

PT AUTOMOTIVE SYSTEMS INDONESIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

CONTENTS

	Pages
DIRECTORS' STATEMENTS	
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statements of Financial Position	1
Statements of Profit or Loss and Other Comprehensive Income	2
Statements of Changes in Shareholders' Equity	3
Statements of Cash Flows	4
Notes to Financial Statements	5-12

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENTS OF FINANCIAL POSITION
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	14,828,578,012	14,366,971,586
Prepaid expense	5	78,671,842	127,611,432
Prepaid taxes	3c,7a	-	-
TOTAL CURRENT ASSETS		<u>14,907,249,854</u>	<u>14,494,583,018</u>
NON-CURRENT ASSETS			
Property, plant and equipment	3b,6	11,147,440,588	11,147,440,588
TOTAL NON-CURRENT ASSETS		<u>11,147,440,588</u>	<u>11,147,440,588</u>
TOTAL ASSETS		<u>26,054,690,442</u>	<u>25,642,023,606</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
SHORT-TERM LIABILITIES			
Account payable	7	173,078,052	-
Accrued expenses		40,000,000	-
Taxes payables	3c,7b	-	-
TOTAL SHORT-TERM LIABILITIES		<u>213,078,052</u>	<u>-</u>
TOTAL LIABILITIES		<u>213,078,052</u>	<u>-</u>
SHAREHOLDERS' EQUITY			
Share capital - authorized, issued and fully paid USD 27.009 ordinary shares, with par value of IDR 914.300 (US \$ 100) 27.009 shares	9	24,694,328,700	24,694,328,700
Foreign exchange difference on paid in capital		(440,246,700)	(440,246,700)
Retained earnings		1,587,530,390	1,387,941,606
TOTAL SHAREHOLDERS' EQUITY		<u>25,841,612,390</u>	<u>25,642,023,606</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>26,054,690,442</u>	<u>25,642,023,606</u>

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
REVENUE		-	-
COST OF REVENUE		-	-
GROSS PROFIT		-	-
OPERATING EXPENSES			
General and administrative expenses	3d,10	(437,416,231)	(632,109,676)
OPERATING LOSS		<u>(437,416,231)</u>	<u>(632,109,676)</u>
OTHER INCOME (EXPENSES)			
Interest income		177,479,435	217,981,394
Foreign exchange gain - net	11	459,471,580	46,236,921
Other income		54,000	200,000
		<u>637,005,015</u>	<u>264,418,315</u>
INCOME (LOSS) BEFORE CORPORATE INCOME TAX		<u>199,588,784</u>	<u>(367,691,361)</u>
CORPORATE INCOME TAX			
Current tax		-	-
Deferred tax income / expense		-	-
NET INCOME (LOSS)		<u>199,588,784</u>	<u>(367,691,361)</u>
OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>199,588,784</u>	<u>(367,691,361)</u>

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated)

	Share capital	Foreign exchange rate difference on	Retained earning (deficit)	Total
Balance as of March 31, 2016	24,694,328,700	(440,246,700)	1,755,632,967	26,009,714,967
Total comprehensive income for the year	-	-	(367,691,361)	(367,691,361)
Balance as of March 31, 2017	24,694,328,700	(440,246,700)	1,387,941,606	25,642,023,606
Total comprehensive income for the year	-	-	199,588,784	199,588,784
Balance as of March 31, 2018	24,694,328,700	(440,246,700)	1,587,530,390	25,841,612,390

See accompanying notes to the financial statements as an integral part of these financial statements.

PT AUTOMOTIVE SYSTEMS INDONESIA**STATEMENTS OF CASH FLOW**

For the year ended March 31, 2017

(Expressed in Rupiah, unless otherwise stated)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Net income (loss)	199,588,784	(367,691,361)
Adjustment to reconcile income before tax to net cash provided by operating activities:		
Changes in:		
Other receivable	-	-
Prepaid expense	48,939,590	(127,611,432)
Prepaid taxes	-	-
Other asset - organization expenses	-	-
Account payable	173,078,052	(3,440,000)
Taxes payables	-	-
Accrued expense	40,000,000	(83,959,198)
Net cash flows provided from operating activities	<u>461,606,426</u>	<u>(582,701,991)</u>
Net Increase (decrease) in cash and cash equivalents	461,606,426	(582,701,991)
Cash and cash equivalents, beginning of the year	<u>14,366,971,586</u>	<u>14,949,673,577</u>
Cash and cash equivalents, end of the year	<u><u>14,828,578,012</u></u>	<u><u>14,366,971,586</u></u>

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

1. GENERAL

PT AUTOMOTIVE SYSTEMS INDONESIA ("the Company") is a foreign direct investment company established based on Notarial Deed DR. A, Partomuan Pohan, SH., LL.M., No. 9 dated April 12, 2006 which was approved by the Ministry of Law and Human Rights on May 1, 2006 No. C-12416 HT.01.01.TH.2006. Articles of association of the company has been amended based on Notary Deed of DR. A, Partomuan Pohan, SH., LL.M., No. 6, dated May 7, 2009, on duty and authority of the Board of Director and the alteration of the composition of Board of Executive Decision of Extra ordinary Shares Holder General Meeting. The Company obtained the investment approval from the Capital Investment Coordinating Board (BKPM) based on decision letter No. 298/I/PMA/2006 dated March 17, 2006. The last approval from the Capital Investment Coordinating Board (BKPM) based on decision letter No. 236/1/IP/PMA/2017 dated January 19, 2017.

The scope of activities comprises producing and marketing on two and three wheels components and spare parts, for Domestic and Export Market.

The composition of the Company's Board of Commissioner and Board of Directors as of March 31, 2018 and 2017 were as follows

Commissioner	: Mr. Kalathur Seshadri
President Director	: Mr. Subramaniam Sampath
Director	: Mr. Subhasis Dey
Director	: Mr. Raman Umashankar

The number of the Company's employees as of March 31, 2018 and 2017 was zero.

2. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDSSUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following standards and interpretation issued and effective for the financial year beginning on or after January 1, 2017 are as follows:

a. Standards and interpretations issued and effective

The following standards and interpretation issued and effective for the financial year beginning January 1, 2017 are as follows:

Standard

- PSAK 110 (revised 2015): Accounting for Sukuk.
- PSAK 70: Accounting for Assets and Liabilities related to Tax Amnesty.

Improvements:

- PSAK 5: Operating Segments,
- PSAK 7: Related Party Disclosures,
- PSAK 13: Investments Property,
- PSAK 16: Property, Plant and Equipment,
- PSAK 19: Intangible Assets,
- PSAK 22: Business Combination,

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

2. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDSSUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Standards and interpretations issued and effective (Continued)

- PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors,
- PSAK 53: Share-based Payments, and
- PSAK 68: Fair Value Measurement.

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2017, with retrospective application are as follows:

- PSAK 4: Separate Financial Statements about Equity Method in Separate Financial Statements,
- PSAK 15: Investment Entities: Applying the Consolidation Exception,
- PSAK 24: Defined Benefit Plans: Employee Contributions,
- PSAK 65: Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception,
- PSAK 67: Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30: Levies

The amendments to standards effective for periods beginning on or after January 1, 2017, with amendments to be applied prospectively are as follows:

- PSAK 16: Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19: Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66: Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation.

New, improvements and amendments to standards and interpretations mentioned above will not have significant impact on presentation and amounts reported in the financial statements.

b. Standards and interpretations in issue not yet effective

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2018, with early application permitted are amendments to PSAK 1: Presentation of Financial Statements about Disclosure Initiative and ISAK 31: Interpretation, Scope Interpretation of PSAK 13: Investment property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are PSAK 69: Agriculture and Amendments to PSAK 16: Property, Plant and Equipment about Agriculture: Bearer Plants.

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compliance with Financial Accounting Standards.

The accompanying financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements of Financial Accounting Standards (PSAK) and interpretations of Financial Accounting Standards (ISAK) issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants (DSAK – IAI).

The significant accounting policies that were applied consistently in the preparation of the financial statements for the years ended March 31, 2018 and 2017 were as follows:

a. Basis of preparation of financial statement

The financial statement were prepared & presented on a going concern basis based on Indonesian financial accounting standard. The financial statements of the Company prepared based on accrual basic with historical cost concept, except for certain accounts which are measured on the basis as described in the relevant notes herein. The statements of cash flows represent cash received and disbursement which are classified into operating, investment and financing activities. The statements of cash flows are prepared using the indirect method.

The Company's accounts are maintained in Indonesian Rupiah currency which is the functional and reporting currency. Whereas transactions denominated in foreign currencies are translated into Indonesian Rupiah at the prevailing rates when transactions are made.

At balance sheet date, balances of monetary assets and liabilities in foreign currencies are translated into Indonesian Rupiah using the prevailing rates at that date. Gains or losses from foreign exchange are charged/credit to current year income. The exchange rate of Indonesian Rupiah to United States Dollar on March 31, 2018 and 2017 respectively were IDR13.756 and IDR13.321 for USD1.

b. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of property, plant and equipment are initially recorded at cost.

The Company choose to use cost model to measure property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Properties, plant and equipment are depreciated using the straight line method over the estimated useful life of the assets, commencing in the month in which the assets are put into use.

Land was stated at cost and not amortized.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Property, plant, and equipment (Continued)

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service, an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

c. Taxes

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

Under the taxation laws of Indonesia, the company submits tax returns on a self assessment basis. The tax authorities may assess or amend the amount of tax payables within five years from the date of the tax became due. Amendments to the company's taxation obligations are recorded when an assessment is received or, if appealed against are recorded when the results of the appeal is determined. Deferred tax are recognised for accumulated tax losses carried forward to extend that realisation of the tax benefit through the future taxable income is probable.

d. Expenses

Expenses are recognised based on accrual basis. Expenditures for pre-operating are capitalized to extend the expenditures will give benefit in the future and will be amortized starting from the establishment date.

4 CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
IDR:		
Bank of Tokyo Mitsubishi	7,384,967	7,500,967
Bank SBI Indonesia	240,727,735	405,880,440
USD:		
Bank of Tokyo Mitsubishi	7,695,107	7,457,895
Bank SBI Indonesia	335,310,203	158,897,284
Time deposit USD	14,237,460,000	13,787,235,000
	<u><u>14,828,578,012</u></u>	<u><u>14,366,971,586</u></u>

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

5. PREPAID EXPENSES

	<u>2018</u>	<u>2017</u>
Estate service fee – PT Harapan Anang Bakri & Sons	78,671,842	79,611,432
PT Multi Utama Consultindo	-	48,000,000
	<u>78,671,842</u>	<u>127,611,432</u>

6. PROPERTY, PLANT AND EQUIPMENT

	<u>2018</u>			
	<u>Beginning balance</u>	<u>Addition</u>	<u>Deduction</u>	<u>Ending balance</u>
Cost				
Land	11,147,440,588	-	-	11,147,440,588
Accumulated Depreciation				
Land	-	-	-	-
Book Value	<u>11,147,440,588</u>			<u>11,147,440,588</u>
	<u>2017</u>			
	<u>Beginning balance</u>	<u>Addition</u>	<u>Deduction</u>	<u>Ending balance</u>
Cost				
Land	11,147,440,588	-	-	11,147,440,588
	11,147,440,588	-	-	11,147,440,588
Accumulated Depreciation				
Land	-	-	-	-
	-	-	-	-
Book Value	<u>11,147,440,588</u>			<u>11,147,440,588</u>

7. ACCOUNT PAYABLE

	<u>2018</u>	<u>2017</u>
Estate service fee – PT Harapan Anang Bakri & Sons	173,078,052	-
	<u>173,078,052</u>	<u>-</u>

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

8. TAXATION

a. Prepaid taxes

	<u>2018</u>	<u>2017</u>
Value Added Tax	-	-
	<u>-</u>	<u>-</u>

b. Tax payable

	<u>2018</u>	<u>2017</u>
Income Tax Article 23	-	-
Income Tax Article 29	-	-
	<u>-</u>	<u>-</u>

c. Corporate income tax calculation

Reconciliation between profit before corporate income tax as shown in the statements of income and the Company's estimated taxable income for the years ended March 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Income (loss) before corporate income tax	199,588,784	(367,891,361)
Correction		
Temporary differences	-	-
Permanent differences	<u>(175,391,924)</u>	<u>(215,283,095)</u>
Income (loss) after reconciliation	24,196,860	(583,174,456)
Tax loss carried forward compensation		-
Taxable income (loss)	24,196,860	(583,174,456)
Corporate income tax		
Loss compensation 2015	(522,693,257)	(522,693,257)
Loss compensation 2016	<u>(583,174,456)</u>	<u>-</u>
Loss Compensation Current Year Balance	<u>(1,105,867,713)</u>	<u>(522,693,257)</u>

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

9. SHAREHOLDERS' EQUITY

The composition of the Company's shareholders as of March 31, 2018 and 2017 were as follows:

Shareholders	2017 & 2018			Percentage of ownership
	number of share	USD	Nominal Value IDR	
India Nippon Electrical Ltd.	27,000	2,700,000	24,686,100,000	99.97%
Lucas - TVS Ltd.	9	900	8,228,700	0.03%
	27,009	2,700,900	24,694,328,700	100%

10. OPERATING EXPENSES

	2018	2017
Estate service fee	331,010,308	369,189,181
Professional fee	88,000,000	214,391,960
Other Tax	17,821,880	45,957,716
Bank charges	554,000	2,411,707
Stamp duty	30,043	159,112
	437,416,231	632,109,676

11. OTHER INCOME (EXPENSES)

	2018	2017
Interest Income	177,479,435	217,981,394
Gain (Loss) On Foreign Exchange	459,471,580	46,236,921
Other Income	54,000	200,000
	637,005,015	264,418,315

12. NATURE AND TRANSACTION WITH RELATED PARTIES

Nature of related parties consist was as follow:

Company	Nature of related parties
India Nippon Electrical Limited (INEL)	Shareholder

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

(Expressed in Indonesian Rupiah)

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table sets out the carrying value and estimated fair value of the Company's financial instruments as of March 31, 2018:

	<u>Carrying value</u>	<u>Fair value</u>
A. Financial assets		
Cash and cash equivalents	14,828,578,012	14,828,578,012
B. Financial liabilities		
Account payable	173,078,052	173,078,052
Accrued expenses	40,000,000	40,000,000

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. The fair values of the financial assets and liabilities are presented at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

a. Current financial assets and liabilities.

Current financial instruments with remaining maturities of one year or less approximate their carrying amounts due to their short-term nature.

b. Non-current financial instruments.

The fair value of other non-current assets can not be measured reliably since no fixed realization period, therefore valuation method is not practice to be done. Whereas the fair value of loan from shareholders are measured by discounting future cash flows using applicable rates from observable current market transactions for instruments with similar terms, credit risk and remaining maturities.

14. GOING CONCERN

The Company has never started any production since it did not get any purchase order which satisfies economic of scale condition. The management of the Company has declared to liquidate the Company and cease its operation and activities since the date of Extraordinary General Meeting of Shareholders (EGMS) on April 6, 2016 but then cancelled the decision and has an intention to start the operation once it gets sufficient order from potential buyer.

15. DATE OF COMPLETION OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company's management was responsible for the presentation and disclosures of the financial statements for the year ended March 31, 2018 which have been completed on April 15, 2018.