

PT Crompton Prima Switchgear Indonesia

Financial statements as of December 31, 2017 and
for the nine-month then ended with independent auditors' report

**PT CROMPTON PRIMA SWITCHGEAR INDONESIA
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017
AND FOR THE NINE-MONTH THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Table of Contents

	Page
Independent Auditors' Report	
Statement of Financial Position	1-2
Statement of Profit or Loss and Other Comprehensive Income.....	3
Statement of Changes in Equity.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6-21



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Independent Auditors' Report

Report No. RPC-7142/PSS/2018

The Shareholders and the Boards of Commissioners and Directors PT Crompton Prima Switchgear Indonesia

We have audited the accompanying financial statements of PT Crompton Prima Switchgear Indonesia, which comprise the statement of financial position as of December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the nine-month period ended December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on such 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 such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Independent Auditors' Report (continued)

Report No. RPC-7142/PSS/2018 (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Crompton Prima Switchgear Indonesia as of December 31, 2017, and its financial performance and cash flows for the nine-month period ended December 31, 2017, in accordance with Indonesian Financial Accounting Standards.

Emphasis of matters

As disclosed in Note 2a to the accompanying financial statements, effective April 1, 2017, the Company changed its fiscal period from the year ended March 31 to the year ended December 31. Therefore, the financial statements of the Company for the 2017 fiscal period cover only the nine-month period ended December 31, 2017 and are not comparable to any of the comparative periods of the Company's financial statements.

As disclosed in Note 3 to the financial statements, commenced April 1, 2017, the Company changed its reporting currency from United States Dollar to Indonesian Rupiah by adopting Statement of Financial Accounting Standard No. 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates". For comparison purposes, the statements of financial position as at March 31, 2017 and April 1, 2016/March 31, 2016, and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended March 31, 2017, which had been previously presented in United States Dollar, have been translated in to Indonesian Rupiah.

Purwantono, Sungkoro & Surja

Deden Riyadi
Public Accountant Registration No. AP.0692

May 28, 2018

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	March 31, 2017	April 1, 2016/ March 31, 2016
ASSETS				
CURRENT ASSETS				
Cash on hand and in banks	5	383,566	941,066	1,053,331
Prepayments	6	51,679	94,978	183,808
Other current asset		73,852	372,166	21,486
TOTAL CURRENT ASSETS		509,097	1,408,210	1,258,625
NON-CURRENT ASSETS				
Estimated claims of refundable taxes	9a	8,960,703	8,868,311	2,729,589
Fixed assets, net	7	182,419,566	139,782,119	66,898,672
Deferred tax asset, net	9e	5,401,895	3,357,192	1,322,076
Other non-current asset	8	25,214,847	24,637,410	9,851,154
TOTAL NON-CURRENT ASSETS		221,997,011	176,645,032	80,801,491
TOTAL ASSETS		222,506,108	178,053,242	82,060,116
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	11	6,269,328	6,269,328	-
Current maturities of long-term bank loans	13	129,552,052	5,774,215	-
Accrued expense	10	10,430,087	843,794	713,369
Taxes payable	9b	149,612	148,389	58,591
Advances from customer	12	1,984,500	-	-
TOTAL CURRENT LIABILITIES		148,385,579	13,035,726	771,960
NON-CURRENT LIABILITIES				
Long-term bank loans - net of current maturities	13	-	89,834,689	-
Provision for employee service entitlements		292,296	-	-
Loan from a shareholder	19d	5,755,597	-	-
TOTAL NON-CURRENT LIABILITIES		6,047,893	89,834,689	-
TOTAL LIABILITIES		154,433,472	102,870,415	771,960

The accompanying notes to the financial statements form an integral part of these financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in thousands of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>	<u>April 1, 2016/ March 31, 2016</u>
EQUITY				
Share capital				
Authorized - 15,000 shares of par value US\$1,000 or Rp11,608,000 (full amount) each; issued and fully paid 6,400 shares	14	74,291,200	74,291,200	56,879,200
Foreign exchange difference from paid in capital		10,963,200	10,963,200	8,393,700
Advances for future share capital contribution	15	-	-	19,981,500
Accumulated deficit		(17,181,764)	(10,071,573)	(3,966,244)
TOTAL EQUITY		68,072,636	75,182,827	81,288,156
TOTAL LIABILITIES AND EQUITY		222,506,108	178,053,242	82,060,116

The accompanying notes to the financial statements form an integral part of these financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the nine-month period ended
December 31, 2017
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	Nine-month Period ended December 31, 2017 ^(*)	Year ended March 31, 2017
OPERATING EXPENSES:			
General and administrative expense	16	6,989,753	8,013,718
Other operating expense/(income), net	17	963,411	(131,579)
Total operating expense		<u>7,953,164</u>	<u>7,882,139</u>
OTHER EXPENSES:			
Interest Income	18	(3,198)	(20,622)
Finance expense	18	228,845	278,928
Other expenses, net		<u>225,647</u>	<u>258,306</u>
LOSS BEFORE CORPORATE INCOME TAX		8,178,811	8,140,445
CORPORATE INCOME TAX BENEFIT	9c	(1,068,620)	(2,035,116)
LOSS FOR THE PERIOD/YEAR		7,110,191	6,105,329
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		<u>7,110,191</u>	<u>6,105,329</u>

(*) The Company changed its financial year - end from March 31 to December 31 (Note 2a), the period ending December 31, 2017 covered nine months. Therefore, the Statements of profit or loss and other comprehensive income for the nine - month period ended December 31, 2017 are not comparable with the year ended March 31, 2017 (12 months).

The accompanying notes to the financial statements form an integral part of these financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF CHANGES EQUITY
For the nine-month period Ended
December 31, 2017
(Expressed in Thousands of Rupiah, unless otherwise stated)

	Share capital	Foreign exchange difference from paid in capital	Advance for future share capital contribution	Accumulated Losses	Total Equity
Balance as of April 1, 2016/March 31, 2016 (As restated, Note 3)	56,879,200	8,393,700	19,981,500	(3,966,244)	81,288,156
Issuance of share capital (Note 14)	17,412,000	2,569,500	-	-	19,981,500
Advances for future share capital contribution (Note 15)	-	-	(19,981,500)	-	(19,981,500)
Total comprehensive loss	-	-	-	(6,105,329)	(6,105,329)
Balance as of March 31, 2017 (As restated, Note 3)	74,291,200	10,963,200	-	(10,071,573)	75,182,827
Total comprehensive loss (*)	-	-	-	(7,110,191)	(7,110,191)
Balance as of December 31, 2017	74,291,200	10,963,200	-	(17,181,764)	68,072,636

(*) The Company changed its financial year - end from March 31 to December 31 (Note 2a), the period ending December 31, 2017 covered nine months. Therefore, the Statements of changes equity for the nine - month period ended December 31, 2017 are not comparable with the year ended March 31, 2017 (12 months).

The accompanying notes to the financial statements form an integral part of these financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF CASH FLOWS
For the nine-month period Ended
December 31, 2017
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	Nine-month Period ended December 31, 2017 ^(*)	Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before corporate income tax		(8,178,811)	(8,140,445)
Adjustments to reconcile loss before income tax to net cash used in operating activities:			
Depreciation of fixed assets	7	85,945	60,678
Employee service entitlements expense		292,296	-
Interest expenses		228,845	278,928
Changes in operating assets and liabilities:			
Prepayments		43,299	88,830
Other current asset		298,314	(350,680)
Estimated claim for refundable taxes		(1,068,475)	(6,138,722)
Accrued expense		9,586,293	130,425
Accounts payable		-	6,269,328
Advances from customer		1,984,500	-
Taxes payable		1,223	89,798
Net cash provided/(used) in operating activities		3,273,429	(7,711,860)
CASH FLOW FROM INVESTING ACTIVITY			
Purchases of fixed assets	7	(16,965)	(618,681)
Addition to construction in progress		(37,765,630)	(69,942,744)
Addition in advance for purchase fixed assets		(577,437)	(14,786,256)
Cash used in investing activity		(38,360,032)	(85,347,681)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from bank loan	13	33,943,148	95,608,904
Proceeds from shareholder loan	19d	5,755,597	-
Interest payments		(5,169,642)	(2,661,628)
Cash provided by financing activities		34,529,103	92,947,276
NET DECREASE IN CASH ON HAND AND IN BANKS		(557,500)	(112,265)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR		941,066	1,053,331
CASH ON HAND AND IN BANKS AT END OF YEAR	5	383,566	941,066

(*) The Company changed its financial year - end from March 31 to December 31 (Note 2a), the period ending December 31, 2017 covered nine months. Therefore, the Statements of cash flows for the nine-month period ended December 31, 2017 are not comparable with the year ended March 31, 2017 (12 months).

The accompanying notes to the financial statements form an integral part of these financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL

PT Crompton Prima Switchgear Indonesia (the "Company") is a limited liability company established in Indonesia by virtue of Notarial Deed No. 03 dated May 7, 2014 of Lenny Janis Ishak, S.H. The deed of establishment was approved by the Minister of Laws and Human Rights in his decision letter No. AHU-08265.40-2014 dated May 12, 2014. The approval from the Capital Investment Coordinating Board (the "BKPM") was obtained through letter No. 1375/1/IP/PMA/2014, dated on May 5, 2014.

The Articles of Association were amended several times. The latest amendment was notarized by Notarial Deed No. 26 of Lenny Janis Ishak, S.H., dated August 25, 2016. The Company's Articles of Association were approved by the Minister of Justice and Human Rights in decision letter No. AHU-AH.01.03-0076283 dated August 31, 2016.

The Company is principally engaged in control equipment industry and electricity distribution. The Company's office is located at Kawasan Industri Modern Cikande Jl. Modern Industri VI Blok A No. 4 Desa Nambo Ilir Kecamatan Kibin Kabupaten Serang Banten. It is yet to start commercial operations. As of December 31, 2017, the Company has 27 employees (March 31, 2017: 25 permanent employees) (unaudited).

The members of the Company's Boards of Commissioners and Directors As of December 31, 2017 and March 31, 2017 are as follows:

Board of Commissioners

Lloyd Pinto - President Commissioner
Tonny Sarief - Commissioner

Board of Directors

Umesh Vishupant Baganikar - President Director
Sapta Hidayat Nurdin - Director
Manohar Murlidhar Shirode - Director

As of December 31, 2017, the Company is a joint venture company, between CG International Singapore Holdings and PT Prima Layanan Nasional Enjiniring.

The financial statements were completed and authorized for issuance by the Company's management on May 28, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise of the Statements of Financial Accounting Standards ("PSAK") and the Interpretations Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants.

The financial statements have been prepared using the accrual basis, and the measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the related accounting policies.

The statement of cash flow is prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities using the indirect method.

The Company's financial statements are presented in Rupiah which is the functional currency of the Company.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the financial statements (continued)

Effective April 1, 2017, the Company changed its financial year end from March 31 to December 31. The changes in the financial year end is to be in-line with corporate income tax reporting which was January to December. Therefore, the financial statements of the Company for the 2017 fiscal period presented herein cover only the nine-month period ended December 31, 2017 and are not comparable to any of the comparative periods of the Company's financial statements.

b. Foreign Currency Transactions and Balances

Transaction in foreign currencies are initially recorded by the Company at their respective functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange at the reporting date.

The exchange rates used as of December 31, 2017 and March 31, 2017 are as follows (in full amount):

	December 31, 2017	March 31, 2017
Rupiah/US Dollar 1	13,548	13,321

c. Cash on hand and in bank

Cash and cash equivalents consist of cash on hand and in banks.

d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets 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 fixed assets 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 statement of profit or loss and other comprehensive income as incurred.

Land is not depreciated and stated at acquisition cost less accumulated loss on impairment.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Office equipment	4

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

The fixed asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Fixed Assets (continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Capitalization of borrowing costs ceases when the qualifying assets are complete and ready for service.

Construction in progress represents the accumulated costs of material and other relevant costs up to the date when the asset is complete and ready for use. These costs are reclassified to the respective fixed assets accounts when the asset has been made ready for use.

e. Expenses recognition

Expenses are recognized when incurred (accrual basis).

f. Corporate income tax

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised PSAK No. 46 as mentioned above, final tax is no longer governed by PSAK No. 46. Therefore, the Company has decided to present all of the final tax arising from office rent revenue and interest income which subject to final tax as separate line item.

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

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

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Tax Expense - Current".

Amendments to taxation obligation are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received. The additional taxes and penalty imposed through Tax Assessment Letter ("SKP") are recognized as income or expense in the current period profit or loss, unless objection/appeal action is taken. The additional taxes and penalty imposed through SKP are deferred as long as they meet the asset recognition criteria.

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Corporate income tax (continued)

Deferred Tax (continued)

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

g. Adoption of New Accounting Standards

The Company adopted the following amendment and annual improvements that are considered relevant to the financial reporting of the Company effective April 1, 2017:

- PSAK No. 1 Amendments: Presentation of Financial Statements - "Initiative disclosure".
- PSAK No. 24 (Improvement 2016), "Employee Benefits".
- PSAK No. 60 (Improvement 2016), "Financial Instruments: Disclosures".

Those amendment and annual improvements on accounting standard have no significant impact to the financial statements of the Company.

h. New and Revised Accounting Standards that have been Published but not yet Effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (DSAK) that are considered relevant to the financial reporting of the Company that will effective for 2018 and 2020 financial statements:

Effective on or after the date of January 1, 2018:

- Amendments to PSAK 2: Statement of Cash Flows on the Disclosures Initiative.
- Amendments to PSAK 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses.

Effective on or after the date of January 1, 2020:

- PSAK 71: Financial Instruments.
- PSAK 72: Revenue from Contract with Customer.
- PSAK 73: Leases.

3. CHANGE IN REPORTING CURRENCY

Started April 1, 2017, the Company changed its reporting currency from US Dollar to Rupiah, its functional currency, due to substantially, if not all:

- the Company's major incoming cash are occurred in domestic and originated in Rupiah
- the currency that mainly influences sales prices for goods and services are denominated and settled in Rupiah
- the currency that mainly influences labour and other costs of providing goods or services are denominated and settled in Rupiah

As such, the Board of Directors believes the change will result in a more appropriate presentation of the Company's transaction in the financial statements.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

3. CHANGE IN REPORTING CURRENCY (continued)

The change of the Company's reporting currency has been accounted for in accordance with PSAK No. 10 (Revised 2010), "The Effect of Changes in Foreign Exchange Rates" which should be applied on or after April 1, 2017.

For comparative purposes, the financial statements and the related notes as of March 31, 2017 and April 1, 2016/March 31, 2016 and the statement of profit or loss and other comprehensive income for the year ended March 31, 2017 have been translated into Rupiah using the procedures outlined below:

- all assets and liabilities are translated into Rupiah at the exchange rates prevailing on the reporting date;
- share capital and reserves are translated into Rupiah at exchange at rates approximating historical exchange rate;
- income statement items are translated into Rupiah at the the monthly average exchange rate, and
- the resulting exchange differences arising on translation are taken to shareholders' equity

The following are the statements of financial position as of March 31, 2017 and April 1, 2016/March 31, 2016 which have been reported in US Dollar currency, unless otherwise stated:

	March 31, 2017	April 1, 2016/ March 31, 2016
ASSETS		
CURRENT ASSETS		
Cash on hand and in banks	70,645	79,073
Prepayments	7,130	13,798
Other current asset	27,940	1,613
TOTAL CURRENT ASSETS	105,715	94,484
NON-CURRENT ASSETS		
Estimated claims of refundable taxes	665,739	204,909
Fixed assets, net	10,493,365	5,022,046
Deferred tax asset, net	252,023	99,248
Other non-current asset	1,849,517	739,521
TOTAL NON-CURRENT ASSETS	13,260,644	6,065,724
TOTAL ASSETS	13,366,359	6,160,208
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	470,635	-
Current maturities of long-term bank loans	433,467	-
Accrued expense	63,343	53,552
Taxes payable	11,139	4,398
TOTAL CURRENT LIABILITIES	978,584	57,950
NON-CURRENT LIABILITIES		
Long-term bank loans - net of current maturities	6,743,840	-
TOTAL NON-CURRENT LIABILITIES	6,743,840	-
TOTAL LIABILITIES	7,722,424	57,950

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

3. CHANGE IN REPORTING CURRENCY (continued)

The following are the statements of financial position as of March 31, 2017 and April 1, 2016/March 31, 2016 which have been reported in US Dollar currency, unless otherwise stated (continued):

	March 31, 2017	April 1, 2016/ March 31, 2016
EQUITY		
Share capital		
Authorized - 15,000 shares of par value US\$1,000 or Rp11,608,000 (full amount) each; issued and fully paid 6,400 shares	6,400,000	4,900,000
Advances for future share capital contribution	-	1,500,000
Accumulated deficit	(756,065)	(297,742)
TOTAL EQUITY	5,643,935	6,102,258
TOTAL LIABILITIES AND EQUITY	13,366,359	6,160,208

The following is the statements of profit or loss and other comprehensive income for the year ended March 31, 2017 presented in US Dollar currency, unless otherwise stated :

	March 31, 2017
OPERATING EXPENSES:	
General and administration expenses	601,585
Other operating income, net	(9,878)
Total operating expenses	591,707
OTHER EXPENSES:	
Interest income	(1,548)
Finance expense	20,939
Other expenses, net	19,391
LOSS BEFORE CORPORATE INCOME TAX	611,098
CORPORATE INCOME TAX BENEFIT	(152,775)
LOSS FOR THE YEAR	458,323
Other comprehensive income, net of tax	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	458,323

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

4. SOURCE OF ESTIMATION UNCERTAINTY

The preparation of the Company'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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Determination of Functional Currency

The Company uses its judgment to determine the entity's functional currency such that the functional currency of the Company is the currency of the primary economic environment in which the Company operates. The functional currency is a currency that affects the revenues and expenses of the services rendered. The Company determined that its functional currency is United States Dollar.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are disclosed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 4 years. These are common life expectancies applied in the industries where the Company conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised.

Income tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable profits together with future tax planning strategies.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

5. CASH ON HAND AND IN BANKS

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Cash in banks			
US Dollar	6,350	570,979	994,292
Rupiah	377,216	370,087	59,039
	383,566	941,066	1,053,331

6. PREPAYMENTS

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Prepaid insurance	51,679	94,978	172,729
Prepaid rental	-	-	11,079
	51,679	94,978	183,808

7. FIXED ASSETS, NET

Movements in December 31, 2017

	Balance March 31, 2017	Additions	Deductions	Balance December 31, 2017
<u>Cost:</u>				
Land	45,723,347	-	-	45,723,347
Office equipment	686,671	16,965	-	703,636
Construction in progress	93,443,889	42,706,427	-	136,150,316
	139,853,907	42,723,392	-	182,577,299
<u>Accumulated depreciation:</u>				
Office equipment	71,788	85,945	-	157,733
Net book value	139,782,119			182,419,566

Movements in March 31, 2017

	Balance March 31, 2016	Additions	Deductions	Balance March 31, 2017
<u>Cost:</u>				
Land	45,723,347	-	-	45,723,347
Office equipment	67,990	618,681	-	686,671
Construction in progress	21,118,445	72,325,444	-	93,443,889
	66,909,782	72,944,125	-	139,853,907
<u>Accumulated depreciation:</u>				
Office equipment	11,110	60,678	-	71,788
Net book value	66,898,672			139,782,119

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

7. FIXED ASSETS, NET (continued)

As of December 31, 2017 construction in progress mainly represents machineries for new plant that will produce high voltage and extra high voltage air-insulated switchgear in Cikande, Banten. The capitalized borrowing costs related to construction in progress amounted to Rp7,323,497 (March 31, 2017: Rp2,382,700).

8. OTHER NON-CURRENT ASSET

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Advance for purchase fixed assets			
- third parties	22,276,784	20,247,048	4,648,974
- related party (Note 19b)	2,938,063	4,390,362	4,390,362
Deferred charge of cost of loan	-	-	811,818
	25,214,847	24,637,410	9,851,154

Advance for purchase of fixed assets represent advance payment for purchase of machineries for factory and equipments.

Deferred charges from cost of loan arising from provision fee and service fee in relation to obtaining loan and is amortized over the respective loan periods.

9. TAXATION

a. Estimated claims of refundable taxes

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Value added tax	8,960,703	7,892,228	2,729,589
Refundable corporate income tax - 2017	-	976,083	-
	8,960,703	8,868,311	2,729,589

b. Taxes payables

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Withholding tax - article 4 (2)	-	148,389	-
Withholding tax - article 21	149,612	-	58,591
	149,612	148,389	58,591

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

9. TAXATION (continued)

b. Taxes payables (continued)

The reconciliation between loss before income tax as shown in the statement of profit or loss and other comprehensive income and taxable loss are as follow:

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Loss before corporate income tax	(8,178,811)	(8,140,445)	(4,667,532)
Temporary difference:			
Cost of loan	129,503	183,777	(811,808)
Estimated taxable losses for the year	(8,049,308)	(7,956,668)	(5,479,340)
Tax losses carried forward from prior year	(14,056,780)	(6,100,112)	(620,772)
Total estimated taxable losses	(22,106,088)	(14,056,780)	(6,100,112)
Corporate income tax expense:			
Corporate income tax expense on income subject to at standard statutory rates	-	-	-
Less:			
Prepaid tax Articles 22	-	(976,083)	-
Estimated corporate income tax refundable	-	(976,083)	-

c. Component of corporate income tax benefit

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Deferred tax benefit	(2,044,703)	(2,035,116)	(1,166,886)
Over provision of 2016/2017 corporate income tax	976,083	-	-
Corporate income tax benefit	(1,068,620)	(2,035,116)	(1,166,886)

d. Reconciliation of corporate income tax expense

The reconciliation between loss before corporate income tax multiplied by the tax rate of 25% and income tax is presented below:

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Loss before corporate income tax	(8,178,811)	(8,140,445)	(4,667,548)
Tax calculated at statutory rate of 25%	(2,044,703)	(2,035,116)	(1,166,886)
Over provision of 2016/2017 corporate income tax	976,083	-	-
Corporate income tax benefit	(1,068,620)	(2,035,116)	(1,166,886)

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

9. TAXATION (continued)

e. Deferred tax asset, net

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Deferred tax asset:			
Tax losses carried forward	5,526,522	3,514,193	1,525,021
Deferred tax liability:			
Cost of loan	(124,627)	(157,001)	(202,945)
Total deferred tax asset, net	5,401,895	3,357,192	1,322,076

The utilization of deferred tax asset recognized by the Company is dependent upon future taxable income in excess of income arising from the reversal of existing taxable temporary differences.

f. Analysis of changes in deferred tax asset

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Deferred tax assets - beginning balance	3,357,192	1,322,076	155,183
Deferred tax benefit for the year	2,044,703	2,035,116	1,166,893
Deferred tax assets - ending balance	5,401,895	3,357,192	1,322,076

10. ACCRUED EXPENSE

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Accrued contractor	7,866,472	-	-
Accrued interest bank loan	1,783,056	106,926	-
Accrued salary	666,429	622,968	622,968
Accrued audit fees	113,900	113,900	-
Accrued rental	230	-	90,401
Total	10,430,087	843,794	713,369

11. ACCOUNTS PAYABLE

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Contractor payables - third parties	6,000,805	6,000,805	-
Other payable - related party (Note 19a)	268,523	268,523	-
Total	6,269,328	6,269,328	-

Account payables are non-interest bearing and are normally settled on terms ranged between 30 to 90 days.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

12. ADVANCES FROM CUSTOMERS

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Advance from customers	1,984,500	-	-

This account represents advances from customers for purpose training EHV Switchgear by the Company as event organizer training.

13. BANK LOAN

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
Investment Credit Facility	130,050,560	96,236,914	-
Current maturity of bank loan	(129,552,052)	(5,774,215)	-
	498,508	90,462,699	-
Less: Unamortized cost of loan	(498,508)	(628,010)	-
	-	89,834,689	-

Cost of loan represents deferred charges arising from provision fee and service fee in relation to obtaining loan and is amortized over the respective loan periods.

Based on Notarial Deed No 46 of Lenny Janis Ishak, S.H., dated September 23, 2015, the Company obtained from PT Bank Mandiri (Persero) Tbk:

- investment Credit Facility at a maximum amount of US\$13,500,000 to build high voltage and extra high voltage air-insulated switchgear factory,
- working capital credit facility at a maximum amount of US\$2,600,000 to finance Company's operations,
- treasury line credit facility at a maximum amount of US\$1,000,000 for transaction foreign exchange and derivative.

These facilities are bears with interest at the rate of 5.25% per annum and will mature on September 25, 2020. The loan facility is secured by the Company's land, factory, machineries, inventories and receivables valued at US\$2,600,000 and corporate guarantee from CG Power and Industrial Solutions Ltd., the ultimate shareholder of the Company.

All of the loans contain certain restrictions on the Company such as, among others, obtain new loan or provide borrowing unless in the ordinary course of business of the Company, provide guarantee, transfer of collateral or the Company's assets which can have adverse effect to the Company's ability to fulfill its obligation to the Bank, file bankruptcy, and exercise transactions with affiliated companies or other parties beyond normal term and conditions.

The loan required the Company, to fulfill certain financial ratio as mentioned in the loan agreement, which are: leverage ratio maximum of 300%, current ratio minimum of 100% and debt service coverage ratio (DSCR) minimum of 100%. Fullfilment of the financial ratios regularly assessed on annually basis. As of December 31, 2017, the Company has reclassified the loan as current liability due to the Company has not complied with all of these financial covenants.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

14. SHAREHOLDERS

Number of Shareholders	December 31, 2017 and March 31, 2017		
	shares issued	Percentage of ownership	Issued and paid-up capital
CG International Holdings Singapore Pte. Ltd.	3,264	51%	37,888,512
PT Prima Layanan Nasional Enjiniring	3,136	49%	36,402,688
	6,400	100%	74,291,200

Number of Shareholders	March 31, 2016		
	shares issued	Percentage of ownership	Issued and paid-up capital
CG International Holdings Singapore Pte. Ltd.	2,499	51%	29,008,392
PT Prima Layanan Nasional Enjiniring	2,401	49%	27,870,808
	4,900	100%	56,879,200

Based on Notarial Deed No. 26 of Lenny Janis Ishak, S.H., dated August 25, 2016, the Company's issued and fully paid capital increases from 4,900 shares equivalent with US\$4,900,000 (or equivalent to Rp56,879,200) to 6,400 shares equivalent with US\$6,400,000 (or equivalent to Rp74,291,200). This amendment has been approved by Minister of Justice and Human Rights of Republic Indonesia in its decision letter No.AHU-AH.01.03-0076283, dated August 31, 2016.

15. ADVANCE FOR FUTURE SHARE CAPITAL CONTRIBUTION

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
	CG International Holdings Singapore Pte. Ltd.	-	-
PT Prima Layanan Nasional Enjiniring	-	-	9,790,935
	-	-	19,981,500

Advance for future share capital contribution represents paid-in capital which had not been notarized nor approved by the Ministry of Law and Human Rights. Such advance was converted into issued and fully paid capital on August 31, 2016 (Note 14).

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2017	March 31, 2017 (As restated, Note 3)
Salaries	4,010,603	4,348,258
Transportation	877,378	698,404
Security	604,480	6,745
Insurance	320,382	308,682
Professional fees	200,300	653,873
Rental	213,070	600,637
Office	134,249	62,629
Utilities	164,399	484,843
Repair and maintenance	62,900	335,405
Others (below Rp10,000, each)	401,992	514,242
	6,989,753	8,013,718

17. OTHER OPERATING (INCOME)/EXPENSE, NET

	December 31, 2017	March 31, 2017 (As restated, Note 3)
Foreign exchange losses/(gain), net	843,037	(131,579)
Other expense	120,374	-
	963,411	(131,579)

18. OTHER EXPENSE

	December 31, 2017	March 31, 2017 (As restated, Note 3)
Interest income	(3,198)	(20,622)
Interest expense	228,845	278,928
	225,647	258,306

19. RELATED PARTIES BALANCES AND TRANSACTIONS

In the normal course of business, the Company engages in transactions with related parties which are conducted on term and conditions agreed between parties.

The nature of transactions and relationships with related parties, are as follows:

Nature of related parties	Related parties	Transactions
Ultimate Shareholder	CG Power and Industrial Solutions Ltd.	Advances for purchase fixed assets and corporate guarantee.
Shareholder	PT Prima Layanan Nasional Enjiniring	Reimbursement of expenses.
Shareholder	CG International Holdings Singapore Pte. Ltd.	Loan.
Other related parties	PT CG Power Systems Indonesia	Advances payment.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

19. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a) Due to a related party - accounts payable (Note 11):

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
PT Prima Layanan Nasional Enjiniring	268,523	268,523	-

Outstanding balances of due to a related party at the year-end is unsecured and interest free. There have been no guarantees provided for any amount due to a related party.

b) Advance to a related party (Note 8):

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
CG Power and Industrial Solutions Ltd.	2,938,063	4,390,362	4,390,362

c) Advances from customer (Note 12):

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
PT CG Power Systems Indonesia	1,984,500	-	-

d) Loan from a shareholder:

	December 31, 2017	March 31, 2017 (As restated, Note 3)	April 1, 2016/ March 31, 2016 (As restated, Note 3)
CG International Holdings Singapore Pte. Ltd.	5,755,597	-	-

The Company obtained a US Dollars loan amounted to US\$424,793 (or equivalent to Rp5,755,597 thousand) from CG International Holdings Singapore Pte. Ltd. The loan from a shareholder is subject to interest at the rate of 4.75% per annum (March 31, 2017: Nil). This loan is unsecured. The loan facility is available until July 31, 2019.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of cash on hand and in banks and accrued expense are based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and for the nine-month period then ended
(Expressed in thousands of Rupiah, unless otherwise stated)

21. FINANCIAL RISK MANAGEMENT

The Company is exposed to liquidity risk and foreign exchange risk.

Liquidity risk

Liquidity risk is the risk to a shortage of funds and to solve the problem using a liquidity planning tool. The Company manages its liquidity profile to be able to finance its capital expenditures by maintaining sufficient cash on hand and in banks. The Company regularly evaluates its projected and actual cash flow information.

Foreign exchange risk

The Company's assets and liabilities are often denominated in foreign currency (Indonesian Rupiah). Fluctuation of exchange rates can therefore significantly impact the Company's performance as well as its net profits. Currently, the Company does not have a formal hedging policy for local currency exposures. However, management believes that the fluctuation of local currency on certain transaction with suppliers can be adjusted to the prices traded in international markets denominated in Indonesian Rupiah. Such correlation in price fluctuation naturally minimizes the Company's foreign currency exposures.

22. SIGNIFICANT AGREEMENT

On June 24, 2014, the Company entered into a Purchase Agreement with PT Perusahaan Listrik Negara (Persero) ("PLN"). Under this agreement, the Company supplies 49% of PLN's annual demand of High Voltage-Extra High Voltage Switchgear and other electricity equipment use in PLN's electricity transmission networks. This agreement is effective for 5 years from the commercial operation of the Company.