

PT AUTOMOTIVE SYSTEMS INDONESIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENT OF FINANCIAL POSITION
As of March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	14,939,617,875	14,828,578,012
Prepaid expense	5	-	78,671,842
TOTAL CURRENT ASSETS		14,939,617,875	14,907,249,854
NON-CURRENT ASSETS			
Property, plant and equipment	3b,6	11,147,440,588	11,147,440,588
TOTAL NON-CURRENT ASSETS		11,147,440,588	11,147,440,588
TOTAL ASSETS		26,087,058,463	26,054,690,442
LIABILITIES AND SHAREHOLDER'S EQUITY			
SHORT-TERM LIABILITIES			
Account payable	7	695,000	173,078,052
Accrued expenses		103,233,323	40,000,000
TOTAL SHORT-TERM LIABILITIES		103,928,323	213,078,052
TOTAL LIABILITIES		103,928,323	213,078,052
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		1,729,048,140	1,587,530,390
TOTAL SHAREHOLDERS' EQUITY		25,983,130,140	25,841,612,390
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		26,087,058,463	26,054,690,442

Karawang, April 25, 2019

Elango Srinivasan
President Director

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
SALES		-	-
COST OF GOODS SOLD		-	-
GROSS PROFIT		-	-
OPERATING EXPENSES			
General and administrative expenses	3d,10	(549,258,522)	(437,416,231)
OPERATING LOSS		<u>(549,258,522)</u>	<u>(437,416,231)</u>
OTHER INCOME (EXPENSES)			
Interest income		181,548,462	177,479,435
Foreign exchange gain - net	11	509,227,810	459,471,580
Other income		-	54,000
		<u>690,776,272</u>	<u>637,005,015</u>
PROFIT BEFORE CORPORATE INCOME TAX		<u>141,517,750</u>	<u>199,588,784</u>
CORPORATE INCOME TAX			
Current tax		-	-
Deferred tax income / expense		-	-
NET PROFIT		<u>141,517,750</u>	<u>199,588,784</u>
OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE INCOME FOR THE YEAR		<u><u>141,517,750</u></u>	<u><u>199,588,784</u></u>

Karawang, April 25, 2019

Elango Srinivasan
President Director

PT AUTOMOTIVE SYSTEMS INDONESIA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

	Share capital	Foreign exchange rate difference on paid in capital	Retained earning	Total
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
Total comprehensive income for the year	-	-	141,517,750	141,517,750
Balance as of March 31, 2019	24,694,328,700	(440,246,700)	1,729,048,140	25,983,130,140

PT AUTOMOTIVE SYSTEMS INDONESIA

STATEMENT OF CASH FLOW

For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax	141,517,750	199,588,784
Adjustment to reconcile income before tax to net cash provided by operating activities:		
Changes in:		
Prepaid expense	78,671,842	48,939,590
Other asset - organization expenses	-	-
Account payable	(172,383,052)	173,078,052
Accrued expense	63,233,323	40,000,000
Net cash flows provided from operating activities	<u>111,039,863</u>	<u>461,606,426</u>
Net Increase in cash and cash equivalents	111,039,863	461,606,426
Cash and cash equivalents at the beginning of the year	14,828,578,012	14,366,971,586
Cash and cash equivalents at the end of the year	<u><u>14,939,617,875</u></u>	<u><u>14,828,578,012</u></u>

(Expressed in Rupiah, unless otherwise stated)

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.

At the Extraordinary Meeting of the Shareholders on September 25, 2018, the shareholders agreed to the resignation of Mr. Kalathur Seshadri from his position as Commissioner, Mr. Subraniam Sampath from his position as President Director and Mr. Subhasis Dey from his position as Director of the Company, and the appointment of Mr. Arvind Balaji as Commissioner, Mr. Elango Srinivasan as President Director and Mr. Ravinder Kumar also Mr. Raman Umashankar as Director of the Company, effective on September 29, 2018. This change was notarised by deed of public notary Ashoya Ratam No. 93 dated September 29, 2018 and was approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-AH.01.03-0246482.

The composition of the Company’s Boards of Commissioner and Board of Directors as of March 31, 2019 and 2018 were as follows

	<u>2019</u>	<u>2018</u>
Commissioner	: Mr. Arvind Balaji	Mr. Kalathur Seshadri
President Director	: Mr. Elango Srinivasan	Mr. Subramaniam Sampath
Director	: Mr. Ravinder Kumar	Mr. Subhasis Dey
Director	: Mr. Raman Umashankar	Mr. Raman Umashankar

The number of the Company’s employees as of March 31, 2019 and 2018 was zero.

2. COMPLIANCE STATEMENT

The Company's Management stated that the financial statements have been prepared in accordance with Indonesian Financial Accounting Standards and comply with all the requirements. These financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

(Expressed in Rupiah, unless otherwise stated)

3. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards and interpretations issued and effective in 2018 but did not result in a significant effect on the financial statements of the Company are as follows:

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:

- SFAS 2 "Statement of Cash Flows"
- SFAS 46 "Income Taxes"
- SFAS 67 "Disclosure of Interests in Other Entities"

The standards and interpretations that have been issued and effective in January 1, 2019 are as follows:

- ISFAS 33 "Foreign Currency Transactions and Advance Consideration"
- ISFAS 34 "Uncertainty Over Income Tax Treatments"

The standards and interpretations that have been issued and effective in January 1, 2020 are as follows:

- SFAS 71 "Financial Instruments"
- SFAS 72 "Revenue from Contracts with Customers"
- SFAS 73 "Leases"

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019 and 2018 were as follows:

(Expressed in Rupiah, unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018 respectively were IDR14.244 and IDR13.756 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.

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.

(Expressed in Rupiah, unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

5. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
IDR:		
Bank of Tokyo Mitsubishi	7,384,967	7,384,967
Bank SBI Indonesia	13,490,925	240,727,735
USD:		
Bank of Tokyo Mitsubishi (USD 559.40)	7,968,093	7,695,106
Bank SBI Indonesia (2019: USD 11,810.86; 2018: USD 24,375.56)	168,233,890	335,310,203
Time deposit (USD 1,035,000)	14,742,540,000	14,237,460,000
	<u>14,939,617,875</u>	<u>14,828,578,012</u>

6. PREPAID EXPENSES

	<u>2019</u>	<u>2018</u>
Estate service fee – PT Harapan Anang Bakri & Sons	-	78,671,842
	<u>-</u>	<u>78,671,842</u>

PT AUTOMOTIVE SYSTEMS INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

(Expressed in Rupiah, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	2019			
	Beginning balance	Addition	Deduction	Ending balance
Cost				
Land	11,147,440,588	-	-	11,147,440,588
Accumulated Depreciation				
Land	-	-	-	-
Book Value	11,147,440,588			11,147,440,588
	2018			
	Beginning balance	Addition	Deduction	Ending balance
Cost				
Land	11,147,440,588	-	-	11,147,440,588
	11,147,440,588	-	-	11,147,440,588
Accumulated Depreciation				
Land	-	-	-	-
Book Value	11,147,440,588			11,147,440,588

8. ACCOUNT PAYABLE

	2019	2018
Estate service fee-PT Harapan Anang Bakri & Sons	-	173,078,052
Professional fee-PT Multi Utama Consultindo	695,000	-
	695,000	173,078,052

9. ACCRUED EXPENSE

	2019	2018
Estate service fee	92,233,323	-
Professional fee	11,000,000	40,000,000
	103,233,323	40,000,000

(Expressed in Rupiah, unless otherwise stated)

10. TAXATION

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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Profit before corporate income tax	141,517,750	199,588,784
Correction		
Temporary differences	-	-
Permanent differences	(180,839,515)	(175,391,924)
Income (loss) after reconciliation	(39,321,766)	24,196,860
Tax loss carried forward compensation	-	-
Taxable income (loss)	(39,321,766)	24,196,860
Corporate income tax:		
- Loss compensation 2015	(522,693,257)	(522,693,257)
- Loss compensation 2016	(583,174,456)	(583,174,456)
- Income 2017	24,196,860	-
Loss Compensation Current Year Balance	(1,120,992,619)	(1,105,867,713)

12. SHAREHOLDERS' EQUITY

The composition of the Company's shareholders as of March 31, 2019 and 2018 were as follows:

Shareholders	number of share	Nominal Value		Percentage of ownership
		USD	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%

13. OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
Estate service fee	379,742,516	331,010,308
Professional fee	100,540,000	88,000,000
Other tax	57,416,675	17,821,880
Lisence and PNBP	10,342,400	-
Mailing and delivery	695,000	
Bank charges	492,000	554,000
Stamp duty	29,931	30,043
	549,258,522	437,416,231

(Expressed in Rupiah, unless otherwise stated)

14. OTHER INCOME (EXPENSES)

	<u>2019</u>	<u>2018</u>
Interest income	181,548,462	177,479,435
Gain on foreign exchange	509,227,810	459,471,580
Other income	-	54,000
	<u>690,776,272</u>	<u>637,005,015</u>

15. NATURE AND TRANSACTION WITH RELATED PARTIES

Nature of related parties consist was as follow:

<u>Company</u>	<u>Nature of related parties</u>
India Nippon Electrical Limited (INEL)	Shareholder

16. 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, 2019:

	<u>Carrying value</u>	<u>Fair value</u>
A. Financial assets		
Cash and cash equivalents	14,939,617,875	14,828,578,012
B. Financial liabilities		
Account payable	695,000	173,078,052
Accrued expenses	103,233,323	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.

(Expressed in Rupiah, unless otherwise stated)

17. 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.

18. 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, 2019 which have been completed on April 25, 2019.