# PT MINDA ASEAN AUTOMOTIVE
# AND SUBSIDIARY

## Consolidated Financial Statements
## For The Years Ended March 31, 2018 and 2017

**PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY**

**Table of Contents** **Page**

PT. MINDA ASEAN AUTOMOTIVE
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**BOARD OF DIRECTORS' STATEMENT REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY**

We, the undersigned:

| | |
|---|---|
| Name | : LILA DHAR AGRAWAL |
| Office Address | : Jl. Permata Raya Lot CA/7 Kawasan Industri KIIC, Sukaluyu Teluk Jambe, Karawang 41361, West Java |
| Residential Address | : Taman Kemayoran Condominium, Tower Cendana 14/05 Jakarta Pusat |
| Telephone | : (0267) 419701, 419702 |
| Title | : Director |

declare that:

1. We are responsible for the preparation and presentation of PT Minda Asean Automotive and subsidiary's consolidated financial statements;
2. PT Minda Asean Automotive and subsidiary's consolidated financial statements have been prepared and presented in accordance with Indonesia financial accounting standard;
3. a. All information in the PT Minda Asean Automotive and subsidiary's consolidated financial statements has been disclosed in a complete and truthful manner;
   b. PT Minda Asean Automotive and subsidiary's consolidated financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for PT Minda Asean Automotive and subsidiary's internal control system.

Thus this statement is made truthfully.

Karawang, April 27, 2018

For and behalf of the Board of Directors

METERAI TEMPEL
B180EAEF996425389
6000
ENAM RIBU RUPIAH

**LILA DHAR AGRAWAL**
Director

Amir Abadi Jusuf, Aryanto, Mawar & Rekan
Registered Public Accountants

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**Number : R/508.AGA/bna.5/2018**

**Independent Auditors' Report**

The Shareholders, Commissioner and Directors
**PT Minda Asean Automotive**

We have audited the accompanying consolidated financial statements of PT Minda Asean Automotive ("the Company") and its subsidiary, which comprise the consolidated statement of financial position as of March 31, 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statments**
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated finacial statements that are free from material misstatment, whether due to fraud or error.

**Auditors' responsibility**
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those riks assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 approriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Minda Asean Automotive and its subsidiary as of March 31, 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**Amir Abadi Jusuf, Aryanto, Mawar & Rekan**

***Benny Andria***
Public Accountant License Number: AP.0181

Jakarta, April 27, 2018

**PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
As of March 31, 2018 and 2017
(In Full of Rupiah)

| | Notes | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and Cash Equivalents | 3 | 26,026,550,257 | 24,451,468,362 |
| Trade Receivables: | | | |
| Related Parties | 4 | 7,190,737,708 | 9,173,612,200 |
| Third Parties | 4 | 40,995,475,359 | 32,295,427,363 |
| Inventories | 5 | 15,143,565,412 | 11,410,850,977 |
| Prepaid Tax | 6 | 1,789,093,881 | 2,103,872,434 |
| Prepaid Expenses | 7 | 1,936,692,710 | 232,501,231 |
| Advances | 8 | 717,726,663 | 5,091,146,113 |
| Other Receivables: | | | |
| Related Parties | 9 | 37,946,673,681 | 30,225,261,985 |
| Third Parties | 9 | 2,014,619,245 | 2,633,800,234 |
| Total Current Assets | | 133,761,134,916 | 117,617,940,899 |
| **NON-CURRENT ASSETS** | | | |
| Deferred Tax Assets | 6 | 1,813,829,388 | 1,564,601,432 |
| Property, Plant and Equipment | 10 | 55,851,600,669 | 52,045,962,466 |
| Other Non-Current Assets | 11 | 66,836,456 | 66,836,455 |
| Total Non-Current Assets | | 57,732,266,513 | 53,677,400,353 |
| **TOTAL ASSETS** | | **191,493,401,429** | **171,295,341,252** |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade Payables: | | | |
| Related Parties | 12 | 8,958,301,228 | 5,977,124,974 |
| Third Parties | 12 | 33,029,321,212 | 36,100,092,550 |
| Other Payables to Third Parties | 13 | -- | 80,609,900 |
| Taxes Payable | 6 | 7,171,512,584 | 3,432,913,008 |
| Accrued Expenses | 14 | 4,867,794,796 | 4,280,384,284 |
| Total Current Liabilities | | 54,026,929,820 | 49,871,124,717 |
| **NON-CURRENT LIABILITIES** | | | |
| Post-Employment Benefits Liabilities | 15 | 7,255,317,552 | 6,258,405,728 |
| Total Liabilities | | 61,282,247,372 | 56,129,530,445 |
| **EQUITY** | | | |
| Share Capital - Rp91,680 Par Value per Share | | | |
| Authorized - 270,000 shares | | | |
| Issued and Paid-Up - 106,500 Shares | | | |
| as of March 31, 2018 and 2017, respectively | 16 | 9,763,920,000 | 9,763,920,000 |
| Foreign Exchange Rate Difference from Paid-Up Capital | 16 | 1,160,985,000 | 1,160,985,000 |
| Retained Earnings | 17 | 119,205,986,630 | 104,182,744,667 |
| Total Equity Attributable to Owners of the Parent Entity | | 130,130,891,630 | 115,107,649,667 |
| Non-Controlling Interest | | 80,262,427 | 58,161,140 |
| Total Equity | | 130,211,154,057 | 115,165,810,807 |
| **TOTAL LIABILITIES AND EQUITY** | | **191,493,401,429** | **171,295,341,252** |

The accompanying notes form an integral part of these consolidated financial statements

**PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
For the Years Ended March 31, 2018 and 2017
(In Full of Rupiah)

| | Notes | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|---|
| Net Sales | 18 | 353,985,636,251 | 292,679,232,261 |
| Cost of Goods Sold | 19 | (259,337,573,201) | (224,349,564,418) |
| **GROSS PROFIT** | | 94,648,063,050 | 68,329,667,843 |
| **OPERATING EXPENSES** | | | |
| General and Administrative Expenses | 20 | (51,590,482,665) | (42,006,902,463) |
| Selling Expenses | 21 | (1,457,378,019) | (1,642,603,089) |
| Total Operating Expenses | | (53,047,860,684) | (43,649,505,552) |
| **OPERATING INCOME** | | 41,600,202,366 | 24,680,162,291 |
| Other Income (Expenses) - Net | 22 | 8,451,248,671 | 393,420,624 |
| **PROFIT BEFORE TAX** | | 50,051,451,037 | 25,073,582,915 |
| **TAX BENEFITS (EXPENSES)** | | | |
| Current Tax | 6.c | (13,881,057,917) | (7,560,230,757) |
| Deferred Tax | 6.d | 457,503,500 | 415,307,470 |
| Total Tax Expenses | | (13,423,554,417) | (7,144,923,287) |
| **PROFIT OF THE YEAR** | | **36,627,896,620** | **17,928,659,628** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items not to be Reclassified to Profit or Loss :** | | | |
| Actuarial Gain (Loss) | | 833,102,175 | (632,256,522) |
| Deferred Tax Benefit (Expense) | | (208,275,545) | 158,064,130 |
| Total Other Comprehensive Income - net of tax | | 624,826,631 | (474,192,392) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **37,252,723,250** | **5,139,350,942** |
| **PROFIT FOR THE YEAR ATTRIBUTABLE TO:** | | | |
| Owners of the Parent Entity | | 36,605,710,221 | 17,930,931,511 |
| Non Controlling Interest | | 22,186,399 | (2,271,884) |
| **TOTAL** | | **36,627,896,620** | **17,928,659,627** |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | |
| Owner of the Parent Entity | | 37,230,621,963 | 17,456,759,504 |
| Non-Controlling Interest | | 22,101,287 | (2,292,269) |
| **TOTAL** | | **37,252,723,251** | **17,454,467,235** |

The accompanying notes form an integral part of these consolidated financial statements

## PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY
## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2018 and 2017
(In Full of Rupiah)

| | Notes | Attributable to the Owner of the Parent Entity | | | Total Non Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|
| | | Share Capital | Exchange Rate Differences from Paid-Up Capital | Retained Earnings | | |
| | | Rp | Rp | Rp | Rp | Rp |
| **BALANCE AS OF MARCH 31, 2016** | | **9,763,920,000** | **1,160,985,000** | **93,613,872,663** | **60,453,409** | **104,599,231,072** |
| Cash Dividends | 16.b | -- | -- | (6,887,887,500) | -- | (6,887,887,500) |
| Profit for the Year | | -- | -- | 17,930,931,511 | (2,271,884) | 17,928,659,627 |
| Other Comprehensive Loss for the Year | | -- | -- | (474,172,007) | (20,385) | (474,192,392) |
| **BALANCE AS OF MARCH 31, 2017** | | **9,763,920,000** | **1,160,985,000** | **104,182,744,667** | **58,161,140** | **115,165,810,807** |
| Cash Dividends | 16.b | -- | -- | (22,207,380,000) | -- | (22,207,380,000) |
| Profit for the Year | | -- | -- | 36,605,710,221 | 22,186,399 | 36,627,896,620 |
| Other Comprehensive Income for the Year | | -- | -- | 624,911,742 | (85,112) | 624,826,630 |
| **BALANCE AS OF MARCH 31, 2018** | | **9,763,920,000** | **1,160,985,000** | **119,205,986,630** | **80,262,427** | **130,211,154,057** |

The accompanying notes form an integral part of these consolidated financial statements

**PT MINDA ASEAN AUTOMOTIVE AND SUBSIDIARY**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the Years Ended March 31, 2018 and 2017
(In Full of Rupiah)

| | Notes | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from Customers and Others | | 347,189,200,227 | 288,253,905,219 |
| Paid to Suppliers, Employees, Others | | (299,688,885,119) | (259,648,422,023) |
| Payment for Underpayment from Tax Assesment | 6.e | (1,318,269,044) | -- |
| Payment for Income Tax | | (9,970,852,786) | (4,752,048,513) |
| Interest Paid for Bank Loans | | (110,021,815) | (925,763,859) |
| Net Cash Flows Provided by Operating Activities | | **36,101,171,463** | **22,927,670,824** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from Disposal of Property, Plant and Equipment | | 315,764,502 | 432,639,971 |
| Purchase of Property, Plant and Equipment | | (12,634,474,069) | (2,191,140,039) |
| Net Cash Flows Used in Investing Activities | | **(12,318,709,567)** | **(1,758,500,068)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Received from Bank Loan | | -- | 7,324,366,938 |
| Payment of Bank Loan | | -- | (13,763,456,339) |
| Cash Dividend Paid | 16 | (22,207,380,000) | (6,887,887,500) |
| Net Cash Flows Used in Financing Activities | | **(22,207,380,000)** | **(13,326,976,901)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 1,575,081,896 | 7,842,193,855 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | 24,451,468,362 | 16,609,274,507 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | **26,026,550,257** | **24,451,468,362** |

Additional information of non-cash activities are presented in Note 27

The accompanying notes form an integral part of these consolidated financial statements

(Expressed in Rupiah)

## 1. General

### 1.a. The Company Establishment

PT Minda Asean Automotive ("the Company") is a limited liability company established in Indonesia within the framework of the Foreign Capital Investment Law No.1 Year 1967 jo No.11 Year 1970. The approval of Foreign Capital Investment was stated in the approval letter of the Chairman of Capital Investment Coordinating Board No.510/I/PMA/2004 dated August 2, 2004. The Company's Article of Association was stated in the Notarial Deed of Haji Dana Sasmita, SH, No. 4 dated August 3, 2004, and approved by Ministry of Justice in its decision letter No. C-04131 HT.01.01.TH.2005 dated February 18, 2005. On July 27, 2007 the Company has got The Permanent Business License (IUT) based on Capital Investment Coordinating Board approval No.676/T/Industri/Perdagangan/2007.

The Article of Association has been amanded several times, the latest amandement was by Notarial Deed No. 12 dated December 23, 2013 of Kokoh Henry, SH., MKn, in relation to the increase in the Company's issued and paid-up capital. The approval of of Foreign Capital Investment was stated in the approval letter of the Chairman of Capital Investment Coordinating Board No.1971/1/IP-PB/PMA/2013 dated December 23, 2013. This amendment had been approved by Minister of Law and Human Rights through his decision letter No AHU-AH.01.10-56395 dated December 30, 2013.

In accordance with Article 3 of the Company's Articles of Association, the purposes and objectives of the Company are to operate in Trade, Industry, and Services.

In order to achieve the purposes and objectives, the Company may carry out the following activities:

i. To operate export-import trading and main distributor of trade goods such as automotive and engineering parts.
ii. To produce, design, trade spare parts and accessories for all types of two-wheeled vehicles or four wheeled vehicles (including engineering goods parts).
iii. To operate management consultancy services, consulting and advice on business development, design and technology and manufacture of automotive components and spare parts.

The Company is domiciled at Permata Raya Lot CA-7, Kawasan Industry KIIC, Karawang, Jawa Barat 41361. The Company started to operate commercially on February 18, 2005. Ultimate parent entity is Minda Industries Limited.

### 1.b. Board of Commissioner, Directors and Employees

The composition of the Company's Board of Directors as of March 31, 2018 is based on the Deed of Shareholder Resolution No 4, dated September 6, 2018, was made Agustian Eko Satyanto, S.H

The composition of the Company's Board of Directors as of March 31, 2017 is based on the Deed of Shareholder Resolution No.153, dated February 6, 2013, was made by Kokoh Hendry, SH.M,Kn

The composition of the Boards of Commissioners, President Directors and Director as of March 31, 2018 and 2017 are as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Commissioner | Pradip Kumar Tewari | Ravi Mehra |
| **Directors:** | | |
| President Director | Poothampilil Muralidharan Menon | Vikaas Bajaj |
| Director: | Pawan Agarwal | Pawan Agarwal |
| | Lila Dhar Agrawal | Lila Dhar Agrawal |
| | | Poothampilil Muralidharan Menon |

As of March 31, 2018 and 2017 the Company has 182 and 177 employees, respectively (unaudited).

Details of salaries and benefits for the Directors for the year ended March 31, 2018 and 2017 amounting to Rp4,836,575,825 and Rp3,793,487,166, respectively.

### 1.c. The Structure of Subsidiary

PT Minda Trading

The Company has direct ownership to PT Minda Trading ("subsidiary") a limited liability company, which has received an approval from Foreign Capital Investment through the approval letter of the Chairman of Capital Investment Coordinating Board No. 00490/1/PPM/PMA/2010 dated March 31, 2010.

The Subsidiary's Article of Association was stated in the Notarial Deed of Siti Rachmayanti, SH, No. 3 dated April 8, 2010, and approved by the Ministry of Justice and Human Right through its decision letter No. AHU-19215.AH01.01.TH.2010 dated April 15, 2010, with amended by article No. 35 dated October 18, 2012 and approved by Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH-01.10-02542 dated January 31, 2013 and amended article of association dated 8 April 2014 and approved by Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No.AHU-01576.40.22.2014 dated 10 April 2014. The latest amendment was made by notarial deed of Hesti Pudjiastuti, S.H, No.6. dated June 16, 2015 related to changes in the composition of Director. The amendment was approved by the Minister of law and Human Right of Republic Indonesia based on decision letter No. AHU-AH.01.03-0942302 dated June 17, 2015.

In accordance with Article 3 of the Subsidiary's Articles of Association, the purpose and objectives of the subsidiary is to operate in trade and services. In order to achieve the purpose and objectives, the Subsidiary carry out the following activities:

i. Operate export-import trading and main distributor of trade goods such as automotive and engineering parts.
ii. Operate management consultancy services, consulting and advice on business development.

As of March 31, 2018 and 2017, the Company's portion of ownership to the subsidiary is 99%, the other 1% is owned by Mr. Sanjay Jain.

## 2. Summary of Significant Accounting Policies

### 2.a. The Statements of Compliance

The consolidated financial statements of the Company for the years ended March 31, 2018 is prepared and presented in accordance with the Indonesian Financial Accounting Standards.

### 2.b. Basis Measurement and Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared and presented based on going concern assumption and accrual basis of accounting, except for the consolidated statements of cash flows. Basis of measurement in preparation of these consolidated financial statements is the historical costs concept, except for certain accounts which have been prepared on the basis of other measurements as described in their respective policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statement are prepared using accrual basis of accounting, except for statement of cash flow. The statement of cash flows have been prepared by using direct method by classifying cash flows into operating, investing, and financing activities.

The reporting currency used in the preparation of financial statement is Indonesian Rupiah, which is the Company and its subsidiary's functional currency.

### 2.c. Accounting Standards Effective in the Current Year

The following are revisions, amendments and adjustments of standards and interpretations of standard issued by DSAK-IAI and effectively applied for the year starting on or after January 1, 2017, as follows:

- Amendment PSAK No. 1 (Amendment 2015): "Presentation of Financial Statements"
- PSAK No. 3 (Improvement 2016): "Interim Financial Statements"
- PSAK No. 24 (Improvement 2016): "Employee Benefits"
- PSAK No. 58 (Improvement 2016): "Non-Current Assets Held for Sale and Discontinued Operations"

(Expressed in Rupiah)

- PSAK No. 60 (Improvement 2016): “Financial Instrument: Disclosure”
- ISAK No. 31: “Interpretation of the Scope of PSAK No. 13: Investment Property”
- ISAK No. 32: “Definition and Hierarchy of Financial Accounting Standards”

The Implementation of the above standards had no significant effect on the amounts reported for the current period or prior financial year.

**2.d. Principles of Consolidation**

The consolidated financial statements incorporate financial statements of the Parent Entity and Subsidiaries, direct and indirectly owned by the Parent Entity. Subsidiaries are fully consolidated from the date of effective control are achieved by the Parent Entity and will be no longer consolidated from the date of the Parent Entity has cease effective controls. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, except that, such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is:

a) power over more than half of the voting rights by virtue of an agreement with other investors;
b) power to govern the financial and operating policies of the entity under a statute or an agreement;
c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The consolidated financial statements are prepared using uniform basis, i.e.: similar accounting policy for similar transactions, events and circumstances. The policy has been applied consistently by Subsidiary, unless otherwise stated.

In preparing the consolidated financial statements, the financial statements of the Parent Company and Subsidiaries are combined on a line basis by adding together similar elements of assets, liabilities, equity, income and expenses. All material balances and transactions between the Parent Company and the Subsidiaries have been eliminated.

The account of “Non Controlling Interests in Subsidiaries” account represents interest of the minority shareholders in the Subsidiaries. Non controlling interest in net income (loss) of Subsidiaries in the consolidated statement of comprehensive income is presented as “Current Year Profit/Loss Attributable to Non Controlling Interest”.

Losses of non-wholly owned subsidiary are attributed to the non controlling interest even if the non controlling interest results in deficit balance.

**2.e. Foreign Currency Transactions and Balances**

The Company maintains its accounting records in Rupiah. Transactions in currencies other than Rupiah are recorded at the end of previous month middle exchange rate quoted by Bank Indonesia.

At statements of financial position date, all monetary assets and liabilities in foreign currencies are translated into Rupiah by using middle rate of exchange published by Bank Indonesia at such date.

Exchange gains and losses arising from translations of foreign currency monetary assets and liabilities are recognized in the current year’s statements of profit or loss and other comprehensive income.

Exchange rates used as of March 31, 2018 and 2017 to translate the major foreign currencies are as follows:

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| USD 1 | 13,756 | 13,321 |
| EUR 1 | 16,954 | 14,228 |

**2.f. Cash Equivalents**

Cash equivalents consists of time deposits with maturity of less than or equal to 3 (three) months and are not pledged as collateral.

**2.g. Financial Assets and Liabilities**

Financial Assets

Financial assets are classified into four categories, as follows: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity financial assets and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction cost and subsequently measured at amortized cost using the effective interest rate method.

Loans and receivables include cash and cash equivalents, trade receivables, other receivables, and other assets.

Impairment of Financial Assets

Financial assets, other than those at Fair Value Through Profit and Loss (FVTPL), are assessed for indicators of impairment at each financial position's reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For quoted and unquoted equity investments classified as AFS, a significant or prolonged decline in the fair value of the equity investment below its cost is considered to be an objective evidence of impairment.

Some objective evidence for impairment value are as follows:

- significant financial difficulty of the issuer or counterparty; or
- a breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as receivables, the impairment value of assets are assessed individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as, and observable changes in the national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment is the difference between the assets's carrying amount and the present value of estimated future cash flows, discounted at the financial assets's original effective interest rate.

The carrying amount of the financial asset is directly reduced by the amount of impairment loss for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized the statement of income.

When an Available For Sale (AFS) financial asset is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to the statement of income in the current period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment on the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity instrument, impairment losses previously recognized in the statement of income are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial Liabilities
Financial liabilities are classified into the category of (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities measured at amortized cost.

**(i) Financial liabilities measured at amortized cost**
Financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.

Financial liabilities which categorized into financial liabilities measured at amortized cost are short term bank loan, trade payables to third parties, other payables to third parties, accrued expenses, and long term bank loan.

Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

PSAK No. 60, ”Financial Instruments: Disclosures” requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2), and
3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price, while financial liabilities use ask price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as minimum as possible on estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as minimum as possible on estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and its net amount presented in the statement of financial position only if it has a legally enforceable right to set off the recognized amount; and intends either to settle on a net basis or to realize the assets and settle liabilities simultaneously.

Derecognition
Derecognition of a financial asset when the contractual rights to the cash flows from the financial asset expire or when the financial asset has been transferred and substantially all the risks and rewards of ownership have been transferred (if, substantially all the risks and rewards are not transferred, then the Company will conduct an evaluation to ensure ongoing involvement of the controls which are still not prevent derecognition).

Financial liabilities are derecognized when the liability specified in the contract is discharged or canceled or expire. If an existing financial liability is replaced by another liability 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 original liabilities and the recognition of a new liability, and the difference between the carrying amount of each financial liabilities are recognized in the statement of comprehensive income.

Effective Interest Method
The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and others paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

**2.h. Related Party Transactions**

Related parties is a person or entity that is related to the entity that is preparing its financial statement (reporting entity) that following criteria applies:

a. A person or a close member of that persons family is related to a reporting entity if that person:
   (i) Has control or joint control over the reporting entity;
   (ii) Has significant influence over the reporting entity; or
   (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if it meets one of the following:
   (i) The entity and reporting entity are the same The Company and subsidiary member (which means that each parent, subsidiary and fellow subsidiary is related to the others)
   (ii) One entity is an associate or joint venture of the other entity (or an associate entity or joint venture of a member The Company and subsidiary of which the other entity is a member).
   (iii) Both entities are joint venture of the same third party.
   (iv) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related.
   (vi) An entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel.
   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

All significant transactions and balances with related parties are disclosed in the relevant Notes.

### 2.i. Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost is based on the first in first out method and comprises all costs and purchase, cost of conversion and appropriate overheads incurred in bringing the inventories to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale.

### 2.j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

### 2.k. Impairment of Non Financial Assets

The Company assess at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e., an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or Cash Generated Unit's (CGU) 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 or The Company and subsidiaries of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statements of profit or loss and other comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the statements of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period.

Reversal of an impairment loss is recognized in the statements of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.l. Revenue and Expense Recognition

Revenue is recognized when products are delivered to customers. Expenses are recognized when they are incurred. Other income are recognized when earned.

**2.m. Income Taxes**

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases except those differences that are subject to final tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted as of the statement of financial position date. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except deferred tax assets and liabilities of different entity in the same manner the current tax assets and liabilities are presented.

Deferred tax assets and liability are offset if, and only if (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**2.n. Employee Benefits Obligation**

Short-term Employee Benefits

Short-term employee benefits are recognized when an employee has rendered service during accounting period, at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Short term employee benefits include such as wages, salaries, bonus and incentive.

Post-employment Benefits

Post-employment benefits such as retirement, severance and service payments are calculated based on Labor Law No. 13/2003 (“Law 13/2003”).

The Company and subsidiary recognizes the amount of the net defined benefit liability at the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets which calculated by independent actuaries using the Projected Unit Credit method. Present value benefit obligation determine by discounting the benefit.

The Company and subsidiary account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity’s informal practices.

Current service cost, past service cost and gain or loss on settlement, and net interets on the net defined benefit liability (asset) are recognized in profit and loss.

The remeasurement of the net defined benefit liability (assets) comprises actuarial gains and losses,the return on plan assets, and any change in effect of the asset ceiling are recognized in other comprehensive income.

**2.o. Property, Plant and Equipment**

The Company and subsidiary had chosen the cost model as the accounting policy for their property, plant and equipments measurement.

Property, plant and equipments are stated at cost less accumulated depreciation and impairment loss, if any. Such cost includes the cost of replacing part of the property, plant and equipments when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipments as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statements of comprehensive income as incurred.

Depreciation of property, plant and equipments, except land, is computed using the straight-line method over the following estimated useful lifes.

| | Years |
|---|---|
| Buildings | 20 |
| Plant and Machineries | 8 |
| Office Equipments | 8 |
| Computers | 4 |
| Furniture and Fixtures | 8 |
| Dies and Tools | 4 |
| Vehicles | 4 |

Land is stated at cost and not depreciated.

The cost of maintenance and repairs is charged as an expense as incurred. Expenditures which extend the useful life of an asset or provide further economic benefits by increasing the capacity or quality of production of the asset, are capitalized and depreciated based on the applicable depreciation rate.

An item of property, plant and equipments 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

The residual values, useful lifes and methods of depreciation of property, plant and equipments are reviewed and adjusted prospectively, if appropriate, at the end of each financial period.

The accumulated costs of the construction of buildings and plant and the installation of machinery are capitalized as construction in progress. These costs are reclassified to the appropriate property, plant and equipments accounts when the construction or installation is completed. Depreciation is charged from the date when the assets become available for their intended use

**2.p. Use of Estimates**

The preparation of the Company and Subsidiary’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future years.

The preparation of the Company and Subsidiary’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future years.

Determination of Functional Currency
In the process of applying the Company and Subsidiary's accounting policies, management has made judgment on the determination of functional currency, apart from those estimations and assumptions which have the most significant effects on the amounts recognized in the consolidated financial statements.

The functional currency is the currency of the primary economic environment in which each of them operates. It is the currency, among others, that mainly influences sales prices for goods and services, of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and the currency in which funds from financing activites are generated.

Determination of Fair Values of Financial Assets and Financial Liabilities
When the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Realization of Deferred Tax Assets
The Company and Subsidiary review the carrying amounts of deferred tax assets at the end of each reporting period and reduce these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.The Company and Subsidiary's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods.

This forecast is based on the Company and Subsidiary's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company and Subsidiary will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

Estimating Provision for Impairment Losses on Receivables
If there is objective evidence that an impairment loss has been incurred on trade receivables, the Company and Subsidiary estimate the provision for impairment losses related to their trade receivables that are specifically identified as doubtful of collection. The level of provision is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Company and Subsidiary use judgment based on the best available facts and circumstances, including but not limited to, the length of the Company and Subsidiary's relationship with the customers and the customers' credit status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce the Company and subsidiary's receivables to amounts that they expect to collect. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated.

Uncertainity of Tax Exposure
In certain circumstances, the Company and Subsidiary may not be able to determine the exact amount of their current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company and Subsidiary apply similar considerations as they would use in determining the amount of a provision to be recognized in accordance with PSAK 57, "Provisions, Contingent Liabilities and Contingent Assets". The Company and Subsidiary make an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

(Expressed in Rupiah)

Interest and penalties for the underpayment of income tax, if any, are presented under Other Income (Expenses) as part of "Others - net" in the consolidated statements of profit or loss and other comprehensive income.

Estimated of Useful Life
The Company and Subsidiary review on useful life of property, plant and equipments based on several factors i.e. technical conditions and technology development in the future. Operating results in the future will be affected by the estimated changes of those factors (See Note 10 for carrying value of property, plant and equipments).

Post-Employment Benefit
The present value of post employment benefit depends on several factors which are determined by actuarial basis based on several assumptions. Assumptions used to determine pension costs (benefits) covered discount rate. The changes of assumption might affect carrying value of post employment benefit.

Impairment of Non Financial Assets
In accordance with the Company and subsidiary's accounting policy, each asset or Cash Generated Unit (CGU) is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating the Company and Subsidiary's of assets is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs and future capital expenditure. these estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the consolidated statements of profit or loss and other comprehensive income.

## 3. Cash and Cash Equivalents

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Cash on Hand** | | |
| Rupiah | 107,545,300 | 65,401,160 |
| USD | 64,859,540 | 67,899,535 |
| | 172,404,840 | 133,300,695 |
| **Cash in Banks** | | |
| Rupiah | | |
| PT Bank Mandiri (Persero) Tbk | 1,354,412,694 | 1,018,883,518 |
| PT Bank Permata Tbk | 854,870,687 | 1,171,510,927 |
| PT Bank CIMB Niaga Tbk | 507,302,988 | 529,314,611 |
| | 2,716,586,369 | 2,719,709,056 |
| US Dollar | | |
| PT Bank Mandiri (Persero) Tbk | 707,772,612 | 770,811,007 |
| PT Bank Permata Tbk | 365,906,436 | 1,495,547,604 |
| | 1,073,679,048 | 2,266,358,611 |
| Subtotal | 3,790,265,417 | 4,986,067,667 |

(Expressed in Rupiah)

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Time Deposits** | | |
| Rupiah | | |
| PT Bank Mandiri (Persero) Tbk | 14,500,000,000 | 9,100,000,000 |
| PT Bank Permata Tbk | 4,400,000,000 | 8,900,000,000 |
| | 18,900,000,000 | 18,000,000,000 |
| US Dollar | | |
| PT Bank Mandiri (Persero) Tbk | 3,163,880,000 | 1,332,100,000 |
| Subtotal | 22,063,880,000 | 19,332,100,000 |
| **Total** | **26,026,550,257** | **24,451,468,362** |
| Interest Rate on Time Deposits per Year | 2% - 7,75% | 2% - 7,75% |
| Maturity period | 3 Months | 3 Months |

## 4. Trade Receivables

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Related Parties (Note 26)** | | |
| Foreign - USD | 7,190,737,708 | 9,173,612,200 |
| **Third Parties** | | |
| Local - Rupiah | 36,189,094,019 | 30,313,973,638 |
| Foreign - USD | 4,806,381,340 | 1,981,453,725 |
| | 40,995,475,359 | 32,295,427,363 |
| **Total** | **48,186,213,067** | **41,469,039,563** |

Details of accounts receivable aging schedule as of March 31, 2018 and 2017 are as follows:

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Less than 31 Days | 44,536,308,355 | 31,192,183,832 |
| 31 - 60 Days | 2,724,001,033 | 2,844,545,083 |
| 61 - 90 Days | 925,903,679 | 6,473,478,387 |
| 91 - 120 Days | -- | 920,555,032 |
| More than 120 Days | -- | 38,277,229 |
| **Total** | **48,186,213,067** | **41,469,039,563** |

As of March 31, 2018 significant amount of trade receivables consist of current outstanding, thus the Management believes that all receivables are collectible and a provision for impairment losses is not considered necessary.

## 5. Inventories

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Raw Materials and Components (Note 19) | 10,251,449,915 | 7,194,130,411 |
| Work In Process (Note 19) | 1,252,831,789 | 837,379,069 |
| Finished Goods (Note 19) | 3,639,283,708 | 3,379,341,497 |
| **Total** | **15,143,565,412** | **11,410,850,977** |

(Expressed in Rupiah)

As of March 31, 2018 the Company and Subsidiary's inventories were insured to PT Asuransi Wahana Tata against all risks for USD1,260,000 and period covered from September 23, 2017 to September 23, 2018. The Management believes that the insurance coverage is adequate to cover possible losses on the assets insured. The Management does not provide allowance for inventory obsolescense because management believes that all of the inventories are usable.

## 6. Taxation

### a. Prepaid Taxes

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Subsidiary** | | |
| Corporate Income Tax Article 28A: | | |
| 2011 | 264,125,615 | 264,125,615 |
| Value Added Tax - Net | 214,626,429 | 529,404,982 |
| Others Prepaid Tax | 1,310,341,837 | 1,310,341,837 |
| | 1,789,093,881 | 2,103,872,434 |
| **Total** | **1,789,093,881** | **2,103,872,434** |

Other prepaid tax represents Income Tax Article 25 for the year 2011 of the Subsidiary, which is still on appeal againts of tax. As of March 31, 2018, due to uncertainty result of the appeal process, the management has made provision which consist of Article 28A and Others Prepaid Tax amounted to Rp1,574,467,452.

### b. Taxes Payable

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **The Company** | | |
| Income Taxes: | | |
| Article 25 | 597,082,895 | 427,602,224 |
| Article 29 | 4,733,948,646 | 1,670,300,525 |
| Witholding Taxes: | | |
| Article 21 | 503,941,450 | 207,422,217 |
| Article 23 | 34,557,917 | 28,757,611 |
| Article 26 | 489,045,525 | 562,062,072 |
| Value Added Tax - In Payable | 421,073,987 | -- |
| Value Added Tax - Net | 41,856,562 | 520,200,363 |
| | 6,821,506,982 | 3,416,345,012 |
| **Subsidiary** | | |
| Income Taxes: | | |
| Article 25 | 4,938,072 | 5,952,736 |
| Article 29 | 326,476,245 | 306,685 |
| Witholding Taxes: | | |
| Article 21 | 7,060,146 | 5,699,832 |
| Article 23 | 11,531,139 | 1,008,743 |
| Article 4 (2) | -- | 3,600,000 |
| | 350,005,602 | 16,567,996 |
| **Total** | **7,171,512,584** | **3,432,913,008** |

(Expressed in Rupiah)

### c. Corporate Income Tax

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Current Tax:** | | |
| **The Company:** | | |
| Current | 12,758,298,373 | 7,164,994,848 |
| Tax Adjusment from Prior Year (Note 6.e) | 161,529,575 | -- |
| **Subsidiary:** | | |
| Current | 770,838,101 | 395,235,910 |
| Tax Adjusment from Prior Year (Note 6.e) | 190,391,868 | -- |
| | 13,881,057,917 | 7,560,230,758 |
| **Deferred Tax Expense (Benefit):** | | |
| The Company | (452,936,266) | (412,940,170) |
| Subsidiary | (4,567,234) | (2,367,300) |
| | (457,503,500) | (415,307,470) |
| **Total** | **13,423,554,417** | **7,144,923,288** |

The reconciliation between profit before loss tax as shown in the statements of profit or loss, the estimated taxable income of the Company for the year ended March 31, 2018 and, 2017 are as follows:

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Consolidated Profit Before Tax | 50,051,451,037 | 25,073,582,915 |
| Profit Before Tax of Subsidiary | (3,175,302,620) | (165,680,167) |
| Profit Before Tax of the Company | 46,876,148,417 | 24,907,902,748 |
| **Final Taxable Income:** | | |
| Interest Income | (255,953,033) | (189,217,023) |
| Others Income | (72,000,000) | (36,000,000) |
| **Timing Difference:** | | |
| Employee Benefits | 1,811,745,062 | 1,651,760,684 |
| **Permanent Differences:** | | |
| Entertainment | 97,233,887 | 402,687,387 |
| Medical | 392,669,733 | 262,550,386 |
| Guest House | -- | 1,784,160 |
| Tax Expense | 844,980,931 | 134,596,002 |
| Festival (Ceremony) Expense | 280,717,229 | 176,398,337 |
| Staf Welfare Expense | 338,624,660 | 229,681,301 |
| Other Expenses | 719,026,606 | 1,117,835,411 |
| | 4,157,045,076 | 3,752,076,644 |
| Taxable Income - Net | 51,033,193,493 | 28,659,979,392 |
| Current Tax Expenses (with Applicable Rate of 25%) | 12,758,298,373 | 7,164,994,848 |
| Less: Prepaid Corporate Income Tax | | |
| Article 22 | 1,365,997,000 | 752,901,247 |
| Article 23 | 1,800,000 | -- |
| Article 25 | 6,656,552,727 | 4,741,793,076 |
| | 8,024,349,727 | 5,494,694,323 |
| **Tax Payable of Corporate Income Tax** | **4,733,948,646** | **1,670,300,525** |

(Expressed in Rupiah)

Current income tax computation are based on estimated taxable income. The amount may be adjusted when the Annual Tax Returns are filled with the tax office.

Reconciliation between tax expenses and result of multiplication of accounting profit before tax using the prevailing rate are as follows:

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Profit before Tax as Presented in Consolidated Statements of Profit or Loss and Other Comprehensive Income | 50,051,451,037 | 25,073,582,915 |
| Less Profit before tax of Subsidiary | (3,175,302,622) | (165,680,167) |
| Profit Before Tax - the Company | 46,876,148,415 | 24,907,902,748 |
| Enacted Effective Tax Rate 25% | 11,719,037,104 | 6,226,975,687 |
| Tax Effect of Tax Adjustments | 586,325,003 | 525,078,991 |
| Current Tax Expenses for The Year | | |
| Current Tax | 12,305,362,107 | 6,752,054,678 |
| Income Tax Expense - the Company | 12,305,362,107 | 6,752,054,678 |
| Tax Adjusment from Prior Year | 161,529,575 | -- |
| Income Tax Expense - Subsidiary | 766,270,867 | 392,868,610 |
| Tax Adjusment from Prior Year | 190,391,868 | -- |
| **Consolidated Income Tax Expense** | **13,423,554,417** | **7,144,923,288** |

## d. Deferred Tax Assets

| | March 31, 2016 Rp | Credited to Profit or Loss Rp | Credited to Other Comprehensive Income Rp | March 31, 2017 Rp | Credited to Profit or Loss Rp | Charged to Other Comprehensive Income Rp | March 31, 2018 Rp |
|---|---|---|---|---|---|---|---|
| **The Company** | | | | | | | |
| Employee Benefit | 986,394,569 | 412,940,170 | 157,384,620 | 1,556,719,360 | 452,936,266 | (211,112,636) | 1,798,542,990 |
| **Subsidiary** | | | | | | | |
| Employee Benefit | 4,835,262 | 2,367,300 | 679,510 | 7,882,072 | 4,567,234 | 2,837,092 | 15,286,398 |
| **Total** | **991,229,831** | **415,307,470** | **158,064,130** | **1,564,601,432** | **457,503,500** | **(208,275,544)** | **1,813,829,388** |

## e. Tax Examination

During 2018, the Company and Subsidiary has received tax assessment letters, are as follows:

**The Company**

| Type of Taxes | Fiscal Year | Issued Date | Result of Tax Assesment | Amounted (Rp) | Notes | Status as at Date of the Financial Statement |
|---|---|---|---|---|---|---|
| Corporate Income Tax | 2014 | December 26, 2017 | Underpayment | 65,675,000 | | Paid |
| Corporate Income Tax | 2015 | December 26, 2017 | Underpayment | 25,407,000 | | Paid |
| Corporate Income Tax | 2017 | September 10, 2017 | Underpayment | 70,447,575 | | Paid |
| | | | **Sub total** | **161,529,575** | 6.c | |
| Income Tax Article 21 | 2014 | December 26, 2017 | Underpayment | 175,691,497 | | Paid |
| Value Added Tax | 2014 | December 26, 2017 | Underpayment | 140,445,663 | | Paid |
| Value Added Tax | 2015 | December 26, 2017 | Underpayment | 450,282,370 | | Paid |
| | | | **Sub total** | **766,419,530** | 20 | |
| | | | **Total** | **927,949,105** | | |

(Expressed in Rupiah)

**Subsidiary**

| Type of Taxes | Fiscal Year | Issued Date | Result of Tax Assesment | Amounted (Rp) | Notes | Status as at Date of the Financial Statement |
|---|---|---|---|---|---|---|
| Corporate Income Tax | 2015 | February 13, 2018 | Underpayment | 173,109,600 | | Paid |
| Corporate Income Tax | 2016 | January 31, 2018 | Underpayment | 17,282,268 | | Paid |
| | | | **Sub total** | **190,391,868** | 6.c | |
| Income Tax Article 4 (2) | 2015 | February 21, 2018 | Underpayment | 666,000 | | Paid |
| Income Tax Article 21 | 2015 | February 21, 2018 | Underpayment | 16,108,335 | | Paid |
| Value Added Tax | 2015 | February 13, 2018 | Underpayment | 114,235,336 | | Paid |
| Value Added Tax | 2016 | January 31, 2018 | Underpayment | 68,918,400 | | Paid |
| | | | **Sub total** | **199,928,071** | 20 | |
| | | | **Total** | **390,319,939** | | |

## 7. Prepaid Expenses

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Insurance | 234,989,510 | 232,501,231 |
| Others | 1,701,703,200 | -- |
| **Total** | **1,936,692,710** | **232,501,231** |

Other prepaid represent cost incurred related to design of product and charged back to customers through sales price or over contract period, whichever is realized first.

## 8. Advances

Advance to suppliers as of March 31, 2018 and 2017 are consist of purchasing tools and raw materials amounted to Rp717,726,663 and Rp5,091,146,113, respectively.

## 9. Other Receivables

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| **Related Parties** | | |
| Other Receivables (Note 26) | 37,946,673,681 | 30,225,261,985 |
| **Third Parties** | | |
| Employee Receivables | 2,005,019,825 | 626,845,053 |
| Claim to Third Party | 9,599,420 | 2,006,955,181 |
| | 2,014,619,245 | 2,633,800,234 |
| **Total** | **39,961,292,926** | **32,859,062,219** |

In January 2015, the Company lend fund to Global Mazinkert S.L.U amounted to Euro 380,000 with interest rate 6.5% p.a and 5.75% p.a which effective from August 1, 2015 for one year period.

In March 2017, the Company has added loan to Global Mazinkert S.L.U amounted to Euro 1,600,000 with interest rate 5.75% p.a which effective from August 1, 2015 for one year period, these loans are repayable on demand.

Based on addendum of loan agreement between the Company and Global Mazinkert S.L.U dated March 10, 2016, both parties mutually agreed to extend the period of loan for a further period of 1 year, these loan are repayable on demand.

Based on addendum of loan agreement between the Company and Global Mazinkert S.L.U dated November 30, 2017, both parties mutually agreed to extend the period of loan for a further period of 1 year (November 30, 2017–November 30, 2018), these loan are repayable on demand.

(Expressed in Rupiah)

Employee receivables mainly represent loan which given by the company to support the rental house for expatriates on their demand. The payment of these receivables is deducted from the monthly salaries.

## 10. Property, Plant and Equipment

| | March 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance Rp | Additions Rp | Disposals Rp | Adjustment Rp | Ending Balance Rp |
| **Acquisition Cost** | | | | | |
| Land | 7,090,694,600 | -- | -- | -- | 7,090,694,600 |
| Buildings | 38,329,274,173 | -- | -- | -- | 38,329,274,173 |
| Plant and Machineries | 38,217,848,426 | 8,318,690,087 | -- | -- | 46,536,538,513 |
| Dies and Tools | 16,985,088,417 | 2,147,245,546 | 907,023,671 | -- | 18,225,310,292 |
| Furnitures and Fixtures | 3,555,249,212 | 372,804,975 | -- | -- | 3,928,054,187 |
| Computers | 3,109,517,865 | 651,430,682 | 27,103,705 | -- | 3,733,844,842 |
| Office Equipments | 2,848,488,417 | 682,084,597 | -- | -- | 3,530,573,014 |
| Vehicles | 2,904,326,775 | 462,218,182 | 787,250,273 | -- | 2,579,294,684 |
| | 113,040,487,885 | 12,634,474,069 | 1,721,377,649 | -- | 123,953,584,305 |
| **Accumulated Depreciation** | | | | | |
| Buildings | 16,253,682,739 | 1,916,463,709 | -- | -- | 18,170,146,448 |
| Plant and Machineries | 21,223,337,003 | 4,099,417,635 | -- | -- | 25,322,754,638 |
| Dies and Tools | 14,086,656,892 | 1,726,887,377 | 907,023,671 | -- | 14,906,520,598 |
| Furnitures and Fixtures | 2,121,862,644 | 330,266,440 | -- | -- | 2,452,129,084 |
| Computers | 2,762,547,873 | 239,328,343 | 15,187,487 | -- | 2,986,688,729 |
| Office Equipments | 2,175,391,047 | 168,217,798 | -- | -- | 2,343,608,845 |
| Vehicles | 2,371,047,222 | 336,338,345 | 787,250,273 | -- | 1,920,135,294 |
| | 60,994,525,420 | 8,816,919,647 | 1,709,461,431 | -- | 68,101,983,636 |
| **Carrying Amount** | **52,045,962,465** | | | | **55,851,600,669** |

| | March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance Rp | Additions Rp | Disposals Rp | Adjustment Rp | Ending Balance Rp |
| **Acquisition Cost** | | | | | |
| Land | 7,090,694,600 | -- | -- | -- | 7,090,694,600 |
| Buildings | 38,329,274,173 | -- | -- | -- | 38,329,274,173 |
| Plant and Machineries | 38,545,211,958 | 253,522,729 | 580,886,261 | -- | 38,217,848,426 |
| Dies and Tools | 16,035,040,547 | 950,047,870 | | -- | 16,985,088,417 |
| Furnitures and Fixtures | 3,193,983,714 | 366,590,000 | 5,324,502 | -- | 3,555,249,212 |
| Computers | 3,058,647,870 | 127,214,545 | 76,344,550 | -- | 3,109,517,865 |
| Office Equipments | 2,813,493,218 | 34,995,199 | -- | -- | 2,848,488,417 |
| Vehicles | 2,911,812,085 | 458,769,691 | 466,255,001 | -- | 2,904,326,775 |
| | 111,978,158,165 | 2,191,140,034 | 1,128,810,314 | -- | 113,040,487,886 |
| **Accumulated Depreciation** | | | | | |
| Buildings | 14,337,219,031 | 1,916,463,708 | -- | -- | 16,253,682,739 |
| Plant and Machineries | 18,023,537,540 | 3,589,582,943 | 389,783,480 | -- | 21,223,337,003 |
| Dies and Tools | 12,151,976,787 | 1,934,680,105 | -- | -- | 14,086,656,892 |
| Furnitures and Fixtures | 1,804,763,993 | 322,423,153 | 5,324,502 | -- | 2,121,862,644 |
| Computers | 2,550,283,644 | 285,348,363 | 73,084,134 | -- | 2,762,547,873 |
| Office Equipments | 1,992,795,156 | 182,595,891 | -- | -- | 2,175,391,047 |
| Vehicles | 2,466,343,463 | 370,958,764 | 466,255,005 | -- | 2,371,047,222 |
| | 53,326,919,614 | 8,602,052,927 | 934,447,121 | -- | 60,994,525,420 |
| **Carrying Amount** | **58,651,238,551** | | | | **52,045,962,466** |

Land represents usage rights (HGB) for a maximum period of 20 years and could be extend.

(Expressed in Rupiah)

As of March 31, 2017, the property, plant and equipment, (exclude vehicles) were insured to PT Asuransi Wahana Tata against all risks and earthquake for USD12,090,000 and period covered from September 23, 2017 to September 23, 2018. As of March 31, 2017, vehicles was insured to PT FPG Insurance against all risks for Rp4,612,000,000 and period covered from May 4, 2017 to May 4, 2018. Machineries was insured to PT Asuransi Wahana Tata for Rp8,583,118,225. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Detail of gain sale of property, plant and equipments are as follows:

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Selling Proceeds | | |
| Cash Transaction | 315,764,502 | 432,639,971 |
| Non-Cash Transaction (Note 27) | 11,916,218 | -- |
| Sub Total | 327,680,720 | 432,639,971 |
| Carrying Values : | | |
| Computers | 11,916,218 | 3,260,417 |
| Machine | -- | 191,102,781 |
| Vehicle | -- | -- |
| Sub Total | 11,916,218 | 194,363,198 |
| **Gain on sale of Property, Plant, and Equipments** | **315,764,502** | **238,276,773** |

During the year, the Company has written-off the Property, Plant, and Equipments consist of Dies and Tools, with carrying value amounted to Nil, due to the assets are obsolete.

Depreciation expenses were allocated as follows:

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Cost of Goods Sold (Note 19) | 7,743,749,521 | 7,456,041,854 |
| General and Administrative Expenses (Note 20) | 1,073,170,126 | 1,146,011,073 |
| **Total** | **8,816,919,647** | **8,602,052,927** |

## 11. Other Non-Current Assets

Other assets represent security deposit amounted Rp66,836,455 as of March 31, 2018 and 2017, respectively.

## 12. Trade Payables

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Related Parties (Note 26)** | | |
| Foreign - US Dollar | 8,958,301,228 | 5,977,124,974 |
| **Third Party** | | |
| Local - Rupiah | 28,250,018,695 | 34,566,189,413 |
| Foreign - US Dollar | 4,779,302,517 | 1,533,903,137 |
| | 33,029,321,212 | 36,100,092,550 |
| **Total** | **41,987,622,440** | **42,077,217,524** |

Trade payables represent payable for purchases of raw materials and trading goods.

(Expressed in Rupiah)

## 13. Other Payables to Third Parties

Other payables as of March 31, 2018 and 2017 are consist of sales return from subsidiary to customer amounted to Nil and Rp80,609,900, respectively.

## 14. Accrued Expenses

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Royalty | 3,041,542,390 | 2,486,511,181 |
| Salaries | 13,008,796 | 20,488,237 |
| Taxes Provision (Note 6.a) | 1,574,467,451 | 1,574,467,452 |
| Others (each below Rp100,000,000) | 238,776,159 | 198,917,414 |
| **Total** | **4,867,794,796** | **4,280,384,284** |

## 15. Post-Employee Benefits Liabilities

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Post-Employee Benefit Liabilities: | | |
| The Company | 7,194,171,960 | 6,226,877,440 |
| Subsidiary | 61,145,592 | 31,528,288 |
| | **7,255,317,552** | **6,258,405,728** |

The Company and Subsidiary provide employee benefits obligation based on Labor Law No. 13/2003 dated March 25, 2003. The benefits are unfunded.

Calculation of all factors is commonly called the actuarial present value. The actuarial valuation at the expense of pension on March 31, 2018 and 2017, respectively, conducted by PT Bumi Dharma Aktuaria, an independent actuary , in its report respectively on March 31, 2018 and 2017 in accordance with PSAK 24 (Revised 2013) using the Projected Unit Credit consider the following assumptions:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Discount Rate | 7.28% | 8.03% |
| Salary Increase Rate | 9.00% | 10.00% |
| Mortality Rate | TMI 2011 | TMI 2011 |
| Disability Rate | 10% x TMI-2011 | 10% x TMI-2011 |
| Pension Age Normal | 55 | 55 |

The movement in actual present value of obligation for the years ended March 31, 2018 and 2017 are as follows:

| | March 31, 2018 | | |
|---|---|---|---|
| | The Company<br>Rp | Subsidiary<br>Rp | Total<br>Rp |
| Actual Present Value of Obligation at Beginning of Year | 6,226,877,440 | 31,528,288 | 6,258,405,728 |
| Current Service Cost | 1,311,726,804 | 15,752,980 | 1,327,479,784 |
| Interest Cost | 500,018,258 | 2,515,957 | 502,534,215 |
| Actuarial Loss on Obligation | (844,450,542) | 11,348,367 | (833,102,175) |
| **Present Value of Obligation at End of Year - Actual** | **7,194,171,960** | **61,145,592** | **7,255,317,552** |

| | March 31, 2017 | | |
|---|---|---|---|
| | The Company<br>Rp | Subsidiary<br>Rp | Total<br>Rp |
| Actual Present Value of Obligation at Beginning of Year | 3,945,578,274 | 19,341,046 | 3,964,919,320 |
| Current Service Cost | 1,288,767,483 | 7,689,826 | 1,296,457,309 |
| Interest Cost | 362,993,201 | 1,779,376 | 364,772,577 |
| Actuarial Gain on Obligation | 629,538,482 | 2,718,040 | 632,256,522 |
| **Present Value of Obligation at End of Year - Actual** | **6,226,877,440** | **31,528,288** | **6,258,405,728** |

(Expressed in Rupiah)

Net benefit expense for the years ended March 31, 2018 and 2017 based on actuarial valuation are as follows:

| | March 31, 2018 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Current Service Cost | 1,311,726,804 | 15,752,980 | 1,327,479,784 |
| Interest income (Net) | 500,018,258 | 2,515,957 | 502,534,215 |
| **Net benefit expense** | **1,811,745,062** | **18,268,937** | **1,830,013,999** |

| | March 31, 2017 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Current Service Cost | 1,288,767,483 | 7,689,826 | 1,296,457,309 |
| Interest income (Net) | 362,993,201 | 1,779,376 | 364,772,577 |
| **Net benefit expense** | **1,651,760,684** | **9,469,202** | **1,661,229,886** |

The movement in the employee benefit liability for the years ended March 31, 2018 and 2017 are as follows:

| | March 31, 2018 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Actual Present Value of Obligation at Beginning of Year | 6,226,877,440 | 31,528,288 | 6,258,405,728 |
| Current Service Cost | 1,311,726,804 | 15,752,980 | 1,327,479,784 |
| Interest Cost | 500,018,258 | 2,515,957 | 502,534,215 |
| Actuarial Loss on Obligation | (844,450,542) | 11,348,367 | (833,102,175) |
| **Present Value of Obligation at End of Year - Actual** | **7,194,171,960** | **61,145,592** | **7,255,317,552** |

| | March 31, 2017 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Actual Present Value of Obligation at Beginning of Year | 3,945,578,274 | 19,341,046 | 3,964,919,320 |
| Current Service Cost | 1,288,767,483 | 7,689,826 | 1,296,457,309 |
| Interest Cost | 362,993,201 | 1,779,376 | 364,772,577 |
| Actuarial Gain on Obligation | 629,538,482 | 2,718,040 | 632,256,522 |
| **Present Value of Obligation at End of Year - Actual** | **6,226,877,440** | **31,528,288** | **6,258,405,728** |

The movement in actuarial gain (losses) for the years ended March 31, 2018 and 2017 are as follows:

| | March 31, 2018 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Other Comprehensive Income Beginning of Year | (313,529,243) | 196,396,405 | (117,132,838) |
| Other Comprehensive Income (Expense) for the Year | (844,450,542) | 11,348,367 | (833,102,175) |
| **Ending Balance** | **(1,157,979,785)** | **207,744,772** | **(950,235,013)** |

| | March 31, 2017 | | |
|---|---|---|---|
| | **The Company Rp** | **Subsidiary Rp** | **Total Rp** |
| Other Comprehensive Income Beginning of Year | 336,773,721 | 199,114,446 | 535,888,167 |
| Other Comprehensive Income (Expense) for the Year | (629,538,482) | (2,718,040) | (632,256,522) |
| **Ending Balance** | **(292,764,761)** | **196,396,406** | **(96,368,355)** |

(Expressed in Rupiah)

## 16. Share Capital

a. Based on Notarial Deed No. 01 dated September 4, 2017, by Agustian Eko Setyanto, among others decided the transfer of shares ownership of Minda Investment Limited amounted to 33,405 shares to Minda Industries Limited. Therefore, the Company's Shareholders as of March 31, 2018 is as follows:

**March 31, 2108**

| Shareholders | Number of Shares | Percentage of Ownership % | Issued and Paid- in Capital Rp |
|---|---|---|---|
| Minda Industries Limited | 67,500 | 63 | 6,188,400,000 |
| SAM Global Pte., Ltd | 39,000 | 37 | 3,575,520,000 |
| **Total** | **106,500** | **100** | **9,763,920,000** |

Based on Circular Resolution of the Shareholders of the Company dated August 28 2015 which had been put forth into Notarial Deed No. 03 dated August 28, 2015, by Notary Hesti Pudjiastuti, among others decided the transfer of shares ownership of Minda Investment Limited amounted to 13,845 shares to Minda Industries Limited. Therefore, the Company's Shareholders as of March 31, 2017 is as follows:

**March 31, 2017**

| Shareholders | Number of Shares | Percentage of Ownership % | Issued and Paid- in Capital Rp |
|---|---|---|---|
| SAM Global Pte., Ltd. | 39,000 | 37 | 3,575,520,000 |
| Minda Industries Limited | 34,095 | 32 | 3,125,829,600 |
| Minda Investment Limited | 33,405 | 31 | 3,062,570,400 |
| **Total** | **106,500** | **100** | **9,763,920,000** |

b. Based on the shareholders' written resolution in lieu of the annual general meeting of shareholders dated August 08, 2017 and December 15, 2017, the shareholders approved to declare cash dividends for 2017.

Based on the shareholders' written resolution in lieu of the annual general meeting of shareholders dated August 29, 2016 and September 23, 2016, the shareholders approved to declare cash dividends for 2016.

The Company distributed dividends to shareholders, are as follows:

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Minda Industries Ltd | 14,645,880,000 | 2,205,094,125 |
| SAM Global PTE Ltd | 7,561,500,000 | 2,522,325,000 |
| Minda Investments Ltd | -- | 2,160,468,375 |
| **Total** | **22,207,380,000** | **6,887,887,500** |

## 17. Retained Earnings

Retained Earning consist of:

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Retained Earnings | 119,920,220,976 | 104,256,493,906 |
| Other Comprehensive Income Accumulated-net of tax | | |
| Actuarial Gain (Note 15) | (714,234,346) | (73,749,239) |
| **Total** | **119,205,986,630** | **104,182,744,667** |

(Expressed in Rupiah)

Retained earnings represents the accumulative balance of profit or loss after deducting dividends and the appropriation of reserve through annual general meeting of shareholders's decision (if any).

Other comprehensive income represents actuarial gain which is derived from the measurement of post-employment benefit.

## 18. Net Sales

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| Local | 292,829,788,143 | 248,143,669,464 |
| Export | 61,529,099,484 | 44,814,807,755 |
| Less: | | |
| Sales Discount | (373,251,375) | (279,244,958) |
| **Net Sales** | **353,985,636,251** | **292,679,232,261** |

## 19. Cost of Goods Sold

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Manufacturing Cost:** | | |
| **Direct Material** | | |
| Beginning Inventory - Raw Materials and Components | 7,194,130,411 | 7,993,893,347 |
| Purchases | 163,210,798,157 | 133,873,239,438 |
| Freight and Handling Charges | 4,974,934,853 | 2,590,097,513 |
| Plating and Rework | 1,862,251,783 | 1,592,835,843 |
| Custom Duty | 1,688,992,446 | 1,303,147,933 |
| Packing Expense | 1,509,963,242 | 1,404,140,731 |
| Ending Inventory - Raw Materials and Components (Note 5) | (10,251,449,915) | (7,194,130,411) |
| | 170,189,620,977 | 141,563,224,394 |
| **Direct Labor** | | |
| Wages | 16,084,611,852 | 13,741,160,267 |
| Overtime | 4,098,888,965 | 2,173,354,128 |
| THR and Bonus | 1,785,359,555 | 1,610,300,435 |
| Transportation | 1,760,079,662 | 1,426,282,695 |
| Catering | 1,076,298,938 | 983,117,315 |
| Jamsostek | 775,854,525 | 686,574,797 |
| Casual Expenses | 767,619,199 | 729,289,687 |
| BPJS | 454,843,614 | 528,761,295 |
| Uniform | 206,347,600 | 87,449,000 |
| Medical | 8,405,600 | 12,675,000 |
| | 27,018,309,510 | 21,978,964,619 |
| **Factory Overhead** | | |
| Consumptions | 15,242,335,838 | 15,114,083,092 |
| Depreciation (Note 10) | 7,743,749,521 | 7,456,041,854 |
| Salary for Production Staffs | 4,294,324,587 | 3,148,190,335 |
| Electricity, Fuel & Power | 2,672,262,470 | 2,468,982,654 |
| Testing Charges | 2,011,335,206 | 535,024,804 |
| Design and Drawing Expense | 1,343,548,500 | 6,354,468,814 |
| Repair and Maintenance for Production | 915,434,548 | 1,096,595,556 |
| Production Staffs Allowance and Bonus | -- | 460,774,889 |
| | 34,222,990,670 | 36,634,161,998 |
| **Total Manufacturing Costs** | **231,430,921,157** | **200,176,351,012** |

(Expressed in Rupiah)

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| **Work In Process** | | |
| Beginning Balance | 837,379,069 | 1,227,271,986 |
| Ending Balance (Note 5) | (1,252,831,789) | (837,379,069) |
| Cost of Goods Manufactured | 231,015,468,437 | 200,566,243,929 |
| **Finished Goods** | | |
| Beginning Balance | 3,379,341,497 | 3,497,163,467 |
| Purchases | 27,180,015,327 | 22,642,008,863 |
| Freight and Handling Charges | 1,187,362,648 | 763,584,366 |
| Custom Duty | 214,669,000 | 259,905,290 |
| Ending Balance (Note 5) | (3,639,283,708) | (3,379,341,497) |
| **Total Cost of Goods Sold** | **259,337,573,201** | **224,349,564,418** |

## 20. General and Administrative Expenses

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Salary, Allowance and Bonus | 13,526,907,615 | 11,171,054,586 |
| Royalty | 13,472,332,212 | 11,339,570,529 |
| Transportation, Travelling and Forwarding | 7,409,373,831 | 4,035,072,009 |
| Professional Fee | 5,586,115,746 | 3,998,484,005 |
| Employee Benefit (Note 15) | 1,830,013,999 | 1,661,229,886 |
| Depreciation (Note 10) | 1,073,170,126 | 1,146,011,073 |
| Taxation | 1,044,908,998 | 1,710,714,729 |
| Security | 991,619,250 | 908,045,115 |
| Office Running, Repair and Maintenance | 854,577,955 | 716,414,156 |
| Courier Expense | 556,492,930 | 171,185,905 |
| Jamsostek Company Contribution | 508,052,368 | 370,737,742 |
| Others (each below Rp500,000,000) | 4,736,917,635 | 4,778,382,728 |
| **Total** | **51,590,482,665** | **42,006,902,463** |

## 21. Selling Expenses

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| Entertainment | 724,798,491 | 1,122,775,565 |
| Promotion | 301,301,103 | 220,552,891 |
| Warranty Claim | 431,278,425 | 299,274,633 |
| **Total** | **1,457,378,019** | **1,642,603,089** |

## 22. Other Income (Expenses) - Net

| | March 31, 2018 Rp | March 31, 2017 Rp |
|---|---|---|
| **Other Income** | | |
| Gain on Foreign Exchange | 5,553,024,899 | -- |
| Income From Interest Loan | 2,323,694,096 | 1,594,599,153 |
| Bank Interests | 390,099,364 | 259,161,796 |
| Gain On Sale of property, plant and equipments (Note 10) | 315,764,502 | 238,276,773 |
| Others | 63,050,768 | 143,143,941 |
| | 8,645,633,629 | 2,235,181,663 |

| | March 31, 2018<br>Rp | March 31, 2017<br>Rp |
|---|---|---|
| **Other Expenses** | | |
| Interest on Bank Loan | (110,021,815) | (925,763,859) |
| Bank Charges | (84,363,144) | (243,745,679) |
| Loss on Foreign Exchange | -- | (671,846,900) |
| Others Expenses | -- | (404,600) |
| | (194,384,958) | (1,841,761,039) |
| **Total - Net** | **8,451,248,671** | **393,420,624** |

## 23. Monetary Assets and Liabilities in Foreign Currency

| | | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|---|
| | | Equivalent to Rp | Foreign Currency | Equivalent to Rp | Foreign Currency |
| **Monetary Assets** | | | | | |
| Cash and Cash Equivalents | **USD** | 4,302,418,588 | 312,767 | 3,666,358,146 | 275,231 |
| Trade Receivables | **USD** | 11,997,119,048 | 872,137 | 11,155,065,925 | 837,405 |
| Other Receivables | **USD** | -- | -- | 2,006,955,181 | 150,661 |
| Other Receivables | **EUR** | 37,946,673,681 | 2,238,214 | 30,225,261,985 | 2,124,351 |
| Total Monetary Assets | | 54,246,211,317 | | 47,053,641,237 | |
| **Monetary Liabilities** | | | | | |
| Trade Payables | **USD** | 13,737,603,745 | 998,663 | 7,511,028,111 | 563,849 |
| Other Payables | **USD** | -- | -- | 80,609,901 | 6,051 |
| Accrued Expenses | **USD** | 3,041,542,390 | 221,107 | 2,486,511,181 | 186,661 |
| Long Term Bank Loans | **USD** | -- | -- | -- | -- |
| Total Monetary Liabilities | | 16,779,146,135 | | 10,078,149,193 | |
| **Net Monetary Assets** | | **37,467,065,182** | | **36,975,492,045** | |

## 24. Financial Instruments and Financial Risks Management

The Company and Subsidiary are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (which includes currency risk and interest risk), liquidity risk and credit risk. The Directors carried out their financial risks management in accordance with established policies and procedures.

(i) Market Risk

a. Currency Risk

The Company and Subsidiary have foreign currency exposures arising from transactions with customers and suppliers which are denominated in USD. As of the statement of financial position date March 31, 2018 and 2017, the Company and Subsidiary's monetary assets and monetary liabilities are as disclosed in Note 23 of the Financial Statements.

Following is the sensitivity to a 100 basis point change in exchange rate of functional currency of US Dollar and Euro against significant outstanding non-functional currency as of March 31, 2018 and 2017, with other variables held constant, of the Company and Subsidiary after tax. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 100 basis point change in foreign currency rate:

| | Change in Currency Rate | Effect on Profit after Tax<br>March 31, 2018<br>Rp | <br>March 31, 2017<br>Rp |
|---|---|---|---|
| USD | + 100 bp | (2,614,905) | 38,005,199 |
| EUR | + 100 bp | (44,569,050) | 159,324,400 |

(Expressed in Rupiah)

b. Interest Rate Risk

Interest on the cash flow risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company and Subsidiary's exposure to interest rate is considered low when viewed from the side of the balance sheet, but continue to monitor these companies to minimize the negative impact on the Company and Subsidiary. Borrowings issued at variable interest rates expose the Company and Subsidiary to cash flows from interest rate risk.

| | March 31, 2018 | | | |
|---|---|---|---|---|
| | Floating Interest Rate | | | |
| | Current | Non Current | Non Interest Bearing | Total |
| | Rp | Rp | Rp | Rp |
| **Liability** | | | | |
| Trade Payable to Related Parties | -- | -- | 8,958,301,228 | 8,958,301,228 |
| Trade Payable to Third Parties | -- | -- | 33,029,321,212 | 33,029,321,212 |
| Accrued Expense | -- | -- | 4,867,794,796 | 4,867,794,796 |
| **Total Financial Liability** | **--** | **--** | **46,855,417,236** | **46,855,417,236** |

| | March 31, 2017 | | | |
|---|---|---|---|---|
| | Floating Interest Rate | | | |
| | Current | Non Current | Non Interest Bearing | Total |
| | Rp | Rp | Rp | Rp |
| **Liability** | | | | |
| Trade Payable to Related Parties | -- | -- | 5,977,124,974 | 5,977,124,974 |
| Trade Payable to Third Parties | -- | -- | 36,100,092,550 | 36,100,092,550 |
| Accrued Expense | -- | -- | 4,280,384,284 | 4,280,384,284 |
| Other Payable | -- | -- | 80,609,900 | 80,609,900 |
| **Total Financial Liability** | **--** | **--** | **46,438,211,708** | **46,438,211,708** |

(ii) Liquidity Risk

The Company and Subsidiary manage liquidity risk by maintaining adequate reserves, by continuous forecast and cash flows and matching the maturity profiles of financial assets and liabilities.

The following table represents the liquidity analysis of financial instruments as of March 31, 2018 and 2017 based on exposure on due date on undiscounted contractual maturities for all non-derivative financial assets and liabilities. The contractual maturity is based on the earliest date on which the Company and Subsidiary may be required to pay.

| | March 31, 2018 | |
|---|---|---|
| | Within One Year | Within One Year |
| | Rp | Rp |
| Trade Payables : | | |
| Related Parties | 8,958,301,228 | -- |
| Third Parties | 33,029,321,212 | -- |
| Accrued Expense | 4,867,794,796 | -- |
| **Total** | **46,855,417,236** | **--** |

| | March 31, 2017 | |
|---|---|---|
| | Within One Year | Within One Year |
| | Rp | Rp |
| Trade Payables : | | |
| Related Parties | 5,977,124,974 | -- |
| Third Parties | 36,100,092,550 | -- |
| Accrued Expense | 4,280,384,284 | -- |
| Other Payables | 80,609,900 | -- |
| **Total** | **46,438,211,708** | **--** |

(Expressed in Rupiah)

(iii) Credit Risk

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables.

Financial instruments of the Company and Subsidiary which are potentially exposed to credit risk are cash in banks and trade accounts receivables. The maximum exposure to credit risk is equal to its carrying value.

| | March 31, 2018 | |
|---|---|---|
| | Within One Year Rp | Within One Year Rp |
| **ASSETS** | | |
| Cash and Cash Equivalents | 26,026,550,257 | -- |
| Trade Receivables: | | -- |
| Related Parties | 7,190,737,708 | -- |
| Third Parties | 40,995,475,359 | -- |
| Other Receivables: | | |
| Related Parties | 37,946,673,681 | -- |
| Third Parties | 2,014,619,245 | -- |
| Other Assets | 66,836,456 | -- |
| **Total** | **114,240,892,706** | **--** |

| | March 31, 2017 | |
|---|---|---|
| | Within One Year Rp | Within One Year Rp |
| **ASSETS** | | |
| Cash and Cash Equivalents | 24,451,468,362 | -- |
| Trade Receivables: | | |
| Related Parties | 9,173,612,200 | -- |
| Third Parties | 32,295,427,363 | -- |
| Other Receivables: | | |
| Related Parties | 30,225,261,985 | -- |
| Third Parties | 2,633,800,234 | -- |
| Other Assets | 66,836,455 | -- |
| **Total** | **98,779,570,144** | **--** |

The fair values of financial assets and liabilities, together with the carrying amounts, are as follow:

| | March 31, 2018 | |
|---|---|---|
| | Carrying Value Rp | Fair Value Rp |
| **Financial Assets** | | |
| Cash and Cash Equivalents | 26,026,550,257 | 26,026,550,257 |
| Trade Receivables: | | |
| Related Parties | 7,190,737,708 | 7,190,737,708 |
| Third Parties | 40,995,475,359 | 40,995,475,359 |
| Other Receivables: | | |
| Related Parties | 37,946,673,681 | 37,946,673,681 |
| Third Parties | 2,014,619,245 | 2,014,619,245 |
| Other Assets | 66,836,456 | 66,836,456 |
| **Total** | **114,240,892,706** | **114,240,892,706** |
| **Financial Liabilities** | | |
| Trade Payables: | | |
| Related Parties | 8,958,301,228 | 8,958,301,228 |
| Third Parties | 33,029,321,212 | 33,029,321,212 |
| Accrued Expense | 4,867,794,796 | 4,867,794,796 |
| **Total** | **46,855,417,236** | **46,855,417,236** |

(Expressed in Rupiah)

| | March 31, 2017 | |
|---|---|---|
| | **Carrying Value Rp** | **Fair Value Rp** |
| **Financial Assets** | | |
| Cash and Cash Equivalents | 24,451,468,362 | 24,451,468,362 |
| Trade Receivables | | |
| Related Parties | 9,173,612,200 | 9,173,612,200 |
| Third Parties | 32,295,427,363 | 32,295,427,363 |
| Other Receivables: | | |
| Related Parties | 30,225,261,985 | 30,225,261,985 |
| Third Parties | 2,633,800,234 | 2,633,800,234 |
| Other Assets | 66,836,455 | 66,836,455 |
| **Total** | **98,846,406,599** | **98,846,406,599** |
| **Financial Liabilities** | | |
| Trade Payables | | |
| Related Parties | 5,977,124,974 | 5,977,124,974 |
| Third Parties | 36,100,092,550 | 36,100,092,550 |
| Accrued Expense | 4,280,384,284 | 4,280,384,284 |
| Other Payables | 80,609,900 | 80,609,900 |
| **Total** | **46,438,211,708** | **46,438,211,708** |

## 25. Capital Management

The Company and Subsidiary's purpose in managing capital is to protect the ability of the entity in maintaining business continuity, so that entities can still deliver results for shareholders and benefits for other stakeholders, and to provide adequate returns to shareholders by pricing products and services that are commensurate with the level of risk.

The Company and Subsidiary set a number of capitals in proportion to the risk. The Company and Subsidiary manage its capital structure and makes adjustments taking into account changes in economic conditions and risk characteristics of the underlying asset. Consistent with other companies in the industry, the Company and Subsidiary monitor capital on the basis of the ratio of adjusted debt to capital. This ratio is calculated as follows: net debt divided by adjusted capital. Net debt is total debt (as the amount in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (including capital stock, foreign exchange translation adjustment of foreign currency and retained earnings). During the year 2018, the Company and Subsidiary's strategy have not changed, namely, to maintain the debt to equity ratio at maximum 0.47x. The ratio of debt to equity as at March 31, 2018 and 2017 are as follows:

| | **March 31, 2018 Rp** | **March 31, 2017 Rp** |
|---|---|---|
| Current Liabilities | 54,026,929,820 | 49,871,124,717 |
| Non-Current Liabilities | 7,255,317,552 | 6,258,405,728 |
| Total Liabilities | 61,282,247,372 | 56,129,530,445 |
| Total Equity | 130,211,154,057 | 115,165,810,807 |
| **Debt to Equity Ratio** | **0.47x** | **0.49x** |

(Expressed in Rupiah)

## 26. Related Parties Transactions

### a. Nature of Relationships

| Company Name | Type of Relationship | Transaction |
|---|---|---|
| Minda Industries Ltd | Major Shareholder | Purchases, Acquisition of Property, Plant, and Equipments, Sales, Design and Drawing Expense, Testing Charges, Royalty, Travelling Expense |
| Minda Industries Vietnam Company Limited | Under Common Control | Purchases, Sales |
| Mindarika Pvt Ltd | Under Common Control | Purchases |
| Global Mazinkert, S.L. | Under Common Control | Loan |
| Minda Auto Components Ltd | Under Common Control | Consultant Fee |

### b. Details of Transactions with Related Parties:

| | March 31, 2018 Rp | % of Total Assets/ Liabilities/ sales/ Cost of Good Sold/ General and Administrative Expense | March 31, 2017 Rp | % of Total Assets/ Liabilities/ sales/ Cost of Good Sold/ General and Administrative Expense |
|---|---|---|---|---|
| **Minda Industries Ltd** | | | | |
| Trade Receivables | 5,261,149,060 | 2.75% | 6,955,545,250 | 4.06% |
| Acquisition of Property, Plant, and Equipments | 6,444,672,410 | 3.37% | 431,365,831 | 0.25% |
| Trade Payable | 6,295,854,528 | 10.27% | 4,954,991,856 | 8.83% |
| Sales | 23,681,164,017 | 6.69% | 12,954,546,513 | 4.43% |
| Purchases | 31,617,119,620 | 12.19% | 29,374,347,418 | 13.09% |
| Design and Drawing Expenses | 1,343,548,500 | 0.52% | 6,286,450,500 | 2.80% |
| Testing Charges | 1,911,582,328 | 0.74% | -- | 0.00% |
| Royalty | 13,472,332,212 | 25.40% | 11,339,570,531 | 25.98% |
| Travelling Expenses | 2,957,139,686 | 5.57% | 26,562,074 | 0.1% |

| | March 31, 2018 Rp | % of Total Assets/ Liabilities/ sales/ Cost of Good Sold | March 31, 2017 Rp | % of Total Assets/ Liabilities/ sales/ Cost of Good Sold |
|---|---|---|---|---|
| **Minda Industries Vietnam Company Limited** | | | | |
| Trade Receivables | 1,929,588,648 | 1.01% | 2,218,066,950 | 1.29% |
| Trade Payable | 2,156,470,757 | 3.52% | 1,022,133,118 | 1.82% |
| Sales | 10,677,523,349 | 3.02% | 11,146,593,160 | 3.81% |
| Purchases | 11,177,394,729 | 4.31% | 8,644,259,475 | 3.85% |

| | March 31, 2018 Rp | % of Total Assets | March 31, 2017 Rp | % of Total Assets |
|---|---|---|---|---|
| **Global Mazinkert, S.L.** | | | | |
| Other Receivables | 37,946,673,681 | 19.82% | 30,225,261,985 | 17.65% |

| | March 31, 2018 Rp | % of Total Assets/ Liabilities/ Cost of Good Sold | March 31, 2017 Rp | % of Total Assets/ Liabilities/ Cost of Good Sold |
|---|---|---|---|---|
| **Mindarika Pvt. Ltd.** | | | | |
| Acquisition of Property, Plant, and Equipments | 512,910,356 | 0.27% | -- | 0.00% |
| Trade Payable | 10,759,943 | 0.02% | -- | 0.00% |
| Purchases | 27,622,562 | 0.01% | -- | 0.00% |

(Expressed in Rupiah)

| | March 31, 2018 Rp | % of Total Liabilities/ General and Administrative Expense | March 31, 2017 Rp | % of Total Liabilities/ General and Administrative Expense |
|---|---|---|---|---|
| **Minda Auto Components Ltd** | | | | |
| Royalty | 13,472,332,212 | 26.11% | 11,339,570,531 | 21.98% |
| Trade Payable | 495,216,000 | 0.81% | 479,556,000 | 0.78% |
| Consultant Fee | 495,216,000 | 0.93% | 479,556,000 | 1.10% |

## 27. Supplementary Information for Consolidated Statements of Cash Flows

The Company have non-cash transaction regarding disposal of Property, Plant, and Equipment consist of computer with carrying amount value amounted Rp11,916,218.

## 28. Events after Period

In April 16, 2018, the Company has added loan to Global Mazinkert S.L.U amounted to Euro 825,000 with interest rate 5.75% p.a which effective from April 27, 2018 until November 30, 2018, these loans are repayable on demand.

## 29. Standard and Improvement to Standards Effective After Ending Period

DSAK-IAI has issued the following new standards, amendments and adjustments of standards and interpretations, but not yet effective for the financial year 2017. The following are new standard, amendment and improvement of standards effective for period beginning on or after January 1, 2018:

- PSAK No. 16 (Amendment 2015): “Property, Plant and Equipment”
- PSAK No. 69: “ Agriculture”
- PSAK No. 2 (Amendment 2016): “Statements of Cash Flows”
- PSAK No. 46 (Amendment 2016): “Income Tax regarding Deferred Tax Assets Recognition for Unrealized Loss”
- PSAK No. 13 (Amendment 2017): “Investment Property”
- PSAK No. 53 (Amendment 2017): “Share Based Payment”
- PSAK No. 15 (Improvement 2017): “Investment in Associates and Joint Ventures”
- PSAK No. 67 (Improvement 2017): “Disclosure of Interests in Other Entities”.

The following is interpretation of standard effective for periods beginning on or after January 1, 2019 with early adoption is permitted:

- ISAK No. 33: “Foreign Currency Transactions and Advance Consideration”.

The following are new standard and amendment to standards effective for periods beginning on or after January 1, 2020 with early adoption is permitted:

- PSAK No. 71: “Financial Instrument”
- PSAK No. 72: “Revenue from Contract with Customer”
- PSAK No. 73: “Lease”
- PSAK No. 62 (Amendment 2017): “Insurance Contract”.

Until the date of the financial statements being authorized, the Company and Subsidiary are still evaluating the potential impact of the adoption of new standards and amendments these standards.

## 30. Completion of the Consolidated Financial Statements

Management of the Company is responsible for preparation and presentation of the consolidated financial statements. The consolidated financial statements has been authorized for issuance by the Directors on April 27, 2018.