

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

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**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**STATEMENT OF FINANCIAL POSITION**  
As of March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	16,596,887,111	14,939,617,875
Prepaid expenses	6	103,715,710	-
<b>TOTAL CURRENT ASSETS</b>		<b>16,700,602,821</b>	<b>14,939,617,875</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4b,7	11,147,440,588	11,147,440,588
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,147,440,588</b>	<b>11,147,440,588</b>
<b>TOTAL ASSETS</b>		<b>27,848,043,409</b>	<b>26,087,058,463</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>SHORT-TERM LIABILITIES</b>			
Account payable	8	203,659,940	695,000
Accrued expenses	9	11,000,000	103,233,323
Tax payable	10a	36,650,355	-
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>251,310,295</b>	<b>103,928,323</b>
<b>TOTAL LIABILITIES</b>		<b>251,310,295</b>	<b>103,928,323</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital - authorized, issued and fully paid USD 27,009 ordinary shares, with par value of IDR914,300 (US\$100) 27,009 shares	11	24,694,328,700	24,694,328,700
Foreign exchange difference on paid in capital		(440,246,700)	(440,246,700)
Retained earnings		3,342,651,114	1,729,048,140
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>27,596,733,114</b>	<b>25,983,130,140</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>27,848,043,409</b>	<b>26,087,058,463</b>

May 19, 2020



Elango Srinivasan  
President Director

See accompanying notes to financial statements which form an integral part of these financial statements.

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>SALES</b>		-	-
<b>COST OF GOODS SOLD</b>		-	-
<b>GROSS PROFIT</b>		-	-
<b>OPERATING EXPENSES</b>			
General and administrative expenses	4d,12	(664,045,868)	(549,258,522)
<b>OPERATING LOSS</b>		<u>(664,045,868)</u>	<u>(549,258,522)</u>
<b>OTHER INCOME (EXPENSES)</b>			
Interest income		270,858,443	181,548,462
Foreign exchange gain - net	13	2,039,339,274	509,227,810
		<u>2,310,197,717</u>	<u>690,776,272</u>
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>		<u>1,646,151,849</u>	<u>141,517,750</u>
<b>CORPORATE INCOME TAX</b>			
Current tax	10b	(32,548,875)	-
Deferred tax income / expense		-	-
<b>NET PROFIT</b>		<u>1,613,602,974</u>	<u>141,517,750</u>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>1,613,602,974</u></u>	<u><u>141,517,750</u></u>

May 19, 2020



Elango Srinivasan  
President Director

See accompanying notes to financial statements which form an integral part of these financial statements.

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

	Share capital	Foreign exchange rate difference on paid in capital	Retained earning	Total
<b>Balance as of March 31, 2018</b>	<b>24,694,328,700</b>	<b>(440,246,700)</b>	<b>1,587,530,390</b>	<b>25,841,612,390</b>
Total comprehensive income for the year	-	-	141,517,750	141,517,750
<b>Balance as of March 31, 2019</b>	<b>24,694,328,700</b>	<b>(440,246,700)</b>	<b>1,729,048,140</b>	<b>25,983,130,140</b>
Total comprehensive income for the year	-	-	1,613,602,974	1,613,602,974
<b>Balance as of March 31, 2020</b>	<b>24,694,328,700</b>	<b>(440,246,700)</b>	<b>3,342,651,114</b>	<b>27,596,733,114</b>

See accompanying notes to financial statements which form an integral part of these financial statements.



**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Corporate Income Tax	1,646,151,849	141,517,750
Changes in:		
Prepaid expenses	(103,715,710)	78,671,842
Account payable	202,964,940	(172,383,052)
Accrued expenses	(92,233,323)	63,233,323
Tax payable	4,101,480	
<b>Net cash flows provided from operating activities</b>	<u><b>1,657,269,236</b></u>	<u><b>111,039,863</b></u>
<b>Net Increase in cash and cash equivalents</b>	<b>1,657,269,236</b>	<b>111,039,863</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<u><b>14,939,617,875</b></u>	<u><b>14,828,578,012</b></u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u><b>16,596,887,111</b></u></u>	<u><u><b>14,939,617,875</b></u></u>

See accompanying notes to financial statements which form an integral part of these financial statements.

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

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**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, 2020 and 2019 were as follows

Commissioner	: Mr. Arvind Balaji
President Director	: Mr. Elango Srinivasan
Director	: Mr. Ravinder Kumar
Director	: Mr. Raman Umashankar

The number of the Company's employees as of March 31, 2020 and 2019 was zero.

**2. COMPLIANCE STATEMENT**

The Company's director stated that the financial statements for the year ended March 31, 2020 have been prepared in accordance with Indonesian Financial Accounting Standards and comply with all the requirements. The financial statement 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)*

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### **3. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDS**

Standards and interpretations issued in 2018 but not mandatory for the period 2019 and have not been early adopted by the company are as follows :

- SFAS 71 "Financial Instruments"
- SFAS 72 "Revenue from contracts with customers"
- SFAS 73 "Leases"

The standards and interpretations that have been issued and effective in January 1, 2019, but have no significant effect on the company's financial statements are as follows :

- ISFAS 33 "Foreign currency transactions and advance consideration"
- ISFAS 34 "Uncertainty over income tax treatments"

The company is evaluating the possible impact on the issuance of these financial accounting standards.

### **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, 2020 and 2019 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, 2020 and 2019 were IDR16,367 and IDR14,244 for USD1, respectively.



*(Expressed in Rupiah, unless otherwise stated)*

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b. Property, plant, and equipment**

Land was stated at cost and not amortized. The Company currently only has land.

**c. Taxes**

Current tax is the expected tax payable or refundable on the taxable income or loss for the year, using tax rates substantively enacted as the reporting date, and includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for difference arising from tax assessments.

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.

Final tax paid on certain types of income is not considered as income tax when such income is not from the primary revenue generating activities.

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.

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

**5. CASH AND CASH EQUIVALENTS**

	<u>2020</u>	<u>2019</u>
IDR:		
Bank of Tokyo Mitsubishi	7,202,967	7,384,967
Bank SBI Indonesia	811,633,290	13,490,925
USD:		
Bank of Tokyo Mitsubishi (USD 559.40)	9,155,700	7,968,093
Bank SBI Indonesia (2020: USD28,456.66; 2019: USD11,810.86)	465,750,154	168,233,890
Time deposit (USD935,000)	15,303,145,000	14,742,540,000
	<u><b>16,596,887,111</b></u>	<u><b>14,939,617,875</b></u>

**6. PREPAID EXPENSES**

	<u>2020</u>	<u>2019</u>
Estate service fee – PT Maligi Permata Industrial Estate	103,715,710	-
	<u><b>103,715,710</b></u>	<u><b>-</b></u>

**7. PROPERTY, PLANT AND EQUIPMENT**

		<u>2020</u>			
		<u>Beginning balance</u>	<u>Addition</u>	<u>Deduction</u>	<u>Ending balance</u>
<b>Cost</b>					
Land		11,147,440,588	-	-	11,147,440,588
<b>Accumulated Depreciation</b>					
Land		-	-	-	-
<b>Book Value</b>		<u><b>11,147,440,588</b></u>			<u><b>11,147,440,588</b></u>
		<u>2019</u>			
		<u>Beginning balance</u>	<u>Addition</u>	<u>Deduction</u>	<u>Ending balance</u>
<b>Cost</b>					
Land		11,147,440,588	-	-	11,147,440,588
		11,147,440,588	-	-	11,147,440,588
<b>Accumulated Depreciation</b>					
Land		-	-	-	-
<b>Book Value</b>		<u><b>11,147,440,588</b></u>			<u><b>11,147,440,588</b></u>

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

**8. ACCOUNT PAYABLE**

	<u>2020</u>	<u>2019</u>
Estate service fee- PT Maligi Permata Industrial Estate	203,659,940	-
Professional fee-PT Multi Utama Consultindo	-	695,000
	<u><b>203,659,940</b></u>	<u><b>695,000</b></u>

**9. ACCRUED EXPENSES**

	<u>2020</u>	<u>2019</u>
Professional fee	11,000,000	11,000,000
Estate service fee	-	92,233,323
	<u><b>11,000,000</b></u>	<u><b>103,233,323</b></u>

**10. TAXATION**

**a. Taxes Payable**

	<u>2020</u>	<u>2019</u>
Withholding tax, article 23	4,101,480	-
Income tax art 29	32,548,875	-
	<u><b>36,650,355</b></u>	<u><b>-</b></u>

**b. 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, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
<b>Profit before corporate income tax</b>	<b>1,646,151,849</b>	<b>141,517,750</b>
Correction		
Temporary differences	-	-
Permanent differences	(264,767,420)	(180,839,516)
<b>Income (loss) after reconciliation</b>	<u><b>1,381,384,429</b></u>	<u><b>(39,321,766)</b></u>
Tax loss carried forward compensation		
- Loss compensation 2015	(498,496,397)	(498,496,397)
- Loss compensation 2016	(583,174,456)	(583,174,456)



**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2020

(Expressed in Rupiah, unless otherwise stated)

**10. TAXATION (continued)**

- Loss compensation 2018	(39,321,766)	-
<b>Estimated taxable income</b>	<b>260,391,810</b>	<b>(1,120,992,619)</b>
Corporate income tax (Tax Rate 12,5%)	32,548,875	-
Less prepaid tax		
- Income tax article 25	-	-
	-	-
<b>Underpayment of income tax</b>	<b>32,548,875</b>	<b>-</b>

**11. SHAREHOLDERS' EQUITY**

The composition of the Company's shareholders as of March 31, 2020 and 2019 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%
	<b>27,009</b>	<b>2,700,900</b>	<b>24,694,328,700</b>	<b>100%</b>

**12. OPERATING EXPENSES**

	<b>2020</b>	<b>2019</b>
Estate service fee	380,883,706	379,742,516
Professional fee	162,692,000	100,540,000
Other tax	111,776,610	57,416,675
Bank charges	8,493,575	492,000
Stamp duty	199,977	29,931
License and PNBPN	-	10,342,400
Mailing and delivery	-	695,000
	<b>664,045,868</b>	<b>549,258,522</b>

**13. OTHER INCOME (EXPENSES)**

	<b>2020</b>	<b>2019</b>
Interest income	270,858,443	181,548,462
Gain on foreign exchange	2,039,339,274	509,227,810
	<b>2,310,197,717</b>	<b>690,776,272</b>

**PT AUTOMOTIVE SYSTEMS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2020

*(Expressed in Rupiah, unless otherwise stated)*

**14. 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

**15. 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, 2020:

	Carrying value	Fair value
A. Financial assets		
Cash and cash equivalents	16,596,887,111	16,596,887,111
B. Financial liabilities		
Account payable	203,659,940	203,659,940
Accrued expenses	11,000,000	11,000,000

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.

**16. 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.

*(Expressed in Rupiah, unless otherwise stated)*

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**17. EVENT AFTER THE REPORTING PERIOD**

In the beginning of year 2020, a new virus (Covid-19) spread out across the globe resulting in several actions taken by different countries to contain the virus dissemination. Such actions include, among others, restrictions of people agglomeration and travels. Furthermore, the situation brought a severe market volatility and uncertainties about Global Gross Domestic Product ("GDP") in 2020.

In Indonesia, the first case of a positive patient Covid-19 was announced by the President of the Republic of Indonesia on March 2, 2020, after which the government issued a series of provisions to take preventative measures through large-scale social restrictions. Faced with this situation, the Company has taken precautions to reduce the risk of internal virus impacts, including reducing office operational activities. Furthermore, the Company also assesses the impact of the virus on the financial statements as of March 31, 2020. The Company believes that there is no significant impact on the balances in the financial statements as of March 31, 2020. However, for the foreseeable future there are business risks for the Company because of potential increasing uncertainty in the business environment as the result of the spread of Covid-19.

The Company will continue to monitor any impacts that may happen and strive for steps that need to be taken to reduce the impact of the situation.

**18. DATE OF COMPLETION OF PREPARATION OF THE FINANCIAL STATEMENTS**

The Company's director was responsible for the presentation and disclosures of the financial statements for the year ended March 31, 2020 which have been completed on May 19, 2020.