METRO CONSOLIDATED (S) PTE. LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008
AND
INDEPENDENT AUDITORS REPORT

METRO CONSOLIDATED (S) PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements of the Company and the Group for the financial period from 31 August 2007 (date of incorporation) to 31 December 2008.

1 DIRECTORS OF THE COMPANY

The directors in office at the date of this report are:

Premraj Caralapati Raghairah	(Appointed on 30 June 2008)
Faldi Ismail	(Appointed on 16 June 2008)
Ghanshyam s/o Uttamram Champaklal	(Appointed on 07 April 2008)
Nagalingam Anbu	(Appointed on 30 June 2008)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the date of incorporation of the company nor at any time during the financial period was the Company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial period had no interest in the shares and debentures of the Company as recorded in the Register of Directors' Shareholdings kept by the company under section 164 of the Companies Act (Chapter 50).

4 DIRECTORS' CONTRACTUAL BENEFITS

Since the date of incorporation, no director of the company has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Companies Act (Chapter 50), being a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5 OPTIONS GRANTED

No option to take up unissued shares of the Company or its subsidiary was granted during the financial period.

6 OPTIONS EXERCISED

There were no shares issued during the period by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary whether granted before or during the financial period.

7 OPTIONS OUTSTANDING

There were no unissued shares of the Company or its subsidiary under option as at the end of the financial period.

8 AUDITORS

Winston Loong & Co. have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

GHANSHYAM S/O UTTAMRAM CHAMPAKLAL

FALDI ISMAIL

Singapore

Date: 29 April 2009

METRO CONSOLIDATED (S) PTE. LTD.

STATEMENT BY DIRECTOR

We, Ghanshyam s/o Uttamram Champaklal and Faldi Ismail, being two of the directors of Metro Consolidated (S) Pte. Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated profit and loss statement, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flows of the Group for the financial period from 31 August 2007 (date of incorporation) to 31 December 2008, and

(ii) at the date of this statement, there are reasonable grounds to believe that, subject to the continuing financial support provided by the holding company when required, the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

GHANSHYAM S/O UTTAMRAM CHAMPAKLAL

FALDI ISMAIL

Singapore

Date: 29 April 2009

WINSTON LOONG & CO.
Public Accountants
Chartered Certified Accountants

AUDITORS' REPORT TO THE MEMBERS OF

METRO CONSOLIDATED (S) PTE. LTD.

We have audited the accompanying financial statements of Metro Consolidated (S) Pte.Ltd. (the company) and its subsidiary company (the group) for the period ended 31 December 2008, set out on pages 6 to 25.These financial statements comprise the consolidated balance sheet, consolidated profit and loss statement, the statement of changes in equity and cash flow statement of the group and notes thereto. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Management' responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and the Singapore Financial Reporting Standards. This responsibility includes:

a) Devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss statements and balance sheets and to maintain accountability of assets;

b) Selecting and applying appropriate accounting policies;

c) Making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

WINSTON LOONG & CO.

Public Accountants
Chartered Certified Accountants

AUDITORS' REPORT TO THE MEMBERS OF

METRO CONSOLIDATED (S) PTE. LTD. (cont'd)

The auditor's report of the subsidiary company was qualified as follows:

"We did not attend the physical inventories count as we were appointed as auditors after the physical inventory count".

Inherent Uncertainty Regarding Going Concern

The ability of the Company and its subsidiary to continue as a going concern and meet their planned exploration, administration and other commitments is dependent upon the Company and its subsidiary raising additional working capital and commencing profitable operations. In the event that the Company and its subsidiary cannot raise further capital the Company and its subsidiary may not be able to meet their liabilities as they fall due and the realizable value of the Company's and its subsidiary's non-current assets may be significantly less than book values.

Opinion

In our opinion, except for the above:

a) the consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the financial period ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

WINSTON LOONG & CO.
Public Accountants
Chartered Certified Accountants.

Singapore: 29 April 2009

METRO CONSOLIDATED (S) PTE. LTD.

BALANCE SHEETS AS AT 31 DECEMBER 2008

	Note	2008 Group US$	2008 Company US$
SHARE CAPITAL			
Issued and fully paid -			
696 ordinary shares	4	696	696
ACCUMULATED LOSS		(391,387)	(128,191)
Equity attributable to shareholders of the company		(390,691)	(127,495)
Amount due to holding company (non-trade)	14	386,881	386,881
		(3,810)	259,386
Minority Interest		(3,216)	-
TOTAL EQUITY		(7,026)	259,386
Represented by:			
NON-CURRENT ASSETS			
Fixed Assets	5	12,593	-
Goodwill on Consolidation		47,897	-
Investment in Subsidiary	6	-	250,000
		60,490	250,000
CURRENT ASSETS			
Inventory	7	110,766	-
Other receivables, deposits and prepayments	8	9,407	-
Deferred Tax Asset	9	82,286	-
Advances to Subsidiary	10	-	10,000
Cash and bank balances	11	4,199	2,865
		206,658	12,865
LESS: CURRENT LIABILITIES			
Trade Payables	12	102,214	-
Other payables and accruals	13	6,893	3,479
Amount due to related parties (non-trade)	15	146,421	-
Tax payable		18,646	-
		274,174	3,479
NET CURRENT LIABILITIES		(67,516)	9,386
NET LIABILITIES		(7,026)	259,386

The attached 'Notes to the Financial Statements'
form an integral part of these financial statements.

METRO CONSOLIDATED (S) PTE. LTD.

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM 31 AUGUST 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

	Note	2008 US$
REVENUE		-
OTHER INCOME	16	465
TOTAL INCOME		465
LESS:		
Administrative Expenses		(153,271)
Other operating Expenses	17	(40,841)
Loss on valuation of inventory	18	(293,878)
LOSS BEFORE TAXATION	19	(487,526)
Taxation	20	82,286
LOSS AFTER TAXATION		(405,240)
Attributable to :		
Shareholder of the Company		(391,387)
Minority Interest		(13,853)
		(405,240)

The attached 'Notes to the Financial Statements' form an integral part of these financial statements.

METRO CONSOLIDATED (S) PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 AUGUST 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

GROUP

	Issued Share Minority Capital	Accumulated losses	Foreign currency translation reserve	Equity attributable to equity holders of parent company	Minority Interests	Total
	US$	US$	US$	US$	US$	US$
Balance as at 31 August 2007 (date of incorporation)	6	-	-	-	-	6
Issue of new ordinary shares	690	-	-	-	-	690
Net loss for the period	-	(391,387)	-	-	(3,216)	(394,603)
Balance as at 31 December 2008	696	(391,387)	-	(390,691)	(3,216)	(393,907)

COMPANY

	Share Capital US$	Accumulated loss US$	Total US$
Balance as at 31 August 2007 (date of incorporation)	6	-	6
Issue of share capital	690	-	690
Net loss for the period	-	(128,191)	(128,191)
Balance as at 30 November 2008	696	(128,191)	(127,495)

The attached 'Notes to the Financial Statements' form an integral part of these financial statements.

METRO CONSOLIDATED (S) PTE. LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 31 AUGUST 2007 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

	2008 US$
Cash Flows From Operating Activities	
Operating loss before tax	(487,526)
Adjustment for:	
Depreciation of fixed assets	114
Operating loss before working capital changes	(487,412)
Changes in working capital	
(Increase) in inventory	(110,766)
(Increase) in receivables	(9,407)
Increase in payables	109,107
Increase in amount due to holding company	386,881
Increase in amount due to related parties	146,421
	34,824
Tax paid	(18,614)
Net cash flows from operating activities	16,210
Cash Flows From Investing Activities	
Purchase of property, plant and equipment	(12,707)
Net cash flows used in investing activities	(12,707)
Cash Flows From Financing Activities	
Issue of ordinary shares	696
Net cash flows from financing activities	696
Net increase in cash and cash equivalents	4,199
Cash and cash equivalents at date of incorporation	-
Cash and cash equivalents at end of period	4,199

The attached 'Notes to the Financial Statements' form an integral part of these financial statements.

METRO CONSOLIDATED (S) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2008

1 CORPORATE INFORMATION

The Company (Registration No. 200716139K) is a private limited company incorporated in the Republic of Singapore with its principal place of business and registered office at 140 Robinson Road, Chow House #06-113, Singapore 068907.

The principal activities of the Company is that of an investment holding company. The principal activities of the subsidiary are the mining, marketing and sales of coal.

The financial statements of the Company for the financial period from 31 August 2007 (date of incorporation) to 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2009.

2 GOING CONCERN

As at 31 December 2008, the Group incurred a net loss of US$487,000, and as of that date, the Group and the Company were in net shareholders' deficit positions of US$394,000 and US$127,000 respectively and their current liabilities exceeded their current assets by US$454,000 and US$387,000 respectively.

The ability of the Group and the Company to continue as going concerns is dependent on the continuing financial support of the Company's holding company.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may be have to be made to reflect the situation that the assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). Compliance with FRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements are presented in US Dollars (US$) and have been prepared on historical cost basis except for certain financial assets and liabilities which are measured at fair value.

The accounting policies have been consistently applied by the Group.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3.2 Future changes in accounting policies

The Group has not adopted the following FRS and Interpretations to FRS ("INT FRS") that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1:	Presentation of Financial Statements – Revised Presentation	1 January 2009
FRS 23:	Amendments to FRS 23, Borrowing Costs	1 January 2009

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial adoption, exception for FRS1 as indicated below.

FRS 1, Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income; it presents all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense, either in one statement, or in two linked statements. The Group is currently evaluating the format to adopt.

3.3 Basis of consolidation

The accounting year for the Company and its subsidiary company ends on 31 December.

The consolidated financial statements comprise the financial statements of the Group and its subsidiary company as at the balance sheet date. The financial statements of the subsidiary company used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiary is accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognized in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognized as income in the profit and loss statement on the date of acquisition.

The subsidiary company is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Minority interests represents the portion of profit or loss and net assets in the subsidiary company not held by the Group and are presented separately in the consolidate profit and loss statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between the owners and recognized directly in equity. Gain or loss on disposal to minority interests is recognized directly in equity.

3.4 Foreign currency

Transactions in foreign currencies are measured in their respective functional currencies of the Company and its subsidiary company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognized in the profit and loss statement except for exchange differences arising on monetary items that form part of the Group's net investment in the foreign subsidiary company, which is recognized initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognized in the consolidated profit and loss statements on disposal of the subsidiary company.

The assets and liabilities of the foreign subsidiary company is translated into US$ at the rate of exchange ruling at the balance sheet date and the profit and loss statement is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken to a separate component of equity as foreign currency translation reserve. On disposal of a foreign subsidiary company, the cumulative amount recognized in foreign currency translation reserve relating to that particular foreign subsidiary company is recognized in the profit and loss statement.

3.5 Fixed Assets

All items of fixed assets are initially recorded at cost. The cost of an item of fixed assets is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measure reliably.

Subsequent to recognition, fixed assets are measured at cost less accumulated and accumulated impairment losses.

Depreciation of an asset begins when it is available for us and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	-	4 to 20 years
Tools and equipment	-	4 to 16 years
Office furniture and fixtures	-	4 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss statements in the year the asset is derecognized.

3.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognized in the profit and loss statement as "General and Administrative costs".

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized previously. Such reversal is recognized in the profit and loss statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.7 Subsidiary company

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in the subsidiary company is accounted for at cost less impairment losses.

3.8 Employee benefits

(i) Pensions and other post employment benefits

The company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the year in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

3.9 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) where as a result of a past event it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.10 Cash and cash equivalents

Cash and bank balances and fixed deposits which are held to maturity are carried at cost.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and bank balances and fixed deposits.

3.11 Investments and other financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through the profit and loss and loans and receivables as appropriate. Financial assets are recognised in the balance sheet when, the Group becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets are those which require delivery of assets within a certain period generally established by regulation or convention in the marketplace.

(i) Financial assets at fair value through the profit and loss account

Financial assets at fair value through the profit and loss account include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in near term.

Financial assets may be designated upon recognition at fair value through the profit and loss account if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising the gains or losses on them on a different basis;

- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy.

(ii) Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Gains and losses are recognised in the profit and loss account when loans and receivables are derecognised or impaired, as well as through the amortisation process.

3.12 Financial Liabilities

(i) Financial liabilities at amortised cost

Financial liabilities, including amounts payable for bonuses and amounts due to trade and other creditors, are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised costs, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the profit and loss account when liabilities are derecognised as well as through the amortisation process.

(ii) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as being fair value through profit and loss.

Financial liabilities may be designated upon initial recognition as at fair value through profit and loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;

- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy.

3.13 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets at fair value through profit and loss or loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of impairment loss is recognised in the profit and loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.14 <u>Derecognition of financial assets and liabilities</u>

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;

- The Group retains rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risk and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Institute could be required to pay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in the profit and loss statement.

3.15 Trade and other receivables

Receivables and other receivables are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in note 3.11.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off as incurred. Further details of accounting policy for impairment of financial assets are noted in note 3.13.

3.16 Significant accounting judgements and estimates

The preparation of the Group's 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 reporting date. However, uncertainty abut these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

(i) Depreciation of fixed assets

The cost of fixed assets is depreciated on a straight-line basis over the assets useful lives. Management estimates the useful lives of these property, plant and equipment as discussed in note 3.5. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's fixed assets at 31 December 2008 was US$12,593.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax assets and deferred tax provisions in the period in which such determination is made. The carrying amount of the tax payables at 31 December 2008 was US$Nil.

Critical judgements made in applying accounting policies

(iii) Impairment of fixed assets

The Group follows the guidance of FRS 36 and FRS 39 in determining when a financial asset is impaired in respect of fixed assets, which is other than temporarily impaired. This assessment requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset; including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv)Trade and other receivables

The Group evaluates whether there is any objective evidence that the trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the customers to make required payments. The Group determines the estimates based on certain criteria including the ageing of the trade and other receivables, credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimates.

3.17 Inventory

Coal inventory represents the Group's entitlement to coal on hand and are valued at the lower of cost and net realizable value. Cost is determined on a moving average basis and includes an appropriate allocation of mining equipment, overhead and fuel costs related to mining activities. Net realizable value is the estimated sales amount in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stores and consumable supplies are valued at cost, determined on a moving average basis, less provision for obsolete items. Stores and consumable supplies are charged to production costs in the period they are used.

A provision is made for obsolete and slow moving stores and consumable inventories is determined on the basis of estimated usage or sale of individual inventory items.

3.18Deferred Cost

Deferred costs represent expenditure in significant value which have been estimated to have a useful life of more than one year, deferred and amortized by a straight line method based on the estimated useful lives.

3.19Deferred exploration and development expenditure

Exploration expenditure incurred is capitalized and carried forward, on a n area of interest basis, provided one of the following conditions is met:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or

(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing.

Ultimate recoupment of exploration expenditure carried forward is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area. Each area of interest is reviewed at the end of each accounting period. Exploration expenditure in respect of an area of interest, which ahs been abandoned, or for which a decision has been made by the Group's directors against the commercial viability of the area of interest, is written off in the period the decision is made.

Mine development expenditure and incorporated costs in developing an area of interest prior to commencement of operations in the respective area, as long as they meet the criteria for deferral, are capitalized.

Deferred exploration and development expenditure represents the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditure and costs incurred to develop a mine before the commencement of the commercial operations.

Deferred exploration and development expenditure is amortized over five years using the straight-line method from the commencement of commercial production.

3.20Revenue recognition

Net sales represent revenue earned from the sale of the Group's products and delivery of port services, net of returns, trade allowances and value added tax. Sales are recognised as revenue when there has been a passing of risk to the customers; and

(i) the product is in a form suitable for delivery and no further processing is required by or on behalf of the Group;

(ii) the quantity and quality of the product can be determined with reasonable accuracy;

(iii) the product has been dispatched to the customer and is no longer under the physical control of the Group (or property in the product has earlier passed to the customer); and

(iv) the selling price can be determined with reasonable accuracy

Revenue from coal sales is recognised upon shipment of the goods to the customer in accordance with the terms of sale. Revenue from domestic sales is recognised when goods are delivered onto the barge in accordance with the terms of sale.

3.21 Stripping costs

Stripping costs are recognised as production costs based on the actual stripping ratio for the period. Stripping costs incurred for removal of overburden without exposing the coal are deferred and will be recognised as production costs when the coal has been exposed. Deferred stripping costs are written off during the period in which the coal is determined to be not available and/or not economical to be mined.

4 CAPITAL

The Group's capital management policy aims to:

- maintain a strong capital base to sustain and grow the business so as to uphold investors, creditors and market confidence; and
- to comply with the regulatory capital requirements for the Group.

The Group determines the amount of capital in accordance with business expansion needs as well as to meet the regulatory capital requirements for the Group.

The Board monitors the return on shareholders equity and the level of dividends to ordinary shareholders.

There were no changes to the Group's approach to capital management during the year.

5 FIXED ASSETS

GROUP	Buildings US$	Tools and equipment US$	Furniture and fixtures US$	Total US$
Cost				
At 31.08.2007	-	-	-	-
Additions	4,566	7,786	355	12,707
At 31.12.2008	4,566	7,786	355	12,707
Accumulated Depreciation				
At 31.08.2007	-	-	-	-
Depreciation charge for the year	38	54	22	114
At 31.12.2008	38	54	22	114
Net Book Value				
At 31.12.2008	4,528	7,732	333	12,593

COMPANY

Nil

6 SUBSIDIARY COMPANY

	Company
	2008 US$
Unquoted shares at cost	
At date of incorporation and end of year	250,000

The subsidiary company as at 31 December 2008 is:

Name	Principal activity	Country of incorporation	Effective interest in equity
			2008
PT. Metro Consolidated Resources (1)	Trading in natural resources	Indonesia	95%

(1) Audited by other auditors

On 8 May 2008, the subsidiary company, PT. Metro Consolidated Resources ("MCR") entered into an Agreement of Cooperation for mining, transportation and coal selling with PT Batu Besar Mega Nusantara ("BMN") as sub-contractor and to conduct mining activities at its won costs, on a portion of the area of land covered by Coal Contract of Work PKP2B – Area KW.0080 ("CCOW"), issued by the Government of Indonesia to PT Senamas Energindo Mulia ("SEM").

SEM (the holder of the CCOW) has appointed BMN as its mining contractor and BMN's rights have been sub-contracted to MCR in return for a royalty payment for coal mined per metric ton.

MCR recognizes this obligation on an accrual basis and records the royalty expense as part of the production costs.

The said agreement has been renewed and is valid for 6 months effective from 17 November 2008.

7 INVENTORY

	2008	
	Group US$	Company US$
Coal (stated as net realizable value)	104,745	-
Fuel Supplies (stated at cost)	6,021	-
	110,766	-

8 OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	2008 Group US$	2008 Company US$
Deposits	639	-
Prepayments	8,768	-
	9,407	-

Other receivables, deposits & prepayments are denominated in the following currency:

	2008 Group US$	2008 Company US$
Indonesia Rupiah	9,407	-

9 DEFERRED TAX ASSET

	2008 Group US$	2008 Company US$
At year-end	82,286	-

10 ADVANCE TO SUBSIDIARY

The amount due from the subsidiary company is unsecured, interest-free and has no fixed terms of repayment. The carrying amount due from the subsidiary company approximates its fair value.

11 CASH AND BANK BALANCES

	2008 Group US$	2008 Company US$
Bank balances	4,199	2,865

Cash and cash equivalents are denominated in the following currencies:

	2008 Group US$	2008 Company US$
US$	3,881	2,865
Indonesian Rupiah	318	-
	4,199	2,865

12 TRADE PAYABLES

	2008 Group US$	2008 Company US$
As at year-end	102,214	-

Trade payables are all denominated in Indonesian Rupiah.

13 OTHER PAYABLES AND ACCRUALS

	2008 Group US$	2008 Company US$
Accruals	6,893	3,479

Other payables and accruals are denominated in the following currencies:

	2008 Group US$	2008 Company US$
US$	3,479	3,479
Indonesian Rupiah	3,414	-
	6,893	3,479

14 AMOUNT DUE TO HOLDING COMPANY

The amount due to the holding company is unsecured, interest-free and repayable on demand. The carrying amount due to the holding company approximates its fair value.

15 AMOUNTS DUE TO RELATED PARTIES

	2008 Group US$	2008 Company US$
As at year-end	146,421	-

Amounts due to related parties are denominated in the following currencies:

	2008 Group US$	2008 Company US$
US$	142,235	-
Indonesian Rupiah	4,186	-
	146,421	-

16 OTHER INCOME

	2008 Group US$	2008 Company US$
Interest income	465	17

17 OTHER OPERATING EXPENSES

	2008 Group US$	2008 Company US$
Bank charges	142	-
Marketing expenses	10,757	10,757
Exchange loss	287	-
Hotel expenses	4,279	4,279
Legal fees	13,134	13,134
Travelling	7,517	7,517
Transport	2,048	2,048
General Expenses	2,677	-
	40,841	37,735

18 LOSS ON VALUATION OF INVENTORY

This represents the write-down in the value of coal inventory.

19 LOSS BEFORE TAXATION

	2008 Group US$	2008 Company US$
Director's remuneration	38,078	38,078
Depreciation of fixed assets	114	-
Rental of premises	2,817	-
Exchange loss	287	-

20 TAXATION

	2008 Group US$	2008 Company US$
Deferred tax asset – current year	(82,286)	-

As at 31 December 2008, the company has unabsorbed tax losses of about US$128,000, subject to the agreement of the Comptroller of Income Tax and compliance with certain provisions of the Income Tax Act.

21 EMPLOYEE BENEFITS

	2008	
	Group US$	Company US$
Employees benefits expense (including directors):		
- Salary and bonuses	106,916	84,431

22 HOLDING AND ULTMATE HOLDING COMPANY

The company regards Cape Range Wireless Limited, a company incorporated in Australia, as its immediate and ultimate holding company.

23 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 1(R) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately form components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity;
- Items of income and expenses and components of other comprehensive income can be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statements of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, the statement comprehensive income.

(b) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognize immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009.

24 FINANCIAL RISK MANAGEMENT POLICIES

The Group is exposed to foreign exchange risks along with credit, liquidity and interest rate risks. Financial assets that expose the company to financial risk consist mainly of cash at bank, cash in hand and amount due from related companies.

i) Interest rate risk

The Group's exposure to market risk for changes in interest rates is minimal as the company has no interest-bearing loans other than its bank deposits.

ii) Liquidity risk

The Group is dependent on the continuing financial support of its ultimate holding company, as otherwise, the going concern of the Group would be in doubt.

iii) Fair value

The fair values of financial assets approximate their carrying amounts due to their short-term nature.

25 COMPARATIVE FIGURES

The financial statements of the company cover the period from incorporation on 31 August 2007, the date of incorporation, to 31 December 2008. As this is the Company's first set of financial statements, no comparative figures are available.

PT. METRO CONSOLIDATED RESOURCES

FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED
DECEMBER 31, 2008

AND

INDEPENDENT AUDITORS' REPORT

KRISNHA SUYUDI
Registered Public Accountant
License No. KEP-402/KM.6/2004
Jl. Metro Kencana VII Blok Q 16 Sunter, Jakarta 14340 Indonesia
Tel.(62-21) 6521928 Fax.(62-21) 65301069

INDEPENDENT AUDITORS' REPORT

No. : 2090428 - KSI

The Commissioner and Director
PT. Metro Consolidated Resources
Jakarta

We have audited the balance sheet of PT. Metro Consolidated Resources as December 31, 2008 and the related statements of income, changes in shareholders' equity, and changes in cash flow statement for the year then ended. These financial statements are the responsibility company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards establish by the Indonesian Institute of Certified Public Accountant. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 5, we did not take the physical inventories count as we are appointed as an auditor after the physical inventories count have been done.

In our opinion, except for the inventories discussed in the preceding paragraph the financial statement referred to above presents fairly, in all material respects, the financial position of PT. Metro Consolidated Resources as of December 31,2009 the results of its operations and its cash flow presentation for the year then ended in conformity with generally accepted accounting principles in Indonesia.

Krisnha Suyudi
License No.99.1.0637

Jakarta, April 28, 2009

The accompanying financial statements are not intended to present the financial position and results of operations and cash flow in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those Indonesia. The standards procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia

PT. METRO CONSOLIDATED RESOURCES
BALANCE SHEET
DESEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

ASSETS	**NOTE**	**2008**
CURRENT ASSETS		
Cash on hand and in bank	3	14,612,732
Trade Receivables	4	-
Inventories	5	1,212,892,598
Prepaid tax	6	-
Prepaid expenses	7	7,000,000
Other current assets	8	96,000,000
Total current assets		1,330,505,329
NON-CURRENT ASSETS		
Deffered tax assets	17	901,031,032
Fixed Assets	9	137,890,937
Deffered exploration costs	10	-
Deffered exploration and development costs	11	-
Deffered stripping cost	12	-
Other non - current assets	13	-
Total non-current assets		1,038,921,969
TOTAL ASSETS		2,369,427,299

The accompanying Notes to Financial Statements are an integral part of the financial statements.

PT. METRO CONSOLIDATED RESOURCES

BALANCE SHEET

DESEMBER 31, 2008

Figure in the table stated in Indonesian Rupiah

LIABILITIES AND SHREHOLDERS' EQUITY	**NOTE**	**2008**
CURRENT LIABILITIES		
Trade payables	14	1,119,240,000
Other payables	15	
Third parties		-
Related parties		1,712,814,420
Accrued expenses	16	37,386,617
Tax payable	17	204,170,487
Estimated liability for restoration and rehabilitation	18	-
Jumlah kewajiban lancar		3,073,611,524
SHREHOLDERS' EQUITY		
Capital stock Rp.469.900 (equivalent US$ 500) par value		
Issued and fully paid 5.000 shares,	19	2,329,500,000
Retained earnings (Loss)		(3,033,684,225)
Jumlah ekuitas		(704,184,225)
TOTAL LIABILITIES AND SHREHOLDERS' EQUITY		2,369,427,299

The accompanying Notes to Financial Statements are an integral part of the financial statements.

PT. METRO CONSOLIDATED RESOURCES

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2008

Figure in the table stated in Indonesian Rupiah

	NOTE	2008
Revenues	20	-
Cost of revenue	21	-
Gross pfofit (Loss)		-
Operating expenses		
Selling		-
General and administration expenses	22	(687,634,469)
Exploration		-
Operating income (Loss)		(687,634,469)
Others income	23	4,900,705
Others expenses	24	(34,013,521)
		(29,112,816)
Extra ordinary profit and (loss)	25	
Loss on inventory valuation		(3,217,967,973)
		(3,217,967,973)
Income (Loss) before tax benefit(expense)		(3,934,715,258)
Tax benefit(expense)		
Current		-
Deffered		901,031,032
Income (Loss) aftertax benefit(expense)		(3,033,684,225)

The accompanying Notes to Financial Statements are an integral part of the financial statements.

PT. METRO CONSOLIDATED RESOURCES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

Figure in the table stated in Indonesian Rupiah

	Modal saham **Rp**	**Saldo laba** **Rp**	**Ekuitas bersih** **Rp**
Balance of Desember 31, 2007	-	-	-
Issued and paid in capital	2,329,500,000	-	2,329,500,000
Dividens declared and paid	-	-	-
Net income (Loss)	-	(3,033,684,225)	(3,033,684,225)
Balance of Desember 31, 2008	2,329,500,000	(3,033,684,225)	(704,184,225)

The accompanying Notes to Financial Statements are an integral part of the financial statements.

PT. METRO CONSOLIDATED RESOURCES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

Figure in the table stated in Indonesian Rupiah

	2008
Cash flow from operating activities	
Income (Loss) aftertax benefit(expense)	(3,033,684,225)
Add(deduct) item not affecting cash flow :	
- Depreciation	1,249,063
- Deffered tax assset	
Operating cash flow before changes in operating assets and liabilities	(3,032,435,162)
Trade Receivables	-
Inventories	(1,212,892,598)
Prepaid tax	-
Prepaid expenses	(7,000,000)
Other current assets	(96,000,000)
Trade paybles	1,119,240,000
Other paybles	-
Third parties	-
Related parties	1,712,814,420
Accrued expenses	37,386,617
Tax payable	204,170,487
Net cash flow used in operating activities	(1,274,716,236)
Cash flow from investing activities	
Acquisition of fixed assets	(139,140,000)
Cash flow used in investing activities	(139,140,000)
Cash flow from financing activities	
Paid in capital	2,329,500,000
Deffered tax assset	(901,031,032)
Cash flow from financing activities	1,428,468,968
Net increse in cash on hand and cash in bank	14,612,732
Cash on hand and cash in bank at beginning of the period	-
Cash and cash equivalent at the end of the period	14,612,732

The accompanying Notes to Financial Statements are an integral part of the financial statements.

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

1. GENERAL

PT. Metro Consolidated Resources (the "Company") a Foreign Investment Company (Penanaman Modal Asing) ("PMA") was established based on Notarial Deed no. 69, dated June 16, 2008 by notaries Hilda Sari Gunawan, SH, in Jakarta. The Company's Articles of Association had been amended with deed no. 65 dated July 11, 2008 by notaries Margaretha Cilik Dwiantini, SH acting as replacement notary on behalf of Hilda Sari Gunawan in Jakarta for amending.

Company legality was approved by the Minister of Justice and Human Right, Republic of Indonesia in his decision letter no.AHU-42832.AH.01.01 year 2008 on July 8, 2008.

Company has been approved by Badan Koordinasi Penanaman Modal - BKPM (Board for Coordinating Investment) in his degree no. 856/I/PMA/2008, dated June 2, 2008.

Company's domicile in Jakarta, located at Jl. Masjid Al - Amin No.5, Kramat Jati.

According to the company's articles of association, article no. 3, the scope of activities are export of coal, iron, nickel and other resources, import of industrial machine and drilling machine and to perform mining services/ mining activities.

Commissioner, Director and employee

- Commissioner : Ms Elvina Hastari
- Director : Mr Anbu Nagalingam

As of December 31, 2008, the Company had 4 permanent employees, respectively.

On May 8, 2008, PT Metro Consolidated Resources entered into Agreement of Cooperation for mining, transportation and coal selling with PT Batu Besar Mega Nusantara as sub-contractor and to conduct mining activities at its own cost, on a portion of the area of land covered by Coal Contract of Work PKP2B – Area KW.0080 ("CCOW"), issued by the Government of Indonesia to PT Senamas Energindo Mulia.

PT Senamas Energindo Mulia ("SEM") (the holder of the CCOW) has appointed BMN as its mining contractor and BMN's rights have been sub-contracted to MCR in return for a royalty payment for coal mined per metric ton.

The Company recognizes this obligation on an accrual basis and records the royalty expense as part of production cost.

The said agreement has been renewed and is valid for 6 month since signed on November 17, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presented below are the significant accounting policies adopted in preparing the financial statements of the Company, which are in conformity with accounting principles generally accepted in Indonesia.

a) Basis of preparation of the financial statements
The financial statements have been prepared on the basis of historical costs.
The Company maintains its books in Indonesian Rupiah ("IDR" or "Rp"). The IDR is the functional currency of the Company.
The statements of cash flows are prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and deposits with a maturity of three months or less, net of overdrafts. Figures in the financial statements are rounded to and stated in IDR unless otherwise stated.

b) Transactions with Related Parties
The Company have transactions with certain parties which have a related party relationship.
The definition of related party relationship which have been used in this report, according to PSAK (General Accounting Standard in Indonesia) no. 7 " Related Party Disclosures" that certain parties which have a related party relationship are :
1. The company has one or more intermediaries, control or to be controlled by or under the control together with reported company (including holding companies, subsidiaries and fellow subsidiaries).
2. Associated companies.
3. Individual who own direct or indirect the voting right in reported company who can give significant influence and their close family member (close family member are they can give influence or to be influenced by that individual related with the transactions with reported company).
4. Key employee, are the people who has the authority and responsibility to planning, leading and controlling company activities, consist of commissioner, director and company manager and their close family member.
5. The company which have the substantial interest in voting right owned direct or indirect by every people which have been explained in no. 3 and 4 or every people have significant influence for that company. This is including the companies have management key member which same with reported company.

c) Foreign currency translation
Transactions denominated in currencies other than IDR are converted into IDR at the exchange rate prevailing at the date of the transaction.
At the balance sheet date, monetary assets and liabilities in currencies other than IDR are translated into IDR at the exchange rates prevailing at that date. Exchange gains and losses arising on the translation of monetary assets and liabilities in currencies other than IDR are recognized in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ----Continued

The rates of exchange, based on the Bank Indonesia middle rate, used at the balance sheet dates were as follows:

	Year 2008
Indonesian Rupiah ("Rp") equivalent to US$1	10,950.00
Euro equivalent to US$1	0.710
Great Britain Pound Sterling equivalent to US$1	0.693
Australian Dollar equivalent to US$1	1.449
Japanese Yen equivalent to US$1	90.325
Singapore Dollar equivalent to US$1	1.439

d) Receivables
Receivables are presented at their estimated recoverable value after providing for doubtful accounts based on management's review of the status of each account at the end of the financial year. Receivables are written-off during the period in which they are determined to be not collectible.

e) Inventories
Coal inventories represent the Company's entitlement to coal on hand and are valued at the lower of cost or net realizable value. Cost is determined on a moving average basis and includes an appropriate allocation of mining equipment, overhead, fuel costs related to mining activities. Net realizable value is the estimated sales amount in the ordinary course of business, less the estimated costs of completion and selling expenses.
Stores and consumable supplies are valued at cost, determined on a moving average basis, less provision for obsolete items. Stores and consumable supplies are charged to production costs in the period they are used.
A provision for obsolete and slow moving stores and consumable inventories is determined on the basis of estimated future usage or sale of individual inventory items.

f) Fixed assets
Fixed assets are stated at cost of acquisition, less accumulated depreciation and loss from impairment of Asset Value. Acquisition cost including replacement fixed asset cost when its incurred if fulfill the asset recognition criteria. All repairs and maintenance expenses which are not fulfill the criteria are recognized in the statement of income.
Fixed assets are depreciated using the straight-line method to their estimated residual value over the lesser of the useful lives of the assets, the life of mine or the agreement term as follows:

	Years
Buildings	4 - 20
Tools and equipment	4 - 16
Office furniture and fixtures	4

Repairs and maintenance are charged to expense in the period incurred. Expenditures which extend the useful life of assets are capitalized and depreciated over the remaining useful life of related assets.
When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are eliminated from the financial statements, and the resulting gains and losses on the disposal of fixed assets are recognized in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ----Continued

The accumulated costs of construction of buildings and plant and the installation of machinery are capitalized as construction in progress.
These costs are reclassified to fixed asset accounts when the construction or installation is complete. Depreciation is charged from such date.
Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing construction of a qualifying asset, are capitalized up to the date when construction is complete. For borrowings directly attributable to a qualifying asset, the amount to be capitalized is determined as the actual borrowing costs 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 capitalized is determined by applying a capitalization rate to the amount expended on the qualifying asset. The capitalization rate is the weighted-average of the borrowing costs applicable to the total borrowings outstanding during the period, excluding borrowings directly attributable to financing the qualifying asset under construction.

g) Deferred cost

The deferred cost is expenditure in significant value which have been estimated have useful life more than 1 year, deferred and amortize by straight line method based on estimation of useful life.

h) Deferred exploration and development expenditure

Exploration expenditure incurred is capitalized and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) Such costs are expected to 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 permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area are continuing.

Ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area. Each area of interest is reviewed at the end of each accounting period. Exploration expenditure in respect of an area of interest, which has been abandoned, or for which a decision has been made by the Company's directors against the commercial viability of the area of interest, is written-off in the period the decision is made.
Mine development expenditure and incorporated costs in developing an area of interest prior to commencement of operations in the respective area, as long as they meet the criteria for deferral, are capitalized.
Deferred exploration and development expenditure represents the accumulated costs relating to general investigation, administration and licensing, geology and geophysics expenditure and costs incurred to develop a mine before the commencement of the commercial operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ----Continued

Deferred exploration and development expenditure is amortized over five years using the straight line method from the commencement of commercial production.

i) Estimated Liability for Restoration and Rehabilitation

The company policy is to meet or surpass the requirements of the CCOW and all applicable environmental regulations issued by the Government of Indonesia (GOI), by application of technically proven and economically feasible measures. Environmental management at the Company includes, but is not limited to, top soil replacement, dredging of sediment ponds and dams, water quality control and waste handling, planting and seeding.

Estimated liability for restoration and rehabilitation costs are based principally on legal and regulatory requirements. Such estimated costs as a result of production activities are expensed as production cost. Estimates are reassessed regularly and the effects of changes are recognized prospectively.

j) Revenue and expense recognition

Net sales represent revenue earned from the sale of the Company's products and delivery of port services, net of returns, trade allowances, duties and Value Added Tax. Sales are recognized as revenue when there has been a passing of risk to the customers, and:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of the Company;
- 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 Company (or property in the product has earlier passed to the customer); and
- The selling price can be determined with reasonable accuracy.

Revenue from coal sales is recognized upon shipment of the goods to the customer in accordance with the terms of sale. Revenue from domestic sales is recognized when goods are delivered on Barge in accordance with the terms of sale.

Expenses are recognized as incurred on the accrual basis.

k) Stripping costs

Stripping costs are recognized as production costs based on the actual stripping ratio for the year. Stripping costs incurred for removal of overburden without exposing the coal are deferred and will be recognized as production costs when the coal has been exposed. Deferred stripping costs are written-off during the period in which the coal is determined to be not available and/or not economic to be mined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ----Continued

l) Taxation

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current enacted or substantially enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to future tax benefits and the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the future tax benefits and unused tax losses can be utilized.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the results of the appeal are determined.

m) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and activities, actual results could differ from those estimates.

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

	TAHUN 2008
3. Cash on hand and in bank	14,612,732
Cash on hand	
- Petty cash	-
Cash in b a n k	
- Rupiah	
- Bank Mandiri	1,410,000
- Bank Mandiri - Saving account	2,073,590
- US Dollar	
- Bank Mandiri USD 1016.36 x 10.950	11,129,142
Total cash in hand and in bank	14,612,732
4. Trade Receivables	-
5. Inventories	1,212,892,598
Coal 2.430 MT	4,364,927,973
Loss on valuation	3,217,967,973
Net realizable value	1,146,960,000
Spare parts	-
Fuel supplies	65,932,598
Persediaan dalam pejalanan	-
	1,212,892,598
Less : allowance for inventories obsolescence	-
Total inventories	1,212,892,598

We did not take physical count of inventories as we are appointed as auditor after the physical count has done

6 Prepaid tax	-
7 Prepaid expenses	7,000,000
Prepaid rent - base camp	1,666,667
Prepaid rent - housing	5,333,333
Prepaid rent - office	-
Safe deposit box	-
Total prepaid expenses	7,000,000

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

8	Other current assets	96,000,000
	Equipments rent deposit	90,000,000
	Apartement rent deposit	6,000,000
	Total other current assets	96,000,000

9 Fixed Assets	Beginning balance	Additions	disposals	Ending balance
Acquisition cost				
- Furniture and fixture	-	3,880,000		3,880,000
- Tools and equipments	-	85,260,000	-	85,260,000
- Building and properties	-	50,000,000	-	50,000,000
Sub total	-	139,140,000	-	139,140,000
-				
Accumulated depreciations				
- Furniture and fixture	-	242,500	-	242,500
- Tools and equipments	-	589,896	-	589,896
- Building and properties	-	416,667	-	416,667
Sub total	-	1,249,063	-	1,249,063
Book value	-	137,890,937	-	137,890,937

10	Deffered exploration costs	-
	Deffered exploration non proven reserves	
	Overburden	-
	Fuel	-
	General investigation	-
	Permit and lisences	-
	Geology dan geophisyc	-
	Drilling	-
	Evaluation	-
	Total deffered exploration costs	-

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

11 Deffered exploration and development costs	-
Deffered exploration cost - proven reserves	
Equipment rent	-
Fuel	
Salaries and wages	
Others	-
Sub total deffered exploration cost - proven reserves	-
Deffered development cost - proven reserves	
Equipment rent	
Fuel	
Salaries and wages	
Others	
Sub total deffered development cost - proven reserves	-
Total deffered exploration and development costs	
Less accumulated amortization	
Beginning balance	
Addition	
Disposal	
	-
Total deffered exploration and development costs - net	-

12 Deffered stripping cost	-
Equipment rent	-
Fuel	-
Salaries and wages	
Others	-
Total deffered stripping cost	-

As of December 31, 2008 the Company recognized deffered stripping cost . These deffered stripping cost will be expensed as production cost in periods where the actual ratio is significantly lower than the planned stripping ratio.

13 Other non - current assets	-
Deffered development cost	-
Lisence	-
Prepaid tax	
Others	
Total other non - current assets	-

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

14 Trade payables	1,119,240,000
Third parties	
- PT. Gapura Putra Persada - equipment rent	919,240,000
- PT. Gapura Putra Persada - overhead cost	150,000,000
- Fuel	50,000,000
Related parties	-
Total trade payables	1,119,240,000

15 Other payables		1,712,814,420
Third parties		-
Related parties		
- CAP Range Australia	USD 129,750	1,420,762,500
- MC Singapura	USD 22.485	246,210,750
- MC Indonesia - Anbu		45,841,170
Total other payables		1,712,814,420

These obligations are non-interest bearing and maturity date and no written agreements

16 Accrued expenses	37,386,617
Operational expense	6,386,617
Salaries and wages	31,000,000
Total accrued expenses	37,386,617

17 Taxation	204,170,487
Tax payable	
- Pajak Penghasilan - Psl 21	18,024,132
- Pajak Penghasilan - Psl 23	143,438,625
- Pajak Penghasilan - Psl 26	9,000,000
- Pajak Penghasilan - Psl 4 ayat 2	4,392,222
- Denda pajak	29,315,508
Jumlah	204,170,487
Deffered tax	
Beginning balance	-
Loss - current year	901,031,032
Ending balance	901,031,032

PT. METRO CONSOLIDATED RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
Figure in the table stated in Indonesian Rupiah

18	Estimated liability for restoration and rehabilitation	-
19	Capital stock	2,329,500,000

Composition of shareholders as of December 31, 2008 based on notarial deed are as follow :

Shareholders	number of shares issued and fully paid	% shares	Total
- Metro Consolidated Resources Ltd	4,750	95	2,213,025,000
- Anbu Nagalingam	250	5	116,475,000
Jumlah	5,000	100	2,329,500,000

Capital stock Rp. 469.900,- (equivalent US$ 500) par value.

20	Revenues	-
	Export	-
	Local	-
	Total revenues	-
21	Cost of revenue	-
	Stripping and mining costs	-
	Coal processing	-
	Depreciation and amortization expense	-
		-
22	Operating expenses	687,634,469
	Selling	
	- Marketing commisions and expenses	-
	- Freight, despatch dan demurrage	-
	- Others	-
	Sub total	-
	General and administration expenses	
	- Salaries and wages	246,211,591
	- Profesional fee	38,978,378
	- Rental	30,850,000
	- Fuel and oil	2,100,000
	- Lisences	25,800,000
	- Depreciation	1,249,063
	- Business travelling	149,310,004
	- Information ana communication	15,352,345
	- Repair and maintenance	1,089,000
	- Office cost	39,184,215
	- Others	137,509,873
	Sub total	687,634,469

Figure in the table stated in Indonesian Rupiah

	Exploration	
	- Equipment rent	-
	- Salaries and wages	-
	- Others	-
	Sub total	-
23	Others income	4,900,705
	Interest income	4,900,705
	Foreign exchange gain	-
	Others	-
	Total others income	4,900,705
24	Others expenses	34,013,521
	Bank charges	1,552,877
	Foreign exchange loss	3,145,136
	Provision tax penalty	29,315,508
	Total others expenses	34,013,521
25	Extra ordinary profit and loss	3,217,967,973
	Loss on inventory valuation	3,217,967,973
	Total extra ordinary profit and loss	3,217,967,973

26 Employee benefits obligations

The Company has not yet applied PSAK 24(Revision 2004) regarding "Employee Benefits"

27 Approval of financial statements

The financial statements of the Company have been appoved for issuance by the Director on April 28, 2009.