarantee Agreement, whereby JOGMEC agreed to guarantee the payment of 80% of loan from the Commercial Loan Facility. As a result of the JOGMEC guarantee, the Company and SDK as a guarantor has to, among others:

- (i) Make sure that the Guarantee Agreement does not breach all applicable laws and regulations including environmental regulations;
- (ii) Guarantee not to amend, terminate, cancel and suspend the Offtake Agreement, the Sale and Purchase Agreement for Washed Bauxite and the Manufacturing, Technology and Technical and Operational Agreement;
- (iii) Maintain the credit rating and financial ratios required.

Sales and Purchase Agreement for Washed Bauxite

On December 1, 2010, ICA entered into a Sale and Purchase Agreement with the Company, whereby the Company agreed to sell Washed Bauxite (“WBX”) exclusively to the ICA from its mining site in quantities equal to at least 37.8 million wet metric tonne (“WMT”) of WBX at such times and in such quantities as requested by ICA in accordance with a relevant work program and budget. During the six-month period ended June 30, 2015, ICA has purchased 100,804 WMT (June 30, 2014: 28,937 WMT) of WBX from the Company amounting to US\$2,721,708 (June 30, 2014: US\$781,299)

Offtake Agreement

On December 1, 2010, ICA entered into an Offtake Agreement with the Company and SDK, whereby the Company will distribute Commodity Grade Alumina product to the entire world excluding Japan with quantity of 25,000 metric tonne per quarter and SDK will distribute Speciality Grade Alumina product to entire world and Commodity Grade Alumina product to Japan in the quantity of 50,000 metric tonne. During the six-month period ended June 30, 2015, ICA has sold alumina products through the Company amounting to US\$227,100

g. Forestry Regulation

On March 13, 2014, the Ministry of Forestry issued Ministerial Regulation No. P.16/Menhut-II/2014. Pursuant to this regulation, a company may be given a forestry permit to use a forest area for non-forestry activities (e.g., commercial activities), subject to a number of preconditions, for a period of five years (extendable). One of the most significant preconditions under this regulation, depending on the location and the purpose of the activities to be conducted in the forest area, is for a company to be required to provide compensation land or be obliged to pay Non-Tax State Revenue (“PNBP”).

As of June 30, 2015, the Group have implemented the requirement of this regulation and the management believes that this regulation will have no significant impact on the Group’s operations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

h. Stainless Steel Plant Agreement

In June 2008, the Company participated in the establishment of MJIS with a share ownership of 34%. MJIS will build and operate a stainless steel plant.

In June 2013, MJIS has entered into the operation stage. As at June 30, 2015, the operation of MJIS is temporarily shut down, due to MJIS decision to re-evaluate target market of stainless steel sales in order to achieve optimal profitability.

i. PT Bank Rakyat Indonesia (Persero) Tbk Cooperative Agreement

On June 5, 2008, the Company entered into an Employees' Loan Facility Agreement with PT Bank Rakyat Indonesia (Persero) Tbk ("BRI").

Based on this agreement, the Company agreed to open the escrow account in BRI with an initial deposit of Rp135,000,000, which will be subsequently adjusted to equal the remaining balance of the loan and interest installments.

As at December 31, 2013 and 2012, the deposit placed in the escrow account amounted to Rp49,867,037 and Rp62,942,841. As at October 31, 2014, this agreement has ended and is no longer extended.

j. Legal Issues Related to Mining Business Permits

Based on the Decision Letter ("SK") No. 153 Year 2008 dated March 17, 2008 of the Head of the District of North Konawe, the area of the Company's Exploitation Mining Authorisation for nickel mining at Tapunopaka and Bahubulu Island in Southeast Sulawesi was reduced from 6,213 hectares, which included Tapunopaka and Bahubulu, to 5,000 hectares only in Bahubulu. Based on this reduction, the Company estimated a loss in potential revenues from nickel ore of about 83.2 million tons (unaudited).

Based on the Legal Opinion from Soemadipradja & Taher Law Office dated August 11, 2008, regarding the withdrawal of the Mining Authorisation in Tapunopaka and Bahubulu Island, management believes that the Decision Letter of the Head of the District of North Konawe is against the prevailing law and, accordingly, the Company still has the right to conduct mining activities in those areas.

Since the issuance of this Decision Letter by the Head of the District of North Konawe, the Company has dealt with several legal proceedings related to this case, from the Kendari State Administrative Court up until the Supreme Court.

On August 15, 2013, the Company and the Head of the District of North Konawe signed the Deed of Settlement Agreement whereby both parties agreed to settle their disputes over this case. With the signing of this Deed of Settlement, both parties also agreed to solve dispute issues related to Mining Authorisation of Production in Tapunopaka and Bahubulu.

On August 26, 2013, the Head of the District of North Konawe issued Decision Letter No. 376 year 2013. With the issuance of this Decision Letter, the Company can continue its nickel mining activities in Tapunopaka and Bahubulu Island.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

j. Legal Issues Related to Mining Business Permits (continued)

Besides the dispute over the nickel mining areas at Tapunopaka and Bahubulu Island, the Company also has another disputed case with the Head of the District of North Konawe regarding the Decision Letter No. 86 Year 2012 issued by the Head of the District of North Konawe to revoke the Mining Authorisation of Production for the Mandiodo mining sub-district.

The Company has filed a suit against the Decision Letter No. 86 year 2012 of the Head of the District of North Konawe to Kendari State Administrative Court. In October 2013, the Kendari State Administrative Court decided in favour of the Company and decided to cancel the Decision Letter No. 86 year 2012 issued by the Head of the District of North Konawe.

The Head of the District of North Konawe appealed this decision to the Supreme Court. On July, 17 2014, the Supreme Court rejected the Head of the District of North Konawe's appeal based on Decision Letter No. 225K/TUN/2014.

On December 8, 2014, the Head of the District of North Konawe issued SK No. 644 year 2014. With this SK, the Head of the District asked the Company to complete the relevant documents of its mining permit and temporarily revoke the Company's Mining Business Permits in Tapunopaka.

On January 9, 2015, the Company applied for a request for the reactivation of its IUP in Tapunopaka and submitted the requested documents. In February 2015, the Director General of Minerals and Coal issued "14th Announcement of IUP Reconciliation (Regional Evaluation)". With this announcement, the Company's Mining Business Permit in Tapunopaka has been declared active again.

k. Mining Law

On January 12, 2009, the Government of the Republic of Indonesia issued a Mining Law containing certain provisions relating to the obligation to supply the domestic markets, limitations in the mining exploration area and production activities, and the requirement to build processing and refinery facilities within five years or up to 2014.

On February 1, 2010, the Government of the Republic of Indonesia issued the Government Regulation ("GR") No. 22 Year 2010 regarding Mining Areas ("GR No. 22") and GR No. 23 Year 2010, as amended by GR No. 1 Year 2014, regarding the Implementation of Coal and Mineral Mining Operations ("GR No. 1").

GR No. 22 regulates provisions concerning the boundary, area, and mechanism for determining the mine area, assignment procedures for investigation, research and data processing.

GR No. 23 provides classifications surrounding the procedures to obtain new IUP. GR No. 23 also requires mining rights to be converted into an IUP within three months of the issuing of GR No. 23. However, the details of the procedures still need to be specified.

GR No. 1 regulates further provisions concerning the preferential treatment of minerals and/or coal for domestic purposes; procedures for granting the IUP, Special Mining Authorisation ("IUPK") and People's Mining Right ("IPR"); implementation of community development and empowerment; the procedures for reporting the results of exploration and production operations and the share divestment of IUP holder and IUPK holder whose shares are owned by foreign shareholders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

k. Mining Law (continued)

On July 5, 2010, the Government of the Republic of Indonesia issued GR No. 55 Year 2010 regarding the Guidance and Supervision of Mineral and Coal Mining Business ("GR No. 55"). On December 20, 2010, the Government of the Republic of Indonesia issued GR No. 78 Year 2010 regarding reclamation and post-mining ("GR No. 78").

As of June 30, 2015, the management is closely monitoring the progress of implementing regulations for the Mining Law and is in the process of analysing the impact, if any, of the Mining Law on the Company once these regulations are issued.

l. Feni Haltim Project

On December 14, 2011, FHT entered into a contract with PT Adhi Karya (Persero) Tbk, a related party, for the construction of port and jetty for the Feni Haltim project which includes a Solid Jetty, LCT Jetty and Liquid Jetty with a contract value of Rp241,450,000. The contract is valid from December 14, 2011 to October 8, 2012 and was extended until July 31, 2013. As at June 30, 2015, the percentage of completion of the project had reached 100%. However, the operation of the port is still waiting for the completion of other infrastructure facilities.

On May 21, 2012, FHT entered into a contract with Nindya Karya - Perkasa Joint Operation ("Nindya") for EPC workshop construction and office package 5B with a contract value of Rp59,691,500. The contract is valid from May 21, 2012 to March 31, 2014, but as of March 26, 2014, a termination deed has been made due to inability of Nindya to complete the contract. FHT penalised Nindya for the termination with an amount of Rp2,984,575.

As of June 30, 2015, FHT and Nindya have different views regarding the completion of project and, therefore, have not yet reached a conclusion. FHT is still continuing discussions with Nindya.

m. Ministerial Regulation No. 17/2010

On September 23, 2010, Regulation No. 17 Year 2010 of the Ministry of Energy and Mineral Resources of the Republic of Indonesia ("PerMen ESDM") was issued. Pursuant to this regulation, all IUP/IUPK holders are obliged to refer to prescribed benchmark prices in their sale of minerals (or coal), whether the sales are being made to domestic users or for export, including to affiliates.

Furthermore, as an ongoing obligation under the regulation, pricing in term contracts must be adjusted every twelve months. As the Company's selling price formula is in line with the PerMen ESDM (LME qualifies as an "international market"), the Company does not believe that any adjustment will be necessary to the Company's long-term sales agreements under either provision. However, the regulation does not omit the Company's long-term sales contracts from the regulation scope.

Benchmark prices will be determined pursuant to market mechanisms or in accordance with prices generally applicable in the international market. Benchmark prices for metal minerals will be established by the Director General on a monthly basis. The regulation requires that the benchmark prices be used as a reference for sales.

The benchmark prices will be on a "free on board" basis. In calculating the sales price of minerals, the holder of the IUP Production Operation must follow the benchmark prices plus or minus the cost adjustment as approved by the Director General. The formula for the benchmark prices will be regulated in the Director General regulation, which is yet to be issued.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

m. Ministerial Regulation No. 17/2010 (continued)

The cost adjustments set out in the regulation include adjustments pertaining to barging cost, surveyor cost, transshipment cost, treatment cost, refinery cost, metal payable and/or insurance cost. The reference to "metal payable" refers to the price which the customer will pay on the contained metal of the product; it recognises the international market price practice for nickel intermediate products (i.e., a percentage of LME price).

n. Regulations on Domestic Value-Added Minerals

On February 6, 2012, Ministry of Energy and Mineral Resources ("MoEMR") issued Regulation No. 7 of 2012 ("PerMen No. 7/2012") on Increase in Value-add From Minerals through Mineral Processing and Refining. This regulation is an implementation regulation of GR No. 23.

Pursuant to GR No. 23/2010 and PerMen No. 7/2012, certain metal minerals, including nickel and gold, are regarded as mining commodities, the value of which can be increased through processing and/or refining activities. As such, nickel must be processed and/or refined within the country in accordance with the minimum threshold provided in PerMen No. 7/2012.

PerMen No. 7/2012 also regulates the prohibition for mining companies to export mineral ores since May 6, 2012 and for holders of operation and production mining rights who are already in the production stage before the effective date of PerMen No. 7/2012 to make adjustments regarding the minimum plan of processing and refinery.

On May 11, 2012, Regulation No. 11 Year 2012 ("PerMen No.11/2012") was issued by the MoEMR to amend PerMen No. 7/2012. Under this PerMen No.11/2012, IUP and IUPK holders may export ore/raw materials after obtaining a recommendation from the MoEMR, subject to certain requirements being fulfilled, and will be subject to Export Duty based on Export Benchmark Prices.

The Government of the Republic of Indonesia also issued a number of export duty regulations consisting of, among others, the Minister of Trade of the Republic of Indonesia Regulation No. 29/M-DAG/PER/5/2012 dated May 7, 2012 on Mineral Export Regulation, the Minister of Trade of the Republic of Indonesia Regulation No. 33/M-DAG/PER/5/2012 dated May 28, 2012 on Procedures to Stipulate Benchmark Prices of Mining Products which are Subject to Export Duty, the Minister of Trade of the Republic of Indonesia Regulation No. 34/M-DAG/PER/5/2012 dated May 28, 2012 on Stipulation of Benchmark Prices of Mining Products which are Subject to Export Duty, the Director General of Minerals and Coal Regulation No. 574.K/30/DJB/2012 dated May 11, 2012 on Procedures and Requirements for Mining Product Export Recommendation, and the Minister of Finance of the Republic of Indonesia Regulation No. 75/PMK.011/2012 dated May 16, 2012 on Stipulation of Export Products which are Subject to Export Duty and Tariff.

In accordance with the regulations mentioned above, the export of nickel and bauxite ore commodities of the Company during 2012 and 2013 was executed after the export approval letters have been obtained from the Minister of Trade of the Republic of Indonesia based on the recommendation provided by the Director General of Minerals and Coal.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

n. Regulations on Domestic Value-Added Minerals (continued)

On August 6, 2013, MoEMR issued Regulation No. 20 of 2013 ("PerMen No. 20/2013"). This regulation reinforces the Government decision to ban the export of minerals which were not processed according to the minimum requirements under PerMen No. 20/2013.

On January 11, 2014, the Government issued GR No. 1/2014 as a second amendment to GR No. 23/2010. To implement GR No. 1/2014, on the same date, MoEMR issued Regulation No. 1 of 2014 ("PerMen No. 1/2014") to replace PerMen No. 7/2014 and PerMen No. 20/2013. Based on PerMen No 1/2014, unprocessed gold, nickel and bauxite are included in the category of minerals that cannot be exported starting from January 12, 2014.

In line with the regulations disclosed above, there have been no export sales of nickel ores since January 12, 2014.

On January 13, 2014, the Ministry of Trade issued Decree No. 04/M-DAG/PER/1/2014 regarding Export Stipulation of Processed and Refined Mining Products ("Decree No. 04/2014"). Decree No. 04/2014, which among other things stipulates that processed and refined mining products exporters including ferronickel, alumina, and gold should obtain recognition as RE ("Registered Exporter") of Mining Products. Based on the letter of the Ministry of Trade of the Republic of Indonesia No 4/DAGLU/ET-PPHPP/2/2014 dated February 18, 2014 regarding Recognition As a Registered Exporter of Mining Products Processing and Refining Results ("ET-PPHPP"), the Company has obtained approval to export mining products of gold, silver, ferronickel, and chemical grade alumina.

o. Mine Reclamation and Mine Closure

On December 20, 2010, the Government of the Republic of Indonesia issued PP No. 78 which deals with reclamation and post-mining activities for both IUP Exploration and IUP Production Operation holders. This regulation updates PerMen No. 18/2008. An IUP Exploration holder must, among other requirements, include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank.

On February 28, 2014, MOEMR issued Ministerial Regulation No.07/2014 ("PerMen 07/2014") regarding mine reclamation and post-mining activities for mineral and coal mining companies. As at the effective date of this regulation, PerMen No.18/2008 regarding the mine reclamation and mine closure was revoked and no longer valid.

PerMen No.07/2014 stated that a company is required to provide mine reclamation and post-mining guarantees which may be in the form of a time deposit, bank guarantee or accounting reserve, all of which have a duration corresponding to the reclamation schedule.

An IUP Production Operation holder must, among other requirements, (1) prepare a five-year reclamation plan; (2) prepare a post-mining plan; (3) provide a reclamation guarantee that may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee or an accounting reserve (if eligible); (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

o. Mine Reclamation and Mine Closure (continued)

Ministerial Regulation No. 7/2014 stipulates that an IUP-Operation Production holder is required to provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting reserve (if eligible). Reclamation guarantee in the form of an accounting reserve can be provided by a mining company if the following criteria are met:

- Registered on Indonesia Stock Exchange and has placed more than 40% from total owned stock;
- Has an issued share capital of not less than US\$50,000,000 as stated in the notarial deed and/or authorised by the notary.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

In connection to this matter, the Company has taken, or will take, the following actions:

- a. For mining reclamation, the Company has established an accounting reserve. The Directorate of General Mining, through its letter No. 1187-1191/87.01/DJP/1998 dated June 5, 1998, has accepted the establishment of the accounting reserve.
- b. For mine closures, the Company has corresponded with the MoEMR on several occasions for discussion of a revised mine closure plan.

Based on this regulation, the Company is no longer eligible to provide a reclamation guarantee in the form of an accounting reserve. As at June 30, 2015, the Company has not yet placed a reclamation guarantee in the form of a joint account or time deposit placed at a state-owned bank nor a bank guarantee, as required by Ministerial Regulation No. 7/2014.

p. Acquiring Interest in NHM

On December 20, 2012, the Company acquired 7.5% additional interest in PT NHM, increasing the total interest acquired to 25%. Based on the Conditional Sale and Purchase Agreement, the Company has to pay for the additional interest acquired with a total cost of US\$130,000,000 and additional payment of US\$30,000,000 (contingent purchase price) subject to a further 1 million ounces (unaudited) of additional gold resources (indicated and/or measured) being defined up to December 31, 2017, based on the JORC report issued by an independent consultant.

As at December 31, 2013, the Company has reassessed the probability of additional gold resources in NHM performed by the Competent Person. Based on the assessment, there is at least a potential 500,000 ounces (unaudited) of additional gold resources in NHM concession areas. Based on such estimate, the Company has recognised a contingent purchase price amounting to US\$15,000,000 or equivalent to Rp182,835,000, which was recorded as other non-current liabilities in the consolidated statement of financial position.

On March 30, 2015, as stated by Newcrest Singapore Holding Pte., the potential of additional gold resources in NHM concession area as at December 31, 2014 was 480,000 ounces (unaudited). The Company recognised the decline in the contingent liability so that as at June 30, 2015, the recorded contingent liability became US\$14,400,000 or equivalent to Rp191,980,800.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

p. Acquiring Interest in NHM (continued)

On July 30, 2015, the Company has reassessed the probability of additional gold resources (measured and/or indicated) in NHM's concession area by considering cut-off grade factors and concluded that potential additional gold resources in concession area of NHM is 430,000 ounces (unaudited) of indicated gold resources. Up to the date of these consolidated financial statements, the Company is having discussions with Newcrest Singapore Holding Pte regarding the estimation to be used as a basis determining the contingent purchase price.

q. Pomalaa Ferronickel Plant Expansion Project ("P3FP")

The Company has entered into several agreements related to P3FP project to increase the efficiency of the ferronickel plant with the following details:

On January 17, 2012, the Company and Wika entered into an agreement for the latter to procure and install a belt conveyor with a contract value of US\$13,500,000. The agreement is valid until April 17, 2013. The extension of the contract was not accepted and the Commercial Operation Date ("COD") remained effective on April 17, 2013. Because of that, fines due to late completion of work started to occur based on the contract (six weeks after COD). As at June 30, 2015, the construction of related asset has been substantially completed, however the belt conveyor has not been yet handed over from contractors since there are several unfinished components.

On March 26, 2012, the Company and PT Adhi Karya (Persero) Tbk entered into an agreement for the latter to procure and install a jetty and facilities with a contract value of US\$32,874,083. The agreement is valid until June 26, 2013. The Company and PT Adhi Karya (Persero) Tbk have agreed on a contract extension which is valid until August 15, 2013. As at December 31, 2013, PT Adhi Karya (Persero) Tbk has not completed the project and the Company did not approve the second amendment to the contract so the target date was still August 15, 2013. Because of that, the Company has the right to impose fines due to late completion of work and started occur based on contract (six weeks after target date). As at June 30, 2015, the construction of related asset has been substantially completed, however the jetty and its facility has not been yet handed over from contractors since there are several unfinished components.

On March 28, 2012, the Company and Wika entered into an agreement for the latter to procure and install Refining-3 with a contract value of US\$35,475,000. The agreement was valid until January 28, 2014. The extension of the contract was not accepted and COD remained effective on January 28, 2014. Because of that, fines due to late completion of the work started to occur based on the contract (six weeks after COD). The construction phase was completed on October 31, 2014.

On December 10, 2012, the Company and Sumitomo Corporation entered into an agreement related to the construction of the Pomalaa coal-fired power plant with total contract values of US\$57,275,290, JPY3,439,137,022 and Rp412,748,103.

On May 17, 2013, the Company and Sumitomo Corporation entered into a Notice to Proceed to start construction of the Coal Fired Power Plant which is expected to be completed on or before the date falling 25 months and 28 months after the date of the Notice to Proceed for Unit 1 and Unit 2, respectively. On April 15, 2013, the Company and Sumitomo Corporation signed a first amendment of the agreement to amend the provisions on the standby letter of credit stated under the contract signed on December 10, 2012. Construction in progress as of June 30, 2015 was 83.46%.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

q. P3FP (continued)

On February 6, 2013, the Company entered into a Construction of Ore Preparation Line-4 for P3FP Project Agreement with the Unincorporated Consortium of Kawasaki Heavy Industries, Ltd. and Wika with an aggregate contract value of US\$66,899,880 and JPY2,914,808,200. Construction of Ore Preparation Line-4 is expected to be completed on July 31, 2015. On June 28, 2013, the Company and the Unincorporated Consortium of Kawasaki Heavy Industries, Ltd. and Wika signed an amendment to the contract, in order to change the project name from "Modernisation-Optimisation of Pomalaa Ferronickel Smelters Project" to "Proyek Perluasan Pabrik Feronikel Pomalaa". Construction in progress as of June 30, 2015 was 95.26%.

The Company started a new construction of the Oxygen Plant-5 project in 2013. The Company entered into contracts with Daesung Industrial Gases Co, Ltd. on December 11, 2013 with a contract value of US\$11,000,000 (equal to Rp132,055,000). Construction in progress as at June 30, 2015 was 98.50%.

r. Investment Loan Facility Agreement between MAS and BRI

On November 27, 2012, MAS, an associate, entered into an investment loan facility agreement with BRI. The loan from the facility will be due in ten years.

Based on the investment loan agreement, BRI agreed to provide MAS a loan facility with a maximum amount of Rp130,439,000 and with a fixed annual interest rate of 8.88% for two years. The proceeds of the loan will be utilised for the construction of the Antam Building.

In relation to this agreement, the Company has agreed to provide corporate guarantee for the loan and the total corporate guarantee provided by the Company represents 75% of the total loan or equivalent to Rp97,829,250. As of June 30, 2015, MAS has made the drawdown from the facility amounting to Rp125,000,000.

s. Legal Case with Dian Nickel Mining

On September 18, 2012, PT Dian Nikel Mining ("DNM"), a sub-contractor of PT Minerina Bhakti ("MB"), a related party, filed a suit to MB as Defendant I and the Company as Defendant II. The lawsuit was filed in the District Court of South Jakarta ("PNJS").

On November 14, 2013, PNJS issued its decision that partially approved DNM's lawsuit that required MB and the Company to pay a compensation of Rp127,647,699 and US\$120,073.

The legal effort undertaken by the Company was to appeal the decision to PNJS on November 26, 2013. On August 18, 2014, the High Court DKI Jakarta confirmed the decision No. 317/PDI.G/2012/PN.JAK.SEL with its decision No. 412/PDI/2014/PT.DKI.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

s. Legal Case with Dian Nickel Mining (continued)

As result of that decision, the Company has filed an appeal on December 5, 2014 and sent the memorandum of the appeal to the Supreme Court on December 19, 2014. As at June 30, 2015, the Supreme Court has not yet issued a decision on the appeal. Management believes that there is no legal basis for the lawsuit by DNM, since there is no business relationship between the Company and DNM. This view is supported by the legal opinion issued by Imran Nating & Partners based on its report dated February 20, 2014. Therefore, there was no provision recorded by the Company as at June 30, 2015, in respect of this case.

t. Legal Case with Minerina Bhakti

On June 16, 2015, MB, a related party of the Company, filed a suit against the Company alleging that MB has incurred losses due to the suspension of the Company's mining business activities in Mornopo, East Halmahera. MB sued for indemnification of a total of Rp384,036,389 and US\$120,073. The lawsuit was filed in the PNJS and was registered as No.376/PDT.G/2015/PN.JKT.SEL.

As at June 30, 2015, there was no provision recorded by the Company in respect of this case because the case is at an early stage in legal proceeding. Furthermore, management believes that the Company is in the strong position to win this lawsuit because the Company has compensated MB with another mining project in Gee island following the suspension of mining activities in Mornopo. This view is supported by legal opinion issued by Hariandi & Partners in its report dated at August 7, 2015.

34. FINANCIAL ASSETS AND LIABILITIES

The information given below relates to the Company's financial assets and liabilities by category:

| | Total | Loans and receivables | Financial liabilities measured at amortised cost | Financial liabilities measured at fair value |
|---|-----------------------|--------------------------|--|--|
| June 30, 2015 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 2,034,694,298 | 2,034,694,298 | - | - |
| Trade receivables | 1,525,391,669 | 1,525,391,669 | - | - |
| Other receivables | 27,676,896 | 27,676,896 | - | - |
| Restricted cash | 64,564,819 | 64,564,819 | - | - |
| Non-trade related parties receivable | 41,030,678 | 41,030,678 | - | - |
| Guarantee deposits | 24,220,814 | 24,220,814 | - | - |
| Total financial Assets | 3,717,579,174 | 3,717,579,174 | - | - |
| Financial liabilities | | | | |
| Trade payables | 523,434,089 | - | 523,434,089 | - |
| Accrued expenses | 163,926,647 | - | 163,926,647 | - |
| Short-term bank loans | 2,715,730,400 | - | 2,715,730,400 | - |
| Short-term employee benefit liabilities | 50,087,806 | - | 50,087,806 | - |
| Other payables | 60,234,309 | - | 60,234,309 | - |
| Bonds payables | 2,994,625,475 | - | 2,994,625,475 | - |
| Investment loans | 3,363,643,748 | - | 3,363,643,748 | - |
| Other non-current liabilities | 196,360,527 | - | - | 196,360,527 |
| Total financial liabilities | 10,068,043,001 | - | 9,871,682,474 | 196,360,527 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

34. FINANCIAL ASSETS AND LIABILITIES (continued)

| | <u>Total</u> | <u>Loans and receivables</u> | <u>Financial liabilities measured at amortised cost</u> | <u>Financial liabilities measured at fair value</u> |
|---|-----------------------------|----------------------------------|---|---|
| December 31, 2014 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 2,618,910,283 | 2,618,910,283 | - | - |
| Trade receivables | 1,067,620,272 | 1,067,620,272 | - | - |
| Other receivables | 31,318,032 | 31,318,032 | - | - |
| Restricted cash | 11,428,559 | 11,428,559 | - | - |
| Non-trade related parties receivable | 37,027,697 | 37,027,697 | - | - |
| Guarantee deposits | 23,081,501 | 23,081,501 | - | - |
| Total financial Assets | <u>3,789,386,344</u> | <u>3,789,386,344</u> | <u>-</u> | <u>-</u> |
| Financial liabilities | | | | |
| Trade payables | 687,476,255 | - | 687,476,255 | - |
| Accrued expenses | 161,623,654 | - | 161,623,654 | - |
| Short-term bank loan | 2,528,041,360 | - | 2,528,041,360 | - |
| Short-term employee benefit liabilities | 19,893,619 | - | 19,893,619 | - |
| Other payables | 55,679,758 | - | 55,679,758 | - |
| Bonds payables | 2,994,237,464 | - | 2,994,237,464 | - |
| Investment loan | 2,492,889,242 | - | 2,492,889,242 | - |
| Other non-current liabilities | 188,849,838 | - | - | 188,849,838 |
| Total financial liabilities | <u>9,128,691,190</u> | <u>-</u> | <u>8,939,841,352</u> | <u>188,849,838</u> |
| December 31, 2013 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 2,792,737,848 | 2,792,737,848 | - | - |
| Trade receivables | 1,152,686,688 | 1,152,686,688 | - | - |
| Other receivables | 37,004,847 | 37,004,847 | - | - |
| Restricted cash | 100,997,036 | 100,997,036 | - | - |
| Non-trade related parties receivable | 33,732,183 | 33,732,183 | - | - |
| Guarantee deposits | 23,645,879 | 23,645,879 | - | - |
| Total financial Assets | <u>4,140,804,481</u> | <u>4,140,804,481</u> | <u>-</u> | <u>-</u> |
| Financial liabilities | | | | |
| Trade payables | 547,080,010 | - | 547,080,010 | - |
| Accrued expenses | 331,623,859 | - | 331,623,859 | - |
| Short-term bank loan | 2,469,800,000 | - | 2,469,800,000 | - |
| Short-term employee benefit liabilities | 41,599,372 | - | 41,599,372 | - |
| Other payables | 71,908,862 | - | 71,908,862 | - |
| Bonds payables | 2,993,510,374 | - | 2,993,510,374 | - |
| Investment loan | 1,322,160,389 | - | 1,322,160,389 | - |
| Other non-current liabilities | 191,414,019 | - | - | 191,414,019 |
| Total financial liabilities | <u>7,969,096,885</u> | <u>-</u> | <u>7,777,682,866</u> | <u>191,414,019</u> |
| December 31, 2012 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 3,868,574,769 | 3,868,574,769 | - | - |
| Trade receivables | 1,722,426,366 | 1,722,426,366 | - | - |
| Other receivables | 124,491,614 | 124,491,614 | - | - |
| Restricted cash | 74,878,179 | 74,878,179 | - | - |
| Guarantee deposits | 12,737,653 | 12,737,653 | - | - |
| Total financial Assets | <u>5,803,108,581</u> | <u>5,803,108,581</u> | <u>-</u> | <u>-</u> |
| Financial liabilities | | | | |
| Trade payables | 416,953,452 | - | 416,953,452 | - |
| Accrued expenses | 414,007,012 | - | 414,007,012 | - |
| Short-term bank loan | 1,663,900,000 | - | 1,663,900,000 | - |
| Short-term employee benefit liabilities | 123,170,868 | - | 123,170,868 | - |
| Other payables | 37,756,594 | - | 37,756,594 | - |
| Bonds payables | 2,992,843,970 | - | 2,992,843,970 | - |
| Other non-current liabilities | 3,053,301 | - | - | 3,053,301 |
| Total financial liabilities | <u>5,651,685,197</u> | <u>-</u> | <u>5,648,631,896</u> | <u>3,053,301</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

35. NON-CASH TRANSACTION

Non-cash transactions are as follows:

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014 (6 months)</u> | <u>December 31, 2014 (12 months)</u> | <u>December 31, 2013 (12 months)</u> | <u>December 31, 2012 (12 months)</u> |
|--|---|---|--|--|--|
| Property, plant, and equipment from increase of trade payables | 248,901,531 | 222,488,047 | 455,467,565 | 64,386,012 | - |
| Capitalisation of borrowing cost to property, plant and equipment, mining properties and exploration and evaluation assets | 139,041,120 | 126,514,075 | 281,303,289 | 264,632,311 | 39,475,591 |
| Increase of investment in associates through increase in payables | - | - | - | 1,250,000 | - |
| Distribution of treasury stock for employee bonus | - | - | (3,777,511) | - | - |
| Difference in foreign currency translation in consolidation | - | 94,099 | - | - | (4,091,142) |

36. FINANCIAL RISK MANAGEMENT

The Group's activities expose them to a variety of financial risks, including the effects of changes in commodity prices and foreign currency exchange rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise unforeseen effects on the financial performance of the Group.

Having realised the risks, the Company is proactive in its attempt to improve the Company's risk management. In 2003, the Company formed the Risk Management Committee under the Board of Commissioners which is responsible for supporting the supervisory function of the Board of Commissioners, reviewing the risk management framework in order to align it with the Company's objectives and ensuring the effectiveness of risk management implementation performance.

In 2006, the Company integrated its risk management strategies and established the Task Force Enterprise Risk Management ("ERM") that is directly responsible to the Board of Directors.

a. Commodity Price Risks

There was a significant volatility in 2015 in commodity prices for nickel, gold and coal. The volatility was caused by weak demand due to the global economic crisis and the increasing level of world commodity reserves. Although the Group has diversified customers and does not depend on a specific market or country, due to the dominance of nickel and gold product portfolio on other products, the Group's revenue can still be significantly affected by the volatility in commodity prices.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

a. Commodity Price Risks (continued)

Other than natural hedging through the increase of non-nickel and non-gold portfolio portions (bauxite and coal), it is also possible for the Group to mitigate commodity price risks through hedging transactions with the main goal of protecting their budgeted income. Yet some hedging positions may cause the Group to lose the chance to obtain even higher profits when prices rise.

The Group believes that the best way to handle the risk of commodity price decrease is by decreasing the production cost. The Group has a commitment to convert their main fuel source from Industrial Diesel Oil and Marine Fuel Oil to a cheaper fuel source, such as natural gas, coal or hydro power.

As at June 30, 2015, the Group's trade receivables from ferronickel sales are directly linked to LME price index. If the LME nickel price weakens or strengthens by 5% compared to the price as of June 30, 2015 (assuming all other variables remain unchanged), the post-tax loss of the Group for the six-month period ended June 30, 2015 will decrease or increase by approximately Rp47,240,622 (December 31, 2014: Rp24,258,947, December 31, 2013: Rp24,508,860, December 31, 2012: Rp40,000,000).

b. Foreign Exchange and Interest Rate Risks

The Group's revenue and cash position are mostly in United States Dollar ("USD") while most of the Group's operating expenses are in Indonesian Rupiah. In addition, the Group also has significant borrowings in USD original currency. Thus, the Group suffers from the negative effect of the Indonesian Rupiah weakening against the United States Dollar.

If the Rupiah weakens or strengthens by 5% compared to United States Dollar on June 30, 2015 (assuming all other variables remain unchanged), the profit before tax of the Group for the six-month period ended June 30, 2015 will decrease or increase approximately by Rp168,584,670 (December 31, 2014: Rp139,232,848, December 31, 2013: Rp31,701,810, December 31, 2012: Rp99,612,641), mainly as a result of foreign exchange gains or losses on translation of the United States Dollar denominated net assets (liabilities) as at the reporting date.

The Group is exposed to interest rate risks through the impact of rate changes on interest-bearing liabilities. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift.

If loan interest rates increase or decrease by 0.1% compared to the loan interest rate on June 30, 2015 (assuming all other variables remain unchanged), the profit before tax of the Group for the six-month period ended June 30, 2015 will decrease or increase, respectively, by approximately Rp7,678,292 (December 31, 2014: Rp47,481,311, December 31, 2013: Rp422,236, December 31, 2012: Rp410,975).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

b. Foreign Exchange and Interest Rate Risks (continued)

Interest rate risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period of the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | June 30, 2015 | | | Total |
|-------------------------------|--------------------|--------------------|--------------------|---------------|
| | Less than one year | More than one year | Debt issuance cost | |
| Floating rate Investment loan | (199,980,000) | (649,935,000) | 3,729,035 | (846,185,965) |

| | December 31, 2014 | | | Total |
|-------------------------------|--------------------|--------------------|--------------------|---------------|
| | Less than one year | More than one year | Debt issuance cost | |
| Floating rate Investment loan | (163,275,000) | (699,750,000) | 4,499,207 | (858,525,793) |

| | December 31, 2013 | | | Total |
|-------------------------------|-------------------|------------------|--------------------|---------------|
| | Less than 1 year | More than 1 year | Debt issuance cost | |
| Floating rate Investment loan | (68,563,125) | (845,611,875) | 6,625,498 | (907,549,502) |

c. Credit Risk

Credit risk is the risk that the Group will incur a loss arising from their customers' or third parties' failure to fulfill their contractual obligations. There are no significant concentrations of credit risk. The Group manages and controls this credit risk by setting limits on the amount of risk they are willing to accept for individual customers and by monitoring exposures in relation to such limits.

The Group is confident in their ability to continue to control and maintain minimal exposure to credit risk, since the Group has clear policies on the selection of customers, legally binding agreements in place for mineral commodity sales transactions and historically low levels of bad debts. The Group's general policy for mineral commodity sales to new and existing customers is to select customers in a strong financial condition and with a good reputation.

The maximum exposure to credit risk for the Group is equal to the carrying value of the financial assets as shown in the consolidated statement of financial position.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

c. Credit Risk (continued)

The credit quality of financial assets that are neither overdue nor impaired can be assessed with reference to external credit ratings.

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|-----------------------------|------------------------------|------------------------------|------------------------------|
| Trade receivable | | | | |
| Counter-parties with an external credit rating (Standard and Poors) | | | | |
| A+ | - | - | 137,319,107 | 131,479,234 |
| BBB | - | - | 4,952,139 | 20,306,712 |
| | <u>-</u> | <u>-</u> | <u>142,271,246</u> | <u>151,785,946</u> |
| Counter-parties with an external credit rating (Pefindo) | | | | |
| AAA | - | - | 192,240 | 192,240 |
| Counter-parties with an external credit rating (Moody's) | | | | |
| Baa3 | 121,179,055 | 86,269,001 | - | - |
| Baa2 | 510,811,713 | 428,299,178 | - | - |
| Ba1 | 340,431,841 | 312,420,380 | - | 432,957,791 |
| Ba3 | - | 65,738,395 | - | - |
| | <u>972,422,609</u> | <u>892,726,954</u> | <u>-</u> | <u>432,957,791</u> |
| Counter-parties with an external credit rating (Fitch) | | | | |
| A | - | - | 125,741 | 125,741 |
| Counter-parties without an external credit rating | <u>552,969,060</u> | <u>174,893,318</u> | <u>1,010,097,461</u> | <u>1,137,364,648</u> |
| Trade receivables, net | <u>1,525,391,669</u> | <u>1,067,620,272</u> | <u>1,152,686,688</u> | <u>1,722,426,366</u> |
| Cash in banks | | | | |
| Counter-parties with an external credit rating (Moody's) | | | | |
| A1 | 31,189,563 | - | - | 119,158 |
| A3 | - | 106,929,128 | 120,387,196 | 107,031,015 |
| Aa2 | 4,641,592 | 12,694,373 | - | - |
| Aa3 | - | - | - | 153,465 |
| Baa1 | - | 40,397,567 | 74,710,100 | 42,033,681 |
| Baa3 | 86,370,508 | 15,806,077 | 623,637 | - |
| | <u>122,201,663</u> | <u>175,827,145</u> | <u>195,720,933</u> | <u>149,337,319</u> |
| Counter-parties with an external credit rating (Pefindo) | | | | |
| idAAA | 1,060,729,986 | 871,921,475 | 893,995,343 | 1,209,126,607 |
| idAA+ | 435,654 | - | 153,376,849 | 134,296,267 |
| idAA- | 14,338,626 | 11,694,849 | - | - |
| idA+ | 32,818 | 8,515 | 268,021 | 1,001,738 |
| | <u>1,075,537,084</u> | <u>883,624,839</u> | <u>1,047,640,213</u> | <u>1,344,424,612</u> |
| Total cash in banks | <u>1,197,738,747</u> | <u>1,059,451,984</u> | <u>1,243,361,146</u> | <u>1,493,761,931</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

c. Credit Risk (continued)

| | June 30, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Short-term time deposits | | | | |
| Counter-parties with an external credit rating (Pefindo) | | | | |
| idAAA | 421,961,321 | 1,205,198,972 | 1,176,980,850 | 1,547,093,413 |
| idAA+ | - | - | 256,740,000 | 557,500,000 |
| idAA | 280,640,000 | 104,349,867 | 106,094,848 | 268,825,566 |
| idAA- | 133,320,000 | 248,800,000 | - | - |
| idA+ | - | 500,000 | 8,150,000 | - |
| Total short-term time deposits | <u>835,921,321</u> | <u>1,558,848,839</u> | <u>1,547,965,698</u> | <u>2,373,418,979</u> |
| Restricted cash | | | | |
| Counter-parties with an external credit rating (Pefindo) | | | | |
| idAAA | 62,005,298 | 8,909,519 | 98,522,710 | 72,467,307 |
| Counter-parties without external credit rating | 2,559,521 | 2,519,040 | 2,474,326 | 2,410,872 |
| | <u>64,564,819</u> | <u>11,428,559</u> | <u>100,997,036</u> | <u>74,878,179</u> |

d. Liquidity Risk

Prudent liquidity risk management includes managing the profile of borrowing maturities and funding sources, maintaining sufficient cash and marketable securities and the ability to close out market positions. The Group's ability to fund their borrowing requirements is managed by maintaining diversified funding sources with adequately committed funding lines from high-quality lenders. The Group is exposed to liquidity risk on account of their bonds and capital loans for their projects.

The contractual due date of financial liabilities such as trade payables, accrued liabilities, other payables and short-term bank loans are less than one year, except for financial liabilities such as bonds payable and investment loans. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Contractual maturities of financial liabilities (undiscounted) | | | | | Total |
|--|---|--|--------------------------------------|--------------------------------------|-----------------------------|------------------------------|
| | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | |
| June 30, 2015 | | | | | | |
| Trade payables | 282,287,180 | 241,146,909 | - | - | - | 523,434,089 |
| Accrued expenses | 163,926,647 | - | - | - | - | 163,926,647 |
| Short-term employee benefits liability | 50,087,806 | - | - | - | - | 50,087,806 |
| Other payables | 60,234,309 | - | - | - | - | 60,234,309 |
| Short-term bank loan | 2,672,664,214 | 50,674,619 | - | - | - | 2,723,338,833 |
| Bonds payable | 66,356,250 | 199,068,750 | 265,425,000 | 2,107,696,875 | 2,377,156,250 | 5,015,703,125 |
| Investment loan | 31,733,147 | 376,036,753 | 554,505,325 | 1,352,733,153 | 1,846,029,038 | 4,161,037,416 |
| Other non-current liabilities | - | - | - | 196,360,526 | - | 196,360,526 |
| Total liabilities | <u>3,327,289,553</u> | <u>866,927,031</u> | <u>819,930,325</u> | <u>3,656,790,554</u> | <u>4,223,185,288</u> | <u>12,894,122,751</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

d. Liquidity Risk (continued)

| | Contractual maturities of financial liabilities (undiscounted) | | | | | Total |
|--|--|-----------------------------|---------------------------|-----------------------------|-----------------------------|------------------------------|
| | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | |
| December 31, 2014 | | | | | | |
| Trade payables | 606,742,256 | 80,733,999 | - | - | - | 687,476,255 |
| Accrued expenses | 161,623,654 | - | - | - | - | 161,623,654 |
| Short-term employee benefits liability | 19,893,619 | - | - | - | - | 19,893,619 |
| Other payables | 55,679,758 | - | - | - | - | 55,679,758 |
| Short-term bank loan | 1,267,661,500 | 1,272,609,983 | - | - | - | 2,540,271,483 |
| Bonds payable | 66,356,250 | 199,068,750 | 265,425,000 | 1,617,759,375 | 2,494,636,458 | 4,643,245,833 |
| Investment loan | 25,902,447 | 318,874,190 | 415,947,612 | 1,209,581,034 | 1,287,305,552 | 3,257,610,835 |
| Other non-current liabilities | - | - | - | 188,849,838 | - | 188,849,838 |
| Total liabilities | <u>2,203,859,484</u> | <u>1,871,286,922</u> | <u>681,372,612</u> | <u>3,016,190,247</u> | <u>3,781,942,010</u> | <u>11,554,651,275</u> |

| | | | | | | |
|--|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|------------------------------|
| December 31, 2013 | | | | | | |
| Trade payables | 547,080,010 | - | - | - | - | 547,080,010 |
| Accrued expenses | 331,623,859 | - | - | - | - | 331,623,859 |
| Short-term employee benefits liability | 41,559,372 | - | - | - | - | 41,559,372 |
| Other payables | 71,908,862 | - | - | - | - | 71,908,862 |
| Short-term bank loan | 12,153,752 | 2,477,810,657 | - | - | - | 2,489,964,409 |
| Bonds payable | 66,356,250 | 199,068,750 | 265,425,000 | 1,693,134,375 | 2,668,372,917 | 4,892,357,292 |
| Investment loan | 4,867,758 | 132,168,956 | 254,069,752 | 924,257,117 | 159,076,103 | 1,474,439,686 |
| Other non-current liabilities | - | - | - | 191,414,019 | - | 191,414,019 |
| Total liabilities | <u>1,075,549,863</u> | <u>2,809,048,363</u> | <u>519,494,752</u> | <u>2,808,805,511</u> | <u>2,827,449,020</u> | <u>10,040,347,509</u> |

| | Contractual maturities of financial liabilities (undiscounted) | | | | | Total |
|--|--|-----------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | |
| December 31, 2012 | | | | | | |
| Trade payables | 416,953,452 | - | - | - | - | 416,953,452 |
| Accrued expenses | 414,007,012 | - | - | - | - | 414,007,012 |
| Short-term employee benefits liability | 123,170,868 | - | - | - | - | 123,170,868 |
| Other payables | 37,756,594 | - | - | - | - | 37,756,594 |
| Short-term bank loan | 969,939,680 | 708,575,656 | - | - | - | 1,678,515,336 |
| Bonds payable | 66,517,466 | 199,573,957 | 266,152,089 | 798,878,296 | 1,887,599,677 | 3,218,721,485 |
| Other non-current liabilities | - | - | - | 3,053,301 | - | 3,053,301 |
| Total liabilities | <u>2,028,345,072</u> | <u>908,149,613</u> | <u>266,152,089</u> | <u>801,931,597</u> | <u>1,887,599,677</u> | <u>5,892,178,048</u> |

e. Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust their capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other entities in the industry, the Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as total liabilities as shown in the consolidated statements of financial position. Total capital is equity as shown in the consolidated statements of financial position.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (continued)

e. Capital Risk Management (continued)

During the six-month period ended June 30, 2015, and the years ended December 31, 2014, 2013 and 2012 the Group still maintained their strategy, that is a maximum debt-to-equity ratio not exceeding 2:1.

The debt-to-equity ratios as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

| | <u>June 30, 2015</u> | <u>December 31, 2014*</u> | <u>December 31, 2013*</u> | <u>December 31, 2012*</u> |
|-----------------------------|--------------------------|-------------------------------|-------------------------------|-------------------------------|
| Total Liabilities | 10,975,168,158 | 9,954,166,791 | 9,739,735,856 | 7,221,472,100 |
| Total Equity | <u>11,575,423,111</u> | <u>12,049,916,889</u> | <u>12,292,408,034</u> | <u>12,487,068,846</u> |
| Debt-to-equity ratio | <u>0.95:1</u> | <u>0.83:1</u> | <u>0.79:1</u> | <u>0.58:1</u> |

f. Fair Value Hierarchy

The Group uses the following hierarchy of valuation techniques in determining the fair value of financial liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of June 30, 2015, December 31, 2014 and 2013, the Group have liability in respect of contingent considerations from the acquisition of investments in NHM. These considerations are measured at fair value using the level 3 valuation technique.

37. FINANCE COSTS AND FINANCE INCOME

| | <u>June 30, 2015 (6 months)</u> | <u>June 30, 2014 (6 months)</u> | <u>December 31, 2014 (12 months)</u> | <u>December 31, 2013 (12 months)</u> | <u>December 31, 2012 (12 months)</u> |
|---|---|---|--|--|--|
| Finance costs: | | | | | |
| Interest expenses of short-term loans | (30,991,983) | (37,922,918) | (35,884,325) | (40,658,336) | (7,940,622) |
| Interest expenses of long-term loans | (92,140,803) | (20,041,208) | (105,819,005) | (18,392,625) | - |
| Interest expenses of bonds payable | <u>(133,100,512)</u> | <u>(133,068,124)</u> | <u>(266,152,090)</u> | <u>(266,241,395)</u> | <u>(266,035,789)</u> |
| | <u>(256,233,298)</u> | <u>(191,032,250)</u> | <u>(407,855,420)</u> | <u>(325,292,356)</u> | <u>(273,976,411)</u> |
| Less : amount capitalised on qualifying assets | <u>138,561,076</u> | <u>126,514,075</u> | <u>281,303,289</u> | <u>264,632,311</u> | <u>39,475,591</u> |
| Net finance costs | <u>(117,672,222)</u> | <u>(64,518,175)</u> | <u>(126,552,131)</u> | <u>(60,660,045)</u> | <u>(234,500,820)</u> |
| Finance income: | | | | | |
| Interest income on cash in banks short-term bank deposits | <u>22,683,549</u> | <u>30,658,124</u> | <u>68,664,556</u> | <u>85,316,381</u> | <u>166,069,157</u> |

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

38. OTHER (LOSSES)/GAINS, NET

This account consists of other (losses)/gains from the following:

| | June 30, 2015 <u>(6 months)</u> | June 30, 2014 <u>(6 months)</u> | December 31, 2014 <u>(12 months)</u> | December 31, 2013 <u>(12 months)</u> | December 31, 2012 <u>(12 months)</u> |
|---|---------------------------------------|---------------------------------------|--|--|--|
| (Loss)/gain on price adjustment | (114,314,347) | (73,780,388) | (75,600,628) | 62,603,060 | (107,979,149) |
| (Loss)/gain on foreign exchange, net | (205,063,070) | (36,749,746) | (118,186,826) | 18,247,528 | 176,306,896 |
| (Impairment)/recovery of warehouse inventory | (128,240) | (42,914,128) | 36,443,479 | (61,996,177) | (7,446,432) |
| Impairment of despatch receivables | - | - | - | (67,872,184) | - |
| Custom penalty | - | - | - | (47,858,789) | - |
| Demurrage expense | - | - | - | (41,476,687) | - |
| Recovery of impairment loss on property, plant and equipment, mining properties and exploration evaluation assets | - | - | - | - | 35,236,606 |
| Others | 32,113,985 | (33,877,660) | (67,945,476) | (76,420,200) | (2,596,328) |
| Others (losses)/gains, net | <u>(287,391,672)</u> | <u>(187,321,922)</u> | <u>(225,289,451)</u> | <u>(214,773,449)</u> | <u>93,521,593</u> |

39. EVENTS AFTER THE REPORTING PERIOD

- a. On July 2, 2015, the Company made a drawdown of the credit facility from PT Bank Central Asia Tbk amounting to US\$100,000,000, which will fall due on October 2, 2015 with an interest rate of 1.75% per annum.
- b. On July 15, 2015, there was damage of furnace-2 transformer in ferronickel II plant, which results in lower ferronickel production capacity by the Group. As at the date of these consolidated financial statements, the Company is in the process of filing insurance claims of industrial all risk, machinery breakdown and business interruption to cover the damage to the equipment and all other impacts from this incident.
- c. On July 24, 2015, the Company's Finance Director, Aloysius Kiik Ro, was appointed as Deputy of Restructuring and Business Development of the Ministry of State-owned Enterprises of Republic of Indonesia. Following the appointment, Aloysius Kiik Ro submitted his resignation as the Company's Director on July 27, 2015.

Based on Internal Memo No. 34/D/7512/2015, the Company decided and appointed Johan N. B. Nababan acting as Finance Director since July 28, 2015 until next AGMS.

- d. On August 4, 2015, the Company entered into an amendment of working capital loan credit facility agreement with BRI to extend the credit facility period to July 15, 2016.

On August 5, 2015, the Company also made a drawdown of the credit facility from BRI amounting to US\$100,000,000 at a 1.75% interest rate per annum. The loan period is valid until November 5, 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

40. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS (“FAS”) AND AUSTRALIAN FAS

The consolidated financial statements are prepared based on Indonesian FAS which, to some extent, differ from those in Australia (“Australian FAS”). Effective from January 1, 2005, the Australian accounting practice has been implementing Australian FAS. Significant differences between Indonesian FAS and Australian FAS are explained as follows:

- a) Indonesian FAS do not allow amortisation of land-rights, with several exceptions under certain circumstances. These certain circumstances relate to the impairment of quality of land, temporary use of land in remote areas and the management’s assessment that it is unlikely to obtain the renewal of the land rights.

Under Australian FAS, land rights are assessed if the risks and rewards incidental to the ownership of the land are substantially transferred by the lessor to the lessee and would be classified as a capital lease. Australian FAS require land rights that are valid only for certain periods, although they could be extended, to be amortised over the lease term of the land rights.

- b) From January 1, 2011, there is no difference between Indonesian and Australian FAS in relation to the below. Prior to January 1, 2011, Indonesian FAS allowed goodwill amortisation and the recognition of negative goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the fair value on non-monetary assets should be reduced proportionately until the difference is eliminated. If it is not possible to completely eliminate the difference by reducing the fair value of non-monetary assets, the remaining difference is recognised as a negative goodwill and treated as deferred income and amortised over a certain period. From January 1, 2011, Indonesian FAS no longer permit amortisation of goodwill and require negative goodwill from prior business combinations to be derecognised by making an adjustment to the opening retained earnings as at January 1, 2011.

Based on Australian FAS, AASB 1031 “Materiality” and AASB Interpretation 21 “Levies” are mandatory to be applied starting from January 1, 2014. These standards do not have a material impact on the consolidated financial statements of the Group prepared under Australian FAS.

The following tables set forth a reconciliation of consolidated statements of the financial position as at June 30, 2015, December 31, 2014, 2013 and 2012 and consolidated statements of the profit or loss and other comprehensive income for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 in each case between Indonesian FAS and Australian FAS consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

40. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS ("FAS") AND AUSTRALIAN FAS (continued)

| | June 30, 2015 | | | December 31, 2014* | | | December 31, 2013* | | | December 31, 2012* | | |
|---|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|
| | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard |
| ASSETS | | | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | 2,034,694,298 | - | 2,034,694,298 | 2,618,910,283 | - | 2,618,910,283 | 2,792,737,848 | - | 2,792,737,848 | 3,868,574,769 | - | 3,868,574,769 |
| Trade receivables, net | | | | | | | | | | | | |
| Third parties | 1,458,523,267 | - | 1,458,523,267 | 1,046,094,840 | - | 1,046,094,840 | 1,152,368,707 | - | 1,152,368,707 | 1,721,967,385 | - | 1,721,967,385 |
| Related parties | 66,868,402 | - | 66,868,402 | 21,525,432 | - | 21,525,432 | 317,981 | - | 317,981 | 458,981 | - | 458,981 |
| Other receivables, net | 27,676,896 | - | 27,676,896 | 31,318,032 | - | 31,318,032 | 37,004,847 | - | 37,004,847 | 124,491,614 | - | 124,491,614 |
| Inventories, net | 1,877,782,517 | - | 1,877,782,517 | 1,761,888,223 | - | 1,761,888,223 | 2,445,933,902 | - | 2,445,933,902 | 1,449,967,933 | - | 1,449,967,933 |
| Prepaid taxes | | | | | | | | | | | | |
| Corporate income taxes | - | - | - | - | - | - | 3,192,273 | - | 3,192,273 | - | - | - |
| Other taxes | 841,502,568 | - | 841,502,568 | 712,394,310 | - | 712,394,310 | 552,409,443 | - | 552,409,443 | 329,114,459 | - | 329,114,459 |
| Prepaid expenses | 28,520,281 | - | 28,520,281 | 72,758,669 | - | 72,758,669 | 65,105,737 | - | 65,105,737 | 50,518,253 | - | 50,518,253 |
| Other current assets | 233,820,681 | - | 233,820,681 | 78,220,147 | - | 78,220,147 | 31,366,435 | - | 31,366,435 | 101,757,802 | - | 101,757,802 |
| Total current assets | 6,569,388,910 | - | 6,569,388,910 | 6,343,109,936 | - | 6,343,109,936 | 7,080,437,173 | - | 7,080,437,173 | 7,646,851,196 | - | 7,646,851,196 |
| NON-CURRENT ASSETS | | | | | | | | | | | | |
| Restricted cash | 64,564,819 | - | 64,564,819 | 11,428,559 | - | 11,428,559 | 100,997,036 | - | 100,997,036 | 74,878,179 | - | 74,878,179 |
| Non-trade related party receivable | 41,030,678 | - | 41,030,678 | 37,027,697 | - | 37,027,697 | 33,732,183 | - | 33,732,183 | 3,956,042,901 | - | 3,956,042,901 |
| Investments in associates, net | 2,543,859,155 | - | 2,543,859,155 | 2,687,171,571 | - | 2,687,171,571 | 3,582,548,750 | - | 3,582,548,750 | 1,154,405,032 | - | 1,154,405,032 |
| Investment in a joint venture | 1,703,804,045 | - | 1,703,804,045 | 1,438,385,425 | - | 1,438,385,425 | 1,350,639,204 | - | 1,350,639,204 | 1,154,405,032 | - | 1,154,405,032 |
| Property, plant and equipment, net | 8,962,508,364 | 193,797,730 | 9,156,306,094 | 8,699,660,101 | 193,998,042 | 8,893,658,143 | 6,700,155,560 | 194,544,073 | 6,894,699,633 | 4,663,449,270 | 187,205,023 | 4,850,654,293 |
| Mining properties, net | 877,416,202 | - | 877,416,202 | 893,941,509 | - | 893,941,509 | 858,785,854 | - | 858,785,854 | 666,238,614 | - | 666,238,614 |
| Exploration and evaluation assets | 717,437,528 | 131,542,782 | 848,980,310 | 687,064,468 | 131,542,782 | 818,607,250 | 709,712,614 | 131,542,782 | 841,255,396 | 754,404,102 | 131,542,782 | 885,946,884 |
| Deferred charges | 38,184,880 | - | 38,184,880 | 39,365,897 | - | 39,365,897 | 40,396,184 | - | 40,396,184 | 31,587,451 | - | 31,587,451 |
| Prepaid taxes | | | | | | | | | | | | |
| Corporate income taxes | 265,424,797 | - | 265,424,797 | 467,572,268 | - | 467,572,268 | 722,498,125 | - | 722,498,125 | 47,858,790 | - | 47,858,790 |
| Other taxes | - | - | - | - | - | - | - | - | - | 428,317,812 | - | 428,317,812 |
| Goodwill | 114,589,786 | 11,581,026 | 126,170,812 | 133,651,462 | 11,581,026 | 145,232,488 | 179,941,213 | 11,581,026 | 191,522,239 | 185,373,970 | 11,581,026 | 196,954,998 |
| Deferred tax assets | 552,047,770 | (96,509,208) | 455,538,562 | 476,980,523 | (96,559,285) | 380,421,238 | 600,061,291 | (96,695,793) | 503,365,498 | 36,211,700 | - | 36,211,700 |
| Other non-current assets | 100,334,335 | - | 100,334,335 | 88,724,264 | - | 88,724,264 | 72,238,703 | - | 72,238,703 | 62,921,927 | - | 62,921,927 |
| Total non-current assets | 15,981,202,359 | 240,412,330 | 16,221,614,689 | 15,660,973,744 | 240,562,565 | 15,901,536,309 | 14,951,706,717 | 240,972,088 | 15,192,678,805 | 12,061,689,750 | 339,699,844 | 12,392,018,581 |
| TOTAL ASSETS | 22,550,591,269 | 240,412,330 | 22,791,003,599 | 22,004,083,680 | 240,562,565 | 22,244,646,245 | 22,032,143,890 | 240,972,088 | 22,273,115,978 | 19,708,540,946 | 339,699,844 | 20,038,869,777 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | | |
| Trade payables | | | | | | | | | | | | |
| Third parties | 189,140,162 | - | 189,140,162 | 448,654,416 | - | 448,654,416 | 471,822,225 | - | 471,822,225 | 378,228,386 | - | 378,228,386 |
| Related parties | 334,293,927 | - | 334,293,927 | 238,821,839 | - | 238,821,839 | 75,257,785 | - | 75,257,785 | 38,725,066 | - | 38,725,066 |
| Accrued expenses | 163,926,647 | - | 163,926,647 | 161,623,654 | - | 161,623,654 | 331,623,859 | - | 331,623,859 | 414,007,012 | - | 414,007,012 |
| Short-term employee benefit liabilities | 50,087,806 | - | 50,087,806 | 19,893,619 | - | 19,893,619 | 41,599,372 | - | 41,599,372 | 123,170,868 | - | 123,170,868 |
| Taxes payable | | | | | | | | | | | | |
| Corporate income taxes | 1,137,009 | - | 1,137,009 | 623,574 | - | 623,574 | 31,361,705 | - | 31,361,705 | 51,494,108 | - | 51,494,108 |
| Other taxes | 82,960,421 | - | 82,960,421 | 119,546,098 | - | 119,546,098 | 149,238,123 | - | 149,238,123 | 98,513,757 | - | 98,513,757 |
| Advances from customers | 54,949,277 | - | 54,949,277 | 46,541,414 | - | 46,541,414 | 84,136,165 | - | 84,136,165 | 189,619,579 | - | 189,619,579 |
| Short-term bank loans | 2,715,730,400 | - | 2,715,730,400 | 2,528,041,360 | - | 2,528,041,360 | 2,469,800,000 | - | 2,469,800,000 | 1,663,900,000 | - | 1,663,900,000 |
| Investment loan-current portion | 265,306,800 | - | 265,306,800 | 224,231,000 | - | 224,231,000 | 98,426,175 | - | 98,426,175 | - | - | - |
| Current maturities of provision for environmental and reclamation costs | 18,441,304 | - | 18,441,304 | 19,260,587 | - | 19,260,587 | 30,337,362 | - | 30,337,362 | 45,990,788 | - | 45,990,788 |
| Other payables | 60,234,309 | (4,449,723) | 55,784,586 | 55,679,758 | (4,449,723) | 51,230,035 | 71,908,862 | (4,449,723) | 67,459,139 | 37,756,594 | (4,449,723) | 33,306,871 |
| Total current liabilities | 3,936,208,062 | (4,449,723) | 3,931,758,339 | 3,862,917,319 | (4,449,723) | 3,858,467,596 | 3,855,511,633 | (4,449,723) | 3,851,061,910 | 3,041,406,158 | (4,449,723) | 3,036,956,435 |

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

40. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS ("FAS") AND AUSTRALIAN FAS (continued)

| | June 30, 2015 | | | December 31, 2014* | | | December 31, 2013* | | | December 31, 2012* | | |
|--|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|
| | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard |
| NON-CURRENT LIABILITIES | | | | | | | | | | | | |
| Bonds payable | 2,994,625,475 | - | 2,994,625,475 | 2,994,237,464 | - | 2,994,237,464 | 2,993,510,374 | - | 2,993,510,374 | 2,992,843,970 | - | 2,992,843,970 |
| Investment loan net of current maturities | 3,098,336,948 | - | 3,098,336,948 | 2,268,658,242 | - | 2,268,658,242 | 1,223,734,214 | - | 1,223,734,214 | - | - | - |
| Provision for environmental and reclamation costs net of current maturities | 234,000,252 | - | 234,000,252 | 220,243,642 | - | 220,243,642 | 239,345,503 | - | 239,345,503 | 205,728,522 | - | 205,728,522 |
| Pension and other post-retirement obligations | 515,636,894 | - | 515,636,894 | 419,260,286 | - | 419,260,286 | 1,236,220,113 | - | 1,236,220,113 | 797,164,624 | - | 797,164,624 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | 181,275,525 | 97,203,784 | 278,479,309 |
| Other non-current liabilities | 196,360,527 | - | 196,360,527 | 188,849,838 | - | 188,849,838 | 191,414,019 | - | 191,414,019 | 3,053,301 | - | 3,053,301 |
| Total non-current liabilities | 7,038,960,096 | - | 7,038,960,096 | 6,091,249,472 | - | 6,091,249,472 | 5,884,224,223 | - | 5,884,224,223 | 4,180,065,942 | 97,203,784 | 4,277,269,726 |
| TOTAL LIABILITIES | 10,975,168,158 | (4,449,723) | 10,970,718,435 | 9,954,166,791 | (4,449,723) | 9,949,717,068 | 9,739,735,856 | (4,449,723) | 9,735,286,133 | 7,221,472,100 | 92,754,061 | 7,314,226,161 |
| SHAREHOLDERS' EQUITY | | | | | | | | | | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | | | | | | |
| Share capital | 953,845,975 | - | 953,845,975 | 953,845,975 | - | 953,845,975 | 953,845,975 | - | 953,845,975 | 953,845,975 | - | 953,845,975 |
| Additional paid-in capital, net | 29,817,600 | - | 29,817,600 | 29,817,600 | - | 29,817,600 | 29,704,906 | - | 29,704,906 | 8,370,273 | - | 8,370,273 |
| Other equity components: | | | | | | | | | | | | |
| Difference in foreign currency translation | 55,096,808 | - | 55,096,808 | 55,102,023 | - | 55,102,023 | 54,994,778 | - | 54,994,778 | 103,200,270 | - | 103,200,270 |
| Difference arising from restructuring transaction of entities under common control | - | - | - | - | - | - | - | - | - | 21,334,633 | - | 21,334,633 |
| Retained earnings: | | | | | | | | | | | | |
| Appropriated | 11,613,209,777 | - | 11,613,209,777 | 11,613,209,777 | - | 11,613,209,777 | 11,295,503,087 | - | 11,295,503,087 | 8,751,355,353 | - | 8,751,355,353 |
| Unappropriated | (1,076,572,734) | 244,862,053 | (831,710,681) | (602,084,644) | 245,012,288 | (357,072,356) | (38,288,815) | 245,421,811 | 207,132,996 | 2,652,317,493 | 237,574,770 | 2,889,892,263 |
| Treasury stock | - | - | - | - | - | - | (3,377,511) | - | (3,377,511) | (3,377,511) | - | (3,377,511) |
| Total equity attributable to owners of the parent | 11,575,397,426 | 244,862,053 | 11,820,259,479 | 12,049,890,731 | 245,012,288 | 12,294,903,019 | 12,292,382,420 | 245,421,811 | 12,537,804,231 | 12,487,046,486 | 237,574,770 | 12,724,621,256 |
| Non-controlling interests | 25,685 | - | 25,685 | 26,158 | - | 26,158 | 25,614 | - | 25,614 | 22,360 | - | 22,360 |
| TOTAL SHAREHOLDERS' EQUITY | 11,575,423,111 | 244,862,053 | 11,820,285,164 | 12,049,916,889 | 245,012,288 | 12,294,929,177 | 12,292,408,034 | 245,421,811 | 12,537,829,845 | 12,487,068,846 | 237,574,770 | 12,724,643,616 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 22,550,591,269 | 240,412,330 | 22,791,003,599 | 22,004,083,680 | 240,562,565 | 22,244,646,245 | 22,032,143,890 | 240,972,088 | 22,273,115,978 | 19,708,540,946 | 330,328,831 | 20,038,869,777 |

* As restated, refer to Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

40. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS (“FAS”) AND AUSTRALIAN FAS (continued)

| | June 30, 2015 | | | June 30, 2014* | | | December 31, 2014* | | | December 31, 2013* | | | December 31, 2012* | | |
|---|---------------|----------------|--------------------------------|----------------|----------------|--------------------------------|--------------------|----------------|--------------------------------|--------------------|----------------|--------------------------------|--------------------|----------------|--------------------------------|
| | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard | IFAS | Reconciliation | Australian Accounting Standard |
| SALES | 7,849,014,989 | - | 7,849,014,989 | 3,986,717,430 | - | 3,986,717,430 | 9,420,630,933 | - | 9,420,630,933 | 11,298,321,506 | - | 11,298,321,506 | 10,449,885,512 | - | 10,449,885,512 |
| COST OF GOODS SOLD | 7,320,945,645 | 66,916 | 7,321,012,561 | 3,743,013,459 | 139,620 | 3,743,153,079 | 8,627,269,773 | 279,240 | 8,627,549,013 | 9,611,866,573 | 1,765,172 | 9,613,631,745 | 8,413,609,229 | 1,724,462 | 8,415,333,691 |
| GROSS PROFIT | 528,069,344 | (66,916) | 528,002,428 | 243,703,971 | (139,620) | 243,564,351 | 793,361,160 | (279,240) | 793,081,920 | 1,686,454,933 | (1,765,172) | 1,684,689,761 | 2,036,276,283 | (1,724,462) | 2,034,551,821 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| General and administrative | 351,704,136 | 133,396 | 351,837,532 | 357,102,971 | 133,396 | 357,236,367 | 783,695,715 | 266,791 | 783,962,506 | 940,652,337 | 266,791 | 940,919,128 | 939,004,861 | 160,279 | 939,165,140 |
| Selling and marketing | 73,021,743 | - | 73,021,743 | 73,932,195 | - | 73,932,195 | 146,728,169 | - | 146,728,169 | 160,967,042 | - | 160,967,042 | 179,218,327 | - | 179,218,327 |
| Total operating expense | 424,725,879 | 133,396 | 424,859,275 | 431,035,166 | 133,396 | 431,168,562 | 930,423,884 | 266,791 | 930,690,675 | 1,101,619,379 | 266,791 | 1,101,886,170 | 1,118,223,188 | 160,279 | 1,118,383,467 |
| OPERATING PROFIT/(LOSS) | 103,343,465 | (200,312) | 103,143,153 | (187,331,195) | (273,016) | (187,604,211) | (137,062,724) | (546,031) | (137,608,755) | 584,835,554 | (2,031,963) | 582,803,591 | 918,053,095 | (1,884,741) | 916,168,354 |
| OTHER (EXPENSES)/INCOME | | | | | | | | | | | | | | | |
| Share of (loss)/profit of associates and joint venture | (163,391,036) | - | (163,391,036) | (310,948,074) | - | (310,948,074) | (231,884,099) | - | (231,884,099) | (11,552,744) | - | (11,552,744) | 115,099,172 | - | 115,099,172 |
| Impairment of investment in associates and goodwill | (19,061,676) | - | (19,061,676) | (46,289,751) | - | (46,289,751) | (184,958,460) | - | (184,958,460) | (174,889,994) | - | (174,889,994) | - | - | - |
| Finance income | 22,683,549 | - | 22,683,549 | 30,658,124 | - | 30,658,124 | 68,664,556 | - | 68,664,556 | 85,316,381 | - | 85,316,381 | 166,069,157 | - | 166,069,157 |
| Gain on fair value adjustment | - | - | - | - | - | - | - | - | - | - | - | - | 2,484,007,689 | - | 2,484,007,689 |
| Dividend income | - | - | - | - | - | - | - | - | - | - | - | - | 375,434,214 | - | 375,434,214 |
| Finance costs | (117,672,222) | - | (117,672,222) | (64,518,175) | - | (64,518,175) | (126,552,132) | - | (126,552,132) | (60,660,045) | - | (60,660,045) | (234,500,820) | - | (234,500,820) |
| Contingent consideration from investment | - | - | - | - | - | - | - | - | - | (182,835,000) | - | (182,835,000) | - | - | - |
| Other (losses)/gain, net | (268,329,996) | - | (268,329,996) | (141,032,171) | - | (141,032,171) | (178,999,700) | - | (178,999,700) | (209,340,690) | - | (209,340,690) | 93,521,593 | - | 93,521,593 |
| Other (expenses)/income, net | (545,771,381) | - | (545,771,381) | (532,130,047) | - | (532,130,047) | (653,729,835) | - | (653,729,835) | (553,962,092) | - | (553,962,092) | 2,999,631,005 | - | 2,999,631,005 |
| (LOSS)/INCOME BEFORE INCOME TAX | (442,427,916) | (200,312) | (442,628,228) | (719,461,242) | (273,016) | (719,734,258) | (790,792,559) | (546,031) | (791,338,590) | 30,873,462 | (2,031,963) | 28,841,499 | 3,917,684,100 | (1,884,741) | 3,915,799,359 |
| INCOME TAX BENEFIT/(EXPENSES) | 46,434,011 | 50,078 | 46,484,089 | 48,317,232 | 68,254 | 48,385,486 | 47,262,966 | 136,508 | 47,399,474 | 501,926,804 | 507,991 | 502,434,795 | (907,926,590) | 471,185 | (907,455,405) |
| (LOSS)/INCOME FOR THE PERIOD/YEAR | (395,993,905) | (150,234) | (396,144,139) | (671,144,010) | (204,762) | (671,348,772) | (743,529,593) | (409,523) | (743,939,116) | 532,800,266 | (1,523,972) | 531,276,294 | 3,009,757,510 | (1,413,556) | 3,008,343,954 |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | | | | | | | | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | | | | | | | | | | |
| Remeasurement of pension and other retirement obligations, net of tax | (78,494,658) | - | (78,494,658) | 38,012,895 | - | 38,012,895 | 589,678,424 | - | 589,678,424 | (278,685,185) | - | (278,685,185) | (59,970,010) | - | (59,970,010) |
| Items that may be subsequently reclassified to profit or loss: | | | | | | | | | | | | | | | |
| Difference in foreign currency translation | (5,215) | - | (5,215) | 94,099 | - | 94,099 | 107,245 | - | 107,245 | 191,354 | - | 191,354 | (4,091,142) | - | (4,091,142) |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR | (474,493,778) | (150,234) | (474,644,012) | (633,037,016) | (204,762) | (633,241,778) | (153,743,924) | (409,523) | (154,153,447) | 254,306,435 | (1,523,972) | 252,782,463 | 2,945,696,358 | (1,413,556) | 2,944,282,802 |
| (LOSS)/INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO: | | | | | | | | | | | | | | | |
| Owners of the parent | (395,993,432) | (150,234) | (396,143,666) | (671,144,683) | (204,762) | (671,349,445) | (743,530,137) | (409,523) | (743,939,660) | 532,797,012 | (1,523,972) | 531,273,040 | 3,009,756,761 | (1,413,556) | 3,008,343,205 |
| Non-controlling interests | (47) | - | (47) | 673 | - | 673 | 544 | - | 544 | 3,254 | - | 3,254 | 749 | - | 749 |
| | (395,993,905) | (150,234) | (396,144,139) | (671,144,010) | (204,762) | (671,348,772) | (743,529,593) | (409,523) | (743,939,116) | 532,800,266 | (1,523,972) | 531,276,294 | 3,009,757,510 | (1,413,556) | 3,008,343,954 |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO: | | | | | | | | | | | | | | | |
| Owners of the parent | (474,493,305) | (150,234) | (474,643,539) | (633,037,689) | (204,762) | (633,242,451) | (153,744,468) | (409,523) | (154,153,991) | 254,303,181 | (1,523,972) | 252,779,209 | 2,945,696,609 | (1,413,556) | 2,944,282,053 |
| Non-controlling interests | (47) | - | (47) | 673 | - | 673 | 544 | - | 544 | 3,254 | - | 3,254 | 749 | - | 749 |
| | (474,493,778) | (150,234) | (474,644,012) | (633,037,016) | (204,762) | (633,241,778) | (153,743,924) | (409,523) | (154,153,447) | 254,306,435 | (1,523,972) | 252,782,463 | 2,945,696,358 | (1,413,556) | 2,944,282,802 |
| BASIC (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF OF THE PARENT (full amount) | (42) | | (42) | (70) | | (70) | (78) | | (78) | 56 | | 56 | 316 | | 316 |

* As restated, refer to Note 4