

NEWS RELEASE FROM ADARO ENERGY

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ADARO ENERGY'S NET PROFIT JUMPS TO Rp2,249 BILLION

Jakarta, August 31st, 2009 – PT Adaro Energy Tbk (IDX - ADRO) is pleased to announce consolidated auditor-reviewed net profit for the six-months period ended June 30, 2009, of Rp2,249 billion, a sixteen-fold jump from the same period in 2008. Adaro Energy's 1H09 basic earnings per share (EPS) increased to Rp70.3. The strong profit increase is attributed to higher coal prices, limited cost increases and no extraordinary demurrage expenses. The higher average achieved selling price of Adaro Energy's coal more than offset the 11% decrease in sales volume during the period, and resulted in the 64% increase in revenue to Rp12,897 billion. The cost of revenue increased at a lesser rate of 26%, which boosted gross profit 182% to Rp5,444 billion and widened the gross margin to 42%.

Summary of Key Financials and Operating performance

| PT Adaro Energy Tbk Key Financial and Operational Data (Rp mn) | 1H09 | 1H08 | Increase (Decrease) |
|--|------------|------------|------------------------|
| Net revenue | 12,896,887 | 7,845,583 | 64% |
| Cost of revenue | 7,452,447 | 5,914,683 | 26% |
| Gross profit | 5,444,440 | 1,930,900 | 182% |
| Operating income | 4,930,847 | 1,682,668 | 193% |
| Net income | 2,248,640 | 139,921 | 1507% |
| EPS (Rp) | 70.3 | 6.7 | |
| | | | |
| Gross margin | 42.2% | 24.6% | 72% |
| Operating margin | 38.2% | 21.4% | 78% |
| Net margin | 17.4% | 1.8% | 878% |
| | | | |
| Total assets | 36,495,733 | 18,110,421 | 102% |
| Total liabilities | 20,241,390 | 15,096,680 | 34% |
| Total equity | 16,110,661 | 2,278,955 | 607% |
| Interest bearing debts | 11,414,292 | 9,537,759 | 20% |
| Net working capital | 1,731,362 | (111,214) | 1657% |
| | | | |
| Production volume (MT) | 17,986,984 | 18,260,629 | -1% |
| Sales volume (MT) | 17,829,658 | 20,077,259 | -11% |

President Director Garibaldi Boy Thohir said “our 1H09 financial performance demonstrates our ability to maintain an optimum production level, in response to the softer commodities market conditions, allowing us to achieve favorable selling prices and revenues. As we reduced planned coal production levels, we were able to focus on overburden removal, which increased 30% over last year. This resulted in a higher-than-planned actual strip ratio and therefore higher-than-planned cash costs for the period.”

Quality Earnings Analysis (Rp 000)

| | 1H09 | 1H09 | Increase (Decrease) |
|---|------------------|----------------|------------------------|
| Net income | 2,248,640 | 139,921 | 1507.1% |
| Extraordinary item | - | 356,645 | -100.0% |
| Amortisation mining properties - net of tax | 156,081 | 922 | 16822.1% |
| Amortisation goodwill | 260,794 | 132,710 | 96.5% |
| Gain on forex - net of tax | (210) | (26,013) | -99.2% |
| | 2,665,305 | 604,185 | 341.1% |

Subsidiary Performance

The following table shows Adaro Energy’s subsidiaries performance in 1H09 – all numbers are before elimination of inter-company transactions and shown in the respective subsidiaries’ reporting currency.

| | Adaro Indonesia | IBT | CTI | SIS (US\$m n) | OML (US\$m n) | MSW (Rpmm) | SDM (Rpmm) |
|------------------------------------|--------------------|---------|---------|---------------------|---------------------|---------------|---------------|
| | (US\$m) | (US\$m) | (US\$m) | | | | |
| Revenue | 1,091.9 | 7.6 | 46.8 | 120.3 | 33.7 | - | 63,728.8 |
| Cost of Revenue | (634.8) | (7.2) | (30.0) | (92.1) | (18.4) | - | (13,225.8) |
| Gross Profit | 457.1 | 0.4 | 16.7 | 28.3 | 15.3 | - | 50,503.0 |
| Operating Income (Loss) | 414.4 | 0.4 | 12.4 | 20.7 | 13.7 | (6,031.0) | 46,215.3 |
| Net Income (Loss) | 221.0 | 0.6 | 10.3 | 9.3 | 6.9 | (7,825.0) | 57,002.9 |
| Total Assets | 1,397.2 | 176.8 | 207.9 | 461.8 | 182.4 | 363,856.2 | 533,535.4 |
| Interest bearing debt | 482.1 | - | 152.9 | 326.0 | 149.4 | - | 465,474.9 |
| Capital Expenditures | 13.2 | 3.5 | - | 26.0 | 12.2 | 4,952.7 | 61,404.2 |

Net Revenues

Adaro Energy's consolidated net revenue increased by a strong 64% in 1H09. The increase was largely driven by the favorable coal selling price realization, which benefited Adaro Energy's coal Mining and trading business (Adaro Indonesia and Coaltrade – combined 94% of consolidated net revenue). As a result, net revenues for the coal mining and trading segment's were up 68% to Rp12,173 billion in 1H09. Meanwhile, the mining services subsidiary, SIS, also recorded positive net revenue growth to Rp554bn, albeit at a slower rate of 17%.

The stronger price realization has more than offset the drop in combined sales volume at Adaro Indonesia and Coaltrade, which amounted to 18mn tonnes in 1H09, a 11% decline from 1H08. As reported in our 2Q09 quarterly activities, the sales volume decline largely has reflected the softer market demand for commodities during the period. The demand for Adaro's Envirocoal strengthened at the end of 2Q09 after a slow start to the year and this strengthening demand is expected to continue till the end of the year with increased sales to Asian customers offsetting ongoing soft market conditions in Europe and the USA (Please refer to our 2Q09 Quarterly Activities Report for more details).

Subsidiaries Revenues

Adaro Indonesia

Adaro Indonesia's coal production decreased 1.5% in 1H09 to 18 million tonnes, while sales volumes decreased 6.1% to 17.7 million tonnes. On a sequential basis, sales volume saw a slight pickup to 9.1Mt in 2Q09 (1Q09; 8.6 Mt), reflecting the improving market demand during quarter. The overall volume decline in 1H09 was more than offset by favorable price realization for the period, driving revenues to increase 55% to US\$1,091 million (Rp12,083.6 billion).

Coaltrade

Coaltrade's third-party trading activities decreased 75% to US\$46.8 million (Rp517.7 billion) during 1H09 as actual tonnage sold decline, in-line with the soft market condition during the period.

IBT

During 1H09, IBT revenues decreased 64% to US\$76 million (Rp83.6 billion) due to moving a larger proportion of Adaro's ship loading activities from IBT to the Taboneo open anchorage and the decrease in Adaro's sales volumes.

SIS

During 1H09, SIS revenues increased 75% to Rp1,331.6 billion due to increased mining activities at Adaro and third-party clients. The positive revenue growth has largely reflected healthy level of mining activities from Adaro and third-party clients during the period. The increase was also caused by the depreciation of the Rupiah compared to the USD in 1H09, which was not a factor in 2008 when SIS used Rupiah as its reporting currency.

Cost of Revenue

Adaro Energy's consolidated cost of revenue for 1H09 increased 26% to Rp7,452.4 billion. A large portion of the increase was driven by mining costs, on the back of the increased overburden removal activities, despite the lower production volume. Nonetheless, the smaller increase in cost of revenue (relative to the increase in revenue) has demonstrated the company's focus on cost efficiency, and to a lesser degree, the impact of lower fuel price.

Although not a separate line item, fuel remains a substantial cost, at around 25% of Adaro Energy's cash costs. As part of the business model of further integration, Adaro Energy has taken over substantially all of the fuel procurement activities for the entire group, from mining through to barging and other areas.

Coal Mining and Trading (Adaro Indonesia and Coaltrade)

The costs related to coal mining and trading encompasses the cost of the excavation, land transportation, crushing, barging, and for some customers, the delivery of Adaro Indonesia's Envirocoal. In 1H09, total cost related to coal mining and trading rose 29% to Rp6,926.1 billion – again, a much lower pace compared to the increase in coal mining and trading revenue.

In the order of magnitude, the costs for Coal Mining and Trading are classified as: mining cost (49% of total cost), freight and handling (20%), royalties to government (19%), depreciation and amortization (6.7%), and coal processing (6.3%).

Mining cost

Being the largest component of Coal Mining and Trading segment's cost, mining cost rose 41% to Rp3,366 billion in 1H09. The increase is largely driven by higher stripping ratio (reflecting higher overburden removal, despite the lower production for the period) in-line with the company's adjusted mining plan in response to the favorable price realization and market condition. To put the mining cost increase in context, the rate of increase is much lower than the increase in revenue for the segment.

Freight and handling

Freight and handling cost rose 5% to Rp1,408 billion in 1H09. The relatively small increase was largely due to the consolidation of OML (post the acquisition in May 2009), resulting in the elimination of Rp279.5bn of cost incurred with the subsidiary from the consolidated cost account. This has partly negated cost inflation during the period.

Royalties

In 1H09, Adaro Energy's royalties payment increased 153% to Rp1,338 billion, in-line with the increase in Coal revenues. Royalties are paid to the Government of Indonesia and is calculated using a rate of 13.5%, levied against the net sales price after reducing for any charges incurred for transporting the coal beyond the final processing facility (the Kelanis River Terminal).

Purchase of Coal

The cost substantially related to coal purchases made by Coaltrade, which buys and sells third party coal for either blending or marketing purposes. Adaro Energy's coal purchases substantially decreased 84% to Rp92 billion, in-line with the generally slower marketing activity.

Depreciation and Amortization

The depreciation and amortization component of coal mining and trading increased almost five-fold to Rp458 billion, largely driven by the increase in amortization of mining properties. Following the acquisitions of Adaro Indonesia, funded by the July 2008 IPO, Adaro Energy's mining properties had jumped to Rp10,162 billion from Rp114 billion at the end of 1H08, accounting for the difference between the book value and the acquisition price of Adaro Indonesia. Mining properties have little tangible value on the balance sheet of the company that has been granted the use of those properties. Once an event occurs such as the takeover of a permit holder, the mining property will increase in value. Adaro Energy's mining properties shall be amortized using the unit of production method.

Mining Services (mostly SIS)

Adaro Energy's cost under mining services segments are substantially all associated with the firm's mining contractor, SIS. During 1H09, the cost of mining services decreased 3% to Rp423.5 billion. The decrease was driven by the lower consumables cost (largely fuel and explosives), which dropped xx% to Rp~~xxx~~ billion in 1H09. In 1H09, depreciation and amortization increased 42% to Rp115 billion as SIS spent US\$22.5 million on mining equipment to expand its operations. Repairs and maintenance increased 33.5% to Rp86 billion.

Others (mostly IBT)

The costs associated with the Others segment account for just 1% of the total cost of revenues and were mostly related to the cost of Adaro Energy's subsidiaries, IBT and SDM. It is worth noting that costs associated with the planned river dredging maintenance work by SDM has not been accrued in 1H09 and therefore will only be accounted in 2H09.

Significant Suppliers

PT Pamapersada Nusantara ("Pama") is the sole supplier having transactions of more than 10% of total consolidated purchases. In 1H09, Pama's transaction value increased 43% to Rp1,119 billion. The increase is largely explained by the higher overburden removal activities, Rp/ US\$ depreciation during 1H09, and the higher rate for the contractor.

Related-parties Cost of Revenue

Cost of revenues incurred with related parties fell to 4.7% of total cost in 1H09, from 8.4% in 1H08. The decline largely reflected the consolidation of the barging and shipping

company, OML, after Adaro acquired 74.16% stake in the subsidiary in May 2009. Cost of revenues with related parties are mainly mining and transportation-related costs.

Operating expenses

Adaro Energy's total operating expenses increased 107% to Rp513.6 billion in 1H09, driven by higher sales commissions, linked to higher sales revenues, as well as higher employee costs. Operating expenses in 1H09 accounted for 4% of revenue, as compared to 3% in 1H08.

Other Expenses

Adaro Energy's total Other Expenses increased 72% to Rp572 billion in 1H09. Increase in amortization of goodwill, higher net interest expense, and lower FX gain drove the increase, partly offset by gain on sale of available-for-sale investments.

Amortization of Goodwill

The amortization of goodwill increased 96.5% to Rp261 billion. The increase is linked to the increase of goodwill on the balance sheet to Rp9,363 billion from Rp5,012 billion. Adaro Energy's goodwill increased to reflect the acquisition activities carried out by Adaro Energy using the proceeds from the 2008 IPO, and the large differences between the acquisition price and the book value of the various subsidiaries which were acquired.

Income Tax Expense

The 1Q09 income tax expense increased 203% to Rp2,052 billion. Under the terms of its Coal Cooperation Agreement of 1982, Adaro Indonesia, which is the main income earner, has an income tax rate of 45%. The Group's effective tax rate in 1H09 was 47%, down from 50% in 1H08.

Profitability Ratios

| | 1H09 | 1H08 |
|---|-------------|-------------|
| Profitability Analysis | | |
| ROA | 12.3% | 1.5% |
| ROE | 27.9% | 12.3% |
| ROIC (Capital = Debt + Paid up capital) | 26.5% | 2.2% |

Balance Sheet

Total Assets

Adaro Energy's total assets increased to Rp36,496 billion by the end of 1H09, up 101.5% from the end of 1H08. The increase is mostly due to the jump in value of mining properties and goodwill, due to the internal acquisitions, funded by the July 2008 IPO. Additionally, significant jumps in cash and cash equivalents and fixed assets also contributed to larger total assets.

Liquidity Analysis

| | | 1H09 | 1H08 |
|----------------------------------|----|------|------|
| Accounts Receivable days | 39 | 44 | |
| Inventory days (all inventories) | 13 | 8 | |
| Accounts Payable days | 73 | 89 | |

Current Assets

Current assets represent 24.5% of total assets. At the end of 1H09, Adaro Energy's total current assets increased 37.8% to Rp8,943 billion from the end of 1H08. The main reason for the substantial increase is due to large increases of cash and cash equivalents, third party trade receivables, advances, inventories and recoverable taxes, and including the decrease of the value of the available-for-sale investment due to redemptions.

Cash and Cash Equivalents

Cash and cash equivalents accounted for 11.5% of total assets. Cash and cash equivalents increased to Rp4,207 billion, a 136% of increase. The increase largely reflected the positive free cash flow generation, largely as a result of the strong operating cash flow, which has more than covered for capex spending and other investing outflow.

US Dollars accounted for 92% of all Adaro Energy's cash in banks.

Available-for-Sale Investments

At the end of 2007, Adaro Energy and two of its subsidiaries appointed Recapital to manage a fund of Rp1,728 billion. In August 2008, Adaro Energy and its mining contractor subsidiary SIS made full redemptions amounting to Rp228 billion, while another subsidiary, JPI, made partial redemptions amounting to Rp425 billion. In February and April 2009, JPI made full redemption on the remaining fund amounting to Rp1075 billion. The realised gain on investment for 1H09 amounted to Rp37 billion.

Trade Receivables

Third party trade receivables rose 56.5% to Rp2,763 billion, largely as a function of the increase in revenues from coal mining and trading. Of the total receivables amount, 96% were current and overdue within 1 – 30 days. The top three parties were all blue-chip customers, which were responsible for 34% of the third party trade receivables. Adaro Energy is of the opinion these receivables will be collected in full.

Advances and Prepayments

Adaro Energy's advances and prepayments rose 194% to Rp406 billion. This was largely driven by the Rp280 billion increase (230% increase over 1H08) in advance to suppliers, largely related to MSW's projects. Another significant increase was the advance for fuel purchases, which was up 151% to Rp67 billion.

Inventories

Inventories increased 105% to Rp520 billion, with the largest increase attributed to inventories of coal, valued at the lower of cost or net realizable value, which increased

146% to Rp241 billion. Another significant increase was inventories of tools and supplies, valued on a first-in, first out basis, which increased 163% to Rp154 billion.

Recoverable Tax

Under the terms of Adaro Indonesia's Coal Cooperation Agreement (CCA), the company must pay income tax and a sales tax and is not subject to any new taxes. If new taxes are paid during the course of running the business, Adaro can seek restitution from the Government of Indonesia. Adaro Energy's recoverable tax increased 71%, to Rp528 billion. VAT input receivable, which is value added tax that has yet to be offset against royalties owed to the Government of Indonesia, decreased 22% to Rp204 billion.

Non-Current Assets

Fixed Assets

Adaro Energy's fixed assets increased 95% to Rp7,702 billion by the end of 1H09. The main driver for the increase was the completion of the acquisition of OML in May 2009, which resulted in total addition of Rp1,226bn worth of vessels (owned and leased) by end of 1H09. During 1H09, the company also added Rp503 billion worth of operational equipments (owned and leased), for use primarily by Adaro Energy's mining contractor SIS.

Mining Properties

Mining properties arises from the acquisition of Adaro Indonesia. Due to the large differences during the IPO-funded acquisition, which occurred in 2H08, between the book value of the Adaro Indonesia and the acquisition value, the asset value of Adaro Energy's mining properties increased 89 times to Rp10,162 billion. This amount is amortized using the unit-of-production method, which links the amount of amortization with future economic benefit, until the expected end of production (i.e. dividing the value of mining properties by the estimated volume of reserves, to come up with the amortization expense/tonne).

Goodwill

Similar to the acquisition of mining rights, Adaro Energy's goodwill increased to reflect the acquisition activities carried out by Adaro Energy using the proceeds from the July 2008 IPO, and the large differences between the acquisition price and the book value of SIS, IBT, CTI, OML and other companies. The value of goodwill increased to Rp9,267 billion from Rp5,074 billion. Goodwill is amortized using the straight line method, mostly over a period of 20 years.

Credit Ratios

| | 1H09 | 1H08 |
|--------------------|-------|-------|
| Net debt to EBITDA | 0.66x | 2.14x |
| Net debt to Equity | 0.45x | 2.61x |

Total Liabilities

At the end of 1H09, Adaro Energy's total liabilities increased 34% to Rp20,241 billion. The increase is driven by the 53% increase in long-term liabilities, largely reflecting the

increase in deferred tax liabilities, bank loans and lease payables, while current liabilities rose 9%. Total liabilities as of 1H09 accounted for 55% of Adaro Energy's total assets, a major change compared to 83% in 1H08, mainly reflecting the change in company's capital structure post the completion of IPO in July 2008.

Current Liabilities

Short-term Borrowings

Adaro Energy's short-term borrowings comprised of US Dollars denominated bank loans, which decreased 12.5% to Rp613.5 billion in 1H09.

As of June 30th, 2009 the interest rates on Adaro Energy's short-term bank loans were 2.3% - 3.1% down from 3.8%-8.2% in 1H08.

Trade Payables

Adaro Energy's third party trade payables increased 5.7% to Rp2,109 billion in end of 1H09, largely reflecting the increase in operational activities at the coal mining and related subsidiaries. Most of the trade payables arose from purchases of spare parts, maintenance services, purchases of coal and mining services. Substantially all of the payables were due in 30 days, 80% were in US Dollars and 14% were in Rupiah.

The largest third party payable of Rp570 billion was with Adaro Indonesia's largest mining contractor, PAMA, followed by Rp211 billion owed to PT Bukit Makmur Mandiri Utama and Rp197 billion owed to PT Batuah Abadi Lines.

Related party trade payables decreased 61.5% to Rp95 billion. The largest related party payable of Rp45 billion was with Orchard Maritime Logistics Pte Ltd for barging services, followed by Rpxx billion to PT Rahman Abdijaya, one of Adaro Indonesia's four mining contractors.

Taxes Payable

Adaro Energy's taxes payable increased 18% to Rp1,664 billion. This largely reflected the 115% increase in corporate income tax payable at the subsidiary level to Rp1,558 billion.

Current Maturities of Long-Term Borrowings

Adaro Energy's current maturities of long-term borrowings increased 17% to Rp1,464 billion. This mainly represents the increase in current maturities of finance lease payables.

Royalties Payable

Government royalties payable, net of VAT to be reimbursed, increased 19% to Rp761 billion. Adaro Indonesia calculates royalties of 13.5% of coal revenues after subtracting the cost of transporting the coal beyond the final processing facility currently located at the Kelanis river facility, as well as other agreed upon costs. The Kelanis crushing and barge loading facility is located where the haul road from the mine meets the Barito River. Since 1999, Adaro has adopted a sales-based cash royalty method in accordance

with the joint sales agreement, which satisfies the Government's entitlement of 13.5% of production.

Non-Current Liabilities

Long-Term Borrowings Net of Current Maturities

Substantially all of Adaro Energy's borrowings are held in US Dollars, matching the currency of substantially all of Adaro's revenues and a significant portion of costs and assets.

Since the leveraged buyout of 2005, the level of borrowings attributed to what is today Adaro Energy have consistently and regularly been refinanced and repaid to reduce interest rates and the total amount of outstanding loans. This policy of reducing gearing and borrowing costs continued in 1H09.

As of 1H09, Adaro Energy's long-term borrowings increased 5.7% to US\$885 million, mainly due to the consolidation of debt of the recently acquired subsidiary, OML. In Rupiah terms, the translated debt level rose at a higher rate of 16% to Rp9,048bn, reflecting the weakening Rupiah at the end of first half of 2009, compared to the end of 1H08.

Adaro Energy's long-term loans comprised of the outstanding balance of the following loans at the subsidiary levels:

Syndicated Loan Facility (Adaro Indonesia and Coaltrade)

On 2 November 2007, Adaro Indonesia and Coaltrade, as the Borrowers, entered into a syndicated loan facility agreement with several foreign banks which provided bank loan facilities of US\$750 million with a maturity date of December 2012. These facilities consist of a term loan facility of US\$650 million and a revolving loan facility of US\$100 million with interest rates at LIBOR plus a certain percentage. These facilities were used to refinance the New Mezzanine Facility, the New Senior Facility and Notes. The outstanding balance for the facility as of June 30, 2009, was US\$575mn, down from US\$725mn in June 30, 2008.

Senior Credit Facility (SIS Senior Credit Facility)

In August 2008, Adaro Energy's subsidiary SIS entered into a 5 year, Senior Credit Facility for US\$300 million provided by a syndicate of banks. The facility was used to refinance US\$240 million owed in higher cost loan facilities with six domestic banks and two other lenders. The loan's collateral includes all trade receivables owned by SIS and fixed assets owned by SIS. The outstanding balance for the facility as of June 30, 2009, was US\$227.8mn.

Senior Loan Facility (OML)

On 25 May 2006, OML obtained term loans from syndicate of banks to finance the business and vessels acquisition. The terms loan further amended and restated, by the latest on 30 September 2008, into a Senior Loan of US\$95 million. The Senior Loan bears interest at LIBOR plus a certain percentage and is repayable over 26 quarterly

payments commencing from 7 March 2008. As at 30 June 2009, the outstanding balance of this facility was US\$82.1mn, which is repayable up to 2014.

The interest rates on June 30, 2009, 2009 on the US Dollar long-term bank loans decreased from 4.2% - 8.1% to 2.4 - 5.5%.

Lease Payables

Adaro Energy's lease payables increased 90% to Rp1,243 billion. The increase mainly reflected the 57% increase in lease payables to PT Komatsu Astra Finance for mining equipment and a new lease for Rp44 billion with PT Caterpillar Finance Indonesia for mining equipment. Additionally, the increase also included the consolidation of Rp239bn of lease payables accounted under Orchard Maritime Services Pte, as part of the acquisition OML.

Deferred Tax Liabilities

At the end of first quarter of 2009, Adaro Energy's deferred tax liabilities increased 456% to Rp3,043 billion. The increase is largely attributed to the temporary differences arising between the tax bases of assets in relation to the acquisition of subsidiaries and their values for financial reporting purposes. Due to the difference in the acquisition price and the book value of the subsidiary, Adaro Energy booked the difference as mining properties which creates a timing difference between the tax bases asset and financial reporting asset. The amortization of mining rights is hence not tax deductible, and the associated deferred tax benefit needs to be adjusted (reduction of deferred tax liabilities) so that the effective tax rate (under financial reporting bases) will not materially differ with the actual tax rate.

Accrued Stripping Costs

Adaro Energy's accrued stripping costs decreased 16.6% to Rp379 billion. The decrease reflected the amortized portion of accrued stripping cost during the period, as well as the higher-than-planned actual stripping ratio of 5.3x. The planned stripping ratio for the period was 5x, which in itself is an increase from 4.25x in 1H08. As per common mining industry practice, Adaro Energy uses annual planned stripping ratios as the basis in recognizing production costs. As the actual stripping ratio in 1H09 was above the planned stripping ratios, the difference was recorded in the balance sheet as reduction of the accrued stripping cost. Conversely, as actual stripping ratio in 1H08 was less than the planned stripping ratio, the differences were recorded in the balance sheet as an addition to the accrued stripping costs.

Total Stockholders' Equity

By the end of 1H09 Adaro Energy's total equity increased 607% to Rp16,111 billion. After the IPO in July 16, 2008, the issued and fully paid share capital increased 53% to Rp3,199 billion. Additional paid in capital amounted to Rp10,733 billion.

Cash Flows

Despite the difficult commodity market condition, Adaro Energy generated positive cash flow for the period of 1H09 (net increase in cash and cash equivalents of Rp2,427bn), on

the back of strong operating cash flow, combined with proceeds from redemption of available-for-sale investments, which more than covered capex/ investments spending and regular loan repayments during the period.

Cash Flows from Ordinary Operating Activities

Adaro Energy generated strong operating cash flow of Rp2,981bn in 1H09, largely reflecting the strong revenues and well maintained cost for the period. As a result of this, receipts from customers rose 65% to Rp7,397 billion, while payments to suppliers and employees increased 38% and 44% to Rp6,729 billion and Rp266bn respectively. Payments of royalties jumped to Rp452 billion, up72%, in-line with the increase in revenues.

Cash Flows from Investing Activities

Net cash flows used for investing activities amounted to Rp98 billion in 1H09. Net cash flow of Rp642bn, related to the acquisition of OML, was accounted in 1H09. Additionally, in 1H09 Adaro Energy also spent Rp569 billion for machinery, operational equipment and vehicles and for new crushing equipment at the Kelanis crushing and barge loading facility. During 1H09, Adaro Energy received proceeds of Rp1,113 billion from the redemption of an available-for-sale investment.

Cash Flows from Financing Activities

In 1H09, net cash flows used in financing activities totaled to Rp813billion. This comprises of repayments of bank loans, lease obligations and finance charges for the period.