PT HCL Technologies Indonesia

Financial statements as of March 31, 2018
and for the year then ended with
independent auditor’s report

PT HCL TECHNOLOGIES INDONESIA
FINANCIAL STATEMENTS AS OF MARCH 31, 2018
AND FOR THE YEAR THEN ENDED WITH
INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

The Stockholders, Board of Commissioners and Directors
PT HCL Technologies Indonesia

We have audited the accompanying financial statements of PT HCL Technologies Indonesia, which comprise the statement of financial position as of March 31, 2018, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, 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.

Auditor's 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 auditor's 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 the 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.

Gani Sigiro & Handayani

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Opinion

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

Setiawati Budiman, CPA
License of Public Accountant No. AP. 1316

June 28, 2018

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PT HCL TECHNOLOGIES INDONESIA
STATEMENT OF FINANCIAL POSITION
As of March 31, 2018
(Expressed in Rupiah)

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,k,3	13,146,272,094	16,735,241,039
Trade receivables	2d,j,k,4	22,103,280,489	21,609,865,397
Unbilled receivables	2d,j,k,5	252,417,957	5,289,708,062
Other receivables	2k,6	542,249,865	159,501,419
Inventories	2e,7	158,113,347	616,326,793
Prepaid expenses		36,525,138	43,909,339
Prepaid taxes	2i,15a	279,662,872	729,406,050
Advance payment		5,367,554	-
Security deposits	2k	90,007,376	87,412,224
Total current assets		36,613,896,692	45,271,370,323
NON-CURRENT ASSETS			
Fixed assets	2f,8	615,628,721	916,731,270
Deferred tax assets	2i,15d	987,371,143	1,586,429,047
Total non-current assets		1,602,999,864	2,503,160,317
TOTAL ASSETS		**38,216,896,556**	**47,774,530,640**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables	2j,k,9	11,103,272,035	18,379,992,940
Other payables	2k,10	1,009,548,132	1,043,503,411
Accrued expenses	2j,k,11	258,584,154	1,454,465,880
Short term loans	2g,j,k,12	11,668,800,000	15,986,400,000
Taxes payable	2i,15b	4,322,633,601	2,986,901,626
Total current liabilities		28,362,837,922	39,851,263,857
NON-CURRENT LIABILITIES			
Deferred income	2h,13	64,531,943	125,828,083
Post-employment benefits obligation	2l,14	546,977,856	223,038,810
Total non-current liabilities		611,509,799	348,866,893
EQUITY			
Capital stock	16	9,074,000,000	9,074,000,000
Paid in capital from exchange rate differences	17	1,326,165,000	1,326,165,000
Re-measurement of defined benefit plan, net of tax		(174,905,080)	-
Accumulated deficits		(982,711,085)	(2,825,765,110)
Total equity		9,242,548,835	7,574,399,890
TOTAL LIABILITIES AND EQUITY		**38,216,896,556**	**47,774,530,640**

The accompanying notes form an integral part of these financial statements

PT HCL TECHNOLOGIES INDONESIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended March 31, 2018
(Expressed in Rupiah)

	Notes	2018	2017
Revenue	2h,19	40,580,455,442	40,035,812,878
Cost of sales	2h,j,20	(30,297,192,262)	(32,521,437,504)
Gross profit		10,283,263,180	7,514,375,374
Operating expenses			
Selling and marketing expenses	2h	(25,271,040)	(74,633,239)
General and administrative expenses	2h,21	(6,277,818,948)	(8,267,318,815)
Total operating expenses		(6,303,089,988)	(8,341,952,054)
Profit (loss) from operations		3,980,173,192	(827,576,680)
Other income (expenses)			
Profit (loss) on foreign exchange, net	2b	(865,328,875)	173,654,504
Others, net		(494,484,490)	(70,007,611)
Total other income (expense), net		(1,359,813,365)	103,646,893
Profit (loss) before income tax		2,620,359,827	(723,929,787)
Tax income (expense)			
Current tax - expense	2i,15c	(119,946,205)	-
Prior year tax - expense	2i,15c	-	(11,697,953)
Deferred tax - income (expense)	2i,15d	(657,359,597)	45,684,610
Total tax income (expense)		(777,305,802)	33,986,657
Net profit (loss) for the year		**1,843,054,025**	**(689,943,130)**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement of defined benefit plan	2l,14	(233,206,773)	-
Income tax relating to items that will not be reclassified to profit or loss	2i,15d	58,301,693	-
Other comprehensive income for the year, net of tax		**(174,905,080)**	**-**
Total comprehensive income for the year		**1,668,148,945**	**(689,943,130)**

The accompanying notes form an integral part of these financial statements

PT HCL TECHNOLOGIES INDONESIA
STATEMENT OF CHANGES IN EQUITY
For the Year Ended March 31, 2018
(Expressed in Rupiah)

	Capital stock	Paid in capital from exchange rate differences	Accumulated deficits	Remeasurement of defined benefit plan	Total
Balance as of March 31, 2016	**9,074,000,000**	**1,326,165,000**	**(2,135,821,980)**	**-**	**8,264,343,020**
Net loss for the year	-	-	(689,943,130)	-	(689,943,130)
Balance as of March 31, 2017	**9,074,000,000**	**1,326,165,000**	**(2,825,765,110)**	**-**	**7,574,399,890**
Net profit for the year	-	-	1,843,054,025	-	1,843,054,025
Other comprehensive income	-	-	-	(174,905,080)	(174,905,080)
Balance as of March 31, 2018	**9,074,000,000**	**1,326,165,000**	**(982,711,085)**	**(174,905,080)**	**9,242,548,835**

The accompanying notes form an integral part of these financial statements

PT HCL TECHNOLOGIES INDONESIA
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2018
(Expressed in Rupiah)

	Notes	2018	2017
Cash flows from operating activities			
Profit (loss) before income tax		2,620,359,827	(723,929,787)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (used in) operating activities:			
Post employment benefits	14	90,732,273	159,453,903
Depreciation expense of fixed assets	8	301,102,549	228,800,094
Tax expense		466,260,334	-
Allowance for impairment losses on trade receivables	4	(355,486,978)	(1,995,223,730)
Operating profit (loss) before working capital changes		3,122,968,005	(2,330,899,520)
Changes in working capital:			
Decrease (increase) in :			
Trade receivables		(137,928,114)	2,446,282,331
Unbilled receivables		5,037,290,105	3,872,736,466
Prepaid expenses		7,384,201	13,640,005
Other receivables		(382,748,446)	(108,793,708)
Prepaid taxes		(17,600,501)	(210,112,861)
Advance payments		(5,367,554)	-
Inventories		458,213,446	(614,436,793)
Security deposits		(2,595,152)	(530,536)
Increase (decrease) in :			
Trade payables		(7,276,720,905)	9,833,061,734
Other payables		(33,955,279)	135,390,301
Accrued expenses		(1,195,881,726)	220,026,806
Taxes payable		1,347,429,928	1,185,358,458
Deferred income		(61,296,140)	72,772,411
Cash provided by operating activities		859,191,868	14,514,495,094
Payment of corporate income tax		(130,560,813)	(11,697,953)
Net cash provided by operating activities		**728,631,055**	**14,502,797,141**
Cash flows from investing activities			
Reclassification of fixed assets to inventories	24	-	1,116,896,980
Acquisition of fixed assets	8	-	(1,053,934,876)
Net cash provided by investing activities		**-**	**62,962,104**
Cash flows from financing activities			
Payment on short term loans		(4,317,600,000)	-
Loss on forex in short term loans		-	99,600,000
Net cash provided by (used in) financing activities		**(4,317,600,000)**	**99,600,000**
Net increase (decrease) in cash and cash equivalents		(3,588,968,945)	14,665,359,245
Cash and cash equivalents at beginning of year	3	16,735,241,039	2,069,881,794
Cash and cash equivalents at end of year	**3**	**13,146,272,094**	**16,735,241,039**

The accompanying notes form an integral part of these financial statements

1. GENERAL

PT HCL Technologies Indonesia (the "Company") established based on the Notarial Deed of Humberg Lie S.H., S.E., Mkn. No 205 dated July 28, 2010. The Company's articles of incorporation were approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-10.AH.02.02-Tahun 2010 dated February 9, 2010.

The Company's articles of incorporation amendment was made based upon Notarial Deed No. 10 dated November 22, 2011 of Etty Roswitha Moelia S.H., Notary in Jakarta, concerning the increase in authorized capital and changes of the Company's financial year from January 1 up to December 31 into July 1 up to June 30, which has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-00993.AH.01.02.Tahun 2012 dated January 6, 2012. The Company has obtained approval from the Director General of Taxes to changes its financial year/fiscal year from January 1 up to December 31, into July 1 up to June 30, in its decision letter No. KEP-00003/THBK/WPJ.04/KP.0403/2012 dated December 5, 2012. The change is effective starting from financial year/fiscal year 2012.

On April 14, 2016, the Company has obtained approval from the Director General of Taxes to change its financial year/fiscal year from July 1 up to June 30, into April 1 to March 30, in its decision letter No. KEP-377/WPJ.30/2016. The change is effective from the financial year/fiscal year 2016.

The Company is domiciled at One Pacific Place Building 15th floor SCBD, Jl. Jend. Sudirman Kav. 52-53, South Jakarta. The Company commenced its commercial operation in June 2011.

In accordance with Article 3 of the articles of incorporation, the Company is engaged in software and business process outsourcing services. Total employees as of March 31, 2018 and 2017 are 20 and 24 people, respectively (unaudited).

Based on the Extraordinary General Shareholders' Meeting notarized by Notary Public Ny. Etty Roswitha Moelia, S.H. under the deed No. 6 dated February 26, 2014, the Company's shareholders approved the change of the Company's Commissioners and Directors. The change has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter
No. AHU-AH.01.10-11400 dated March 17, 2014.

The members of the Company's Board of Commissioner and Board of Directors as of March 31, 2018 and 2017 are as follows:

Commissioner	: Mr. Sundharam Sridharan
President Director	: Mr. Prahlad Rai Bansal
Directors	: Mr. Manish Anand
	: Mr. Nalin Mittal

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies adopted by the Company, which affects the determination of its financial position and results of its operations, is presented below.

a. Basis Preparation of the Financial Statements

The Company's financial statements have been prepared in accordance with Indonesian Financial Accounting Standards. The financial statements have been prepared under the historical cost concept and using the accrual basis, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis Preparation of the Financial Statements (continued)

The statement of cash flows is prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the cash flow statement, cash and cash equivalents include cash in banks and time deposits with a maturity period of 3 months or less, as long as these time deposits are not pledged as collateral for borrowings nor restricted.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements as of March 31, 2017, which conform to the Indonesian Financial Accounting Standards.

In order to provide further understanding of the financial performance of the Company, due to the significance of their nature or amount, several items of income or expense have been shown separately.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimate. It also requires management to exercises its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2n.

<u>Changes to the Statements of Financial Accounting Standards and Interpretations of Statement of Financial Accounting Standards</u>

The adoption of these new amended standards and interpretations that are effective beginning January 1, 2017 and did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years:

- PSAK No. 1 (Amendment 2015), "Presentation of financial statement"
- PSAK No. 24 (Improvement 2016), "Employee benefit"
- PSAK No. 60 (Improvement 2016), "Financial instrument: Disclosure"
- ISAK No. 32, "Definition and hierarchy of financial accounting standards"

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2018 are as follows:

- PSAK No. 2 (Amendment 2016), "Statements of cash flows"
- PSAK No. 16 (Improvement 2015), "Fixed Assets"
- PSAK No. 46 (Amendment 2016), "Income taxes"

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the year ended March 31, 2018 and have not been early adopted by the Company. The Company has assessed the impact of these new standards, amendments, and interpretations, as set out below:

- PSAK No. 71, "Financial instrument"
- PSAK No. 72, "Revenue from contract with customers"
- PSAK No. 73, "Leases"

As at the authorization date of these financial statements, the Company is still evaluating the potential impact of implementation of these new and amendment accounting standards to its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Foreign Currency Transactions and Balances

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currencies").

The financial statements are presented in Rupiah, which is the functional and presentation currency of the Company.

(ii) Transaction and balances

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the management closing exchange rate. Exchange rate used as benchmark is the rate which is issued by the group of the Company. Foreign exchange gain and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss and other comprehensive income.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposit held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

d. Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current asets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables are established when there is objective evidence that the Company will not be able to collect all amounts due according to the original term of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency is impaired.

The amount of the provision is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an income.

When trade receivables are uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the statement of profit or loss and other comprehensive income.

e. Inventories

Inventories are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost procured for specific projects is assigned by specific identification of individual costs of each item. Cost is determined using the weighted average cost formula.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Inventories (continued)

Provision for obsolete and slow moving inventory is determined on the basis of estimated future usage or sale of individual inventory items.

f. Fixed Assets

The cost of an asset comprises its purchase price and any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures such as replacement and major inspection are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced or any remaining carrying amounts of the cost of the previous inspection is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is recognized on a straight-line basis to write down the depreciable amount of fixed asset to reduce value of depreciated fixed assets. The estimated useful lives of the assets, are as follows:

	Year
Plant and machinery	10
Office equipment	5
Computer	4 and 5
Laptop	3 and 4

The residual values, useful lives and depreciation method are reviewed at each financial position date to ensure that such residual values, useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of or when no future economic benefits are expected from its use or disposal, the cost and accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts. Any resulting gain or loss from de-recognition of an item of fixed asset is included in the statement of profit or loss and other comprehensive income.

The Company chose to adopt the cost model; accordingly, the Company's fixed asset, are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

g. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Revenue and Expense Recognition

The Company adopted PSAK No. 23 (Improvement 2014), "Revenue". This PSAK identifies the circumstances in which the criteria on revenue recognition will be met and, therefore revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition.

Revenue from material contracts is recognized as related services are performed.

Revenue from fixed price and fixed time frame contracts is recognized in accordance with the percentage of completion method under which the sales value of performance.

Revenue from sale of licenses for the use of software applications is recognized when title in the user license are transfer.

Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

Income from revenue sharing agreements is recognized when the right to receive is established.

Expenses are recognized when they are incurred (accrual method).

i. Income Tax

The tax expense comprises current and deferred tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet approach method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at reporting period and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company, when the result of the appeal is determined.

j. Transactions with Related Parties

The Company enter into transactions with related parties. In the financial statements, the term related parties are used as defined in the PSAK No. 7 (Improvement 2015) regarding with "Related Party Disclosures".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Transactions with Related Parties (continued)

The nature of transactions and balances of accounts with related parties, whether or not transacted on normal terms and conditions similar to those with non-related parties, are disclosed in the notes to the financial statements.

k. Financial Assets and Liabilities

Financial Assets

The Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, or (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) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets classified as held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking.

As of March 31, 2018 and 2017, there are no financial assets categorized as held for trading.

(ii) *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 costs and subsequently measured at amortized cost using the effective interest rate method. The Company's loans and receivables comprise of cash and cash equivalents, trade receivable, unbilled receivable, other receivables, and security deposits in the statement of financial position.

(iii) *Held to maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Management has the positive intention and ability to hold to maturity, other than:

a) Those that the Company upon initial recognition designates as at fair value through profit or loss;
b) Those that the Company designates as available for sale; and
c) Those that meet the definition of loans and receivables.

As of March 31, 2018 and 2017, there are no financial assets categorized as held to maturity investments.

(iv) *Available for sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of within 12 months of the end of the reporting period.

As of March 31, 2018 and 2017, there are no financial assets categorized as available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Assets and Liabilities (continued)

Financial Liabilities

The Company classifies its financial liabilities into the following categories (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities measured at amortized cost.

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are financial liabilities classified as held for trading. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking.

As of March 31, 2018 and 2017, there are no financial liabilities categorized as held for trading.

(ii) *Financial liabilities measured at amortized cost*

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost are trade and other payables, accrued expenses, and short term loans in the statement of financial position.

l. Post-Employment Benefit

The Company provides defined post-employment benefits to its employees in accordance with Labor Law No. 13 / 2003. No funding has been made to this defined benefit plan.

According to PSAK No. 24 (improvement 2016), the liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government bond that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions charged or credited to equity in other comprehensive income in the period which they arise.

Past-service costs are recognized immediately in profit or loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in profit or loss when the curtailment or settlement occurs.

m. Identification and Measurement of Impairment

Non-financial assets

PSAK No. 48 (Revised 2014), “Impairment of Assets” prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than the recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this PSAK requires the entity to recognize an impairment loss. This PSAK also specifies when an entity should reverse an impairment loss and prescribes disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Identification and Measurement of Impairment (continued)

Non-financial assets (continued)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is immediately recognized in profit or loss, but not in excess of any accumulated impairment loss previously recognized.

Financial assets

At each reporting date, the Company assesses whether there is objective evidence that the Company's financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the financial assets, and that the loss event has an impact on the future cash flows on the financial assets that can be estimated reliably.

n. Significant Accounting Judgements, Estimates and Assumptions

Use of Estimates

The preparation of financial requires the management to use estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 as they occur.

The following judgments, estimates and assumptions made by management in the process of applying the Company's accounting policies are those most likely to significant effects on the amounts recognized in the financial statements:

Liability for post-employment benefits

The determination of the Company's liabilities and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used in calculating such amounts. These assumptions include among others, discount rates, annual salary increase rate, annual employee turn over rate, disability rate, retirement age and mortality rate.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual results or significant changes in the Company's assumptions may materially affect its employee benefit liability and expense.

The carrying amounts of the Company's estimated liabilities for employment benefits as of March 31, 2018 and 2017 are Rp 466,525,993 and Rp 162,774,465, respectively. Further details are discussed in Note 14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Significant Accounting Judgements, Estimates and Assumptions (continued)

Determining the depreciation method and estimated useful lives of fixed assets

The costs of fixed assets is calculated using the straight line method based on the estimation of the economic useful lives. Management estimates economic useful lives of fixed assets to be between 3 to 10 years. These are common lives 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 charge could be revised. Book value of the Company's fixed assets as of March 31, 2018 and 2017 are Rp 615,628,721 and Rp 916,731,270, respectively. Further details are disclosed in Note 8.

Income Tax

The Company has exposure to income taxes. Significant judgement is involved in determining the provision for 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 expected income tax issues based on estimates of whether additional income tax will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Uses of Judgements

Classification of financial assets and liabilities

The Company determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies as disclosed in Note 2k.

Determination of functional currency

The factors considered in determining the functional currency of the Company include, among others, the currency:
- 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;
- that mainly influences labor, material and other costs of providing goods or services;
- in which funds from financing activities are generated; and
- in which receipts from operating activities are usually retained.

3. CASH AND CASH EQUIVALENTS

	2018	2017
Cash in banks:		
Citibank Indonesia		
Rupiah	12,853,224,789	11,638,982,210
USD (US$ 20,749 in 2018 and US$ 381,898 in 2017)	284,836,369	5,087,640,893
PT Bank Mandiri (Persero), Tbk.		
Rupiah	8,210,936	8,617,936
Total	**13,146,272,094**	**16,735,241,039**

Cash in bank generally earn interest at rates based on daily bank deposit rates.

4. TRADE RECEIVABLES

	2018	2017
Related parties:		
Axon Solutions (Shanghai) Co. Limited	884,814,556	884,814,556
HCL Australia Services Pty. Ltd.	696,001,343	-
HCL America Inc.	120,196,943	54,063,728
HCL Axon Solutions (Shanghai) Co. Ltd	30,949,331	-
HCL Singapore Pte. Limited	1,889,184	1,256,856
HCL Axon Malaysia Sdn. Bhd.	524,805	1,104,860
HCL Technologies UK Limited	-	629,420,543
HCL Technologies Limited – IOMC	-	2,172,458,480
HCL Technologies Limited	-	313,175,386
HCL Hong Kong SAR Limited	-	201,022,809
HCL Japan Limited	-	123,274,646
HCL Belgium NV	-	99,478,721
HCL Technologies Philippines Inc.	-	610,400
Third parties:		
PT Unilever Indonesia	14,618,726,401	11,486,850,022
Allianz SE	3,440,052,021	1,666,593,521
AXA Technology Services (HK)	879,788,277	921,326,105
Genting Plantations Berhad	799,244,816	916,330,419
PT Bank Mandiri (Persero), Tbk.	685,811,280	1,367,225,022
Computer Sciences Corporation India Pvt.	596,955,535	-
Estee Lauder Companies	456,014,144	48,735,434
Beckton Dickinson	279,250,446	22,587,356
PT Bekaert Indonesia	198,847,141	198,847,141
PT Volvo Indonesia (JC)	123,519,802	-
PT S.C. Johnson & Son Indonesia	122,027,575	3,041,629,260
Others (each below Rp 100,000,000)	925,923,093	571,803,314
Less: allowance for impairment losses	(2,757,256,204)	(3,112,743,182)
Trade receivables - net	**22,103,280,489**	**21,609,865,397**

Movement of the allowance for impairment losses at the beginning and end of 2018 and 2017 is shown below:

	2018	2017
Balance at beginning of year	3,112,743,182	5,107,966,912
Reversal during the year	(355,486,978)	(2,034,503,714)
Foreign exchange	-	39,279,984
Balance at end of year	**2,757,256,204**	**3,112,743,182**

The management believes that the allowance for impairment losses is adequate to cover possible losses from uncollectible accounts.

5. UNBILLED RECEIVABLES

	2018	2017
Related parties:		
HCL AXON Malaysia Sdn Bhd	-	1,731,860,000
HCL Technologies Limited - UAE Branch	-	86,286,594
HCL America Inc.	-	54,063,728
HCL Axon Solutions (Shanghai) Co. Ltd.	-	30,949,331
HCL Technologies Limited	-	2,848,468
HCL Technologies Middle East FZ-LLC	-	1,252,268
HCL Singapore Pte. Limited	-	596,474
HCL Axon Malaysia Sdn Bhd-Software Division	-	257,801
Third parties:		
Genting Plantations Berhad	207,612,000	207,612,000
Others (each below Rp 50,000,000)	44,805,957	3,173,981,398
Total	**252,417,957**	**5,289,708,062**

6. OTHER RECEIVABLES

	2018	2017
Financial lease	499,131,396	78,163,801
Employees	43,118,469	81,337,618
Total	**542,249,865**	**159,501,419**

Based on a review of collectibility of outstanding amounts, management believes that other receivables are fully collectible. Therefore, the Company does not provided provision for impairment losses for other receivables.

7. INVENTORIES

	2018	2017
Hardware	158,113,347	795,091,567
Lease inventories	-	517,236,569
	158,113,347	1,312,328,136
Less: provision for slow moving and obsolete inventories	-	(696,001,343)
Inventories, net	**158,113,347**	**616,326,793**

Movement of provision for slow moving and obsolete inventories at the beginning and end of 2018 and 2017 is shown below:

	2018	2017
Balance at beginning of year	696,001,343	-
Provision (reversal) during the year	(696,001,343)	696,001,343
Balance at end of year	**-**	**696,001,343**

7. INVENTORIES (continued)

The management of the Company believes that the carrying values of inventories already reflect their net realizable value and the above allowance is sufficient to cover any possible losses that may arise from a decline in inventory value.

Inventories are hardware as component requirement that used to support the installation of the Company's service to customers. These are mainly laptops, servers, networking equipment's and other accessories which are purchased from vendor and will be bill to the customer as and when project requirement will be received.

8. FIXED ASSETS

As of March 31, 2018 and 2017 the details of fixed assets are as follows:

	2018			
	Beginning balance	**Additions**	**Disposals**	**Ending balance**
Acquisition Cost				
Computer	518,917,687	-	(23,444,117)	495,473,570
Laptop	591,902,432	-	-	591,902,432
Plant and machinery	43,499,999	-	-	43,499,999
Office equipment	19,628,875	-	-	19,628,875
	1,173,948,993	-	(23,444,117)	1,150,504,876
Accumulated depreciation				
Computer	101,674,401	99,094,714	(23,444,117)	177,324,998
Laptop	148,193,391	193,732,060	-	341,925,451
Plant and machinery	4,230,822	4,350,000	-	8,580,822
Office equipment	3,119,109	3,925,775	-	7,044,884
	257,217,723	301,102,549	(23,444,117)	534,876,155
Book value	**916,731,270**			**615,628,721**

	2017				
	Beginning balance	**Additions**	**Transfers**	**Disposals**	**Ending balance**
Acquisition Cost					
Computer	23,444,117	-	495,473,570	-	518,917,687
Laptop	96,570,000	-	495,332,432	-	591,902,432
Plant and machinery	-	-	43,499,999	-	43,499,999
Office equipment	-	-	19,628,875	-	19,628,875
Construction in progress	1,116,896,980	1,053,934,876	(2,170,831,856)	-	-
	1,236,911,097	1,053,934,876	(1,116,896,980)	-	1,173,948,993
Accumulated depreciation					
Computer	22,480,661	79,193,740	-	-	101,674,401
Laptop	5,936,968	142,256,423	-	-	148,193,391
Plant and machinery	-	4,230,822	-	-	4,230,822
Office equipment	-	3,119,109	-	-	3,119,109
	28,417,629	228,800,094	-	-	257,217,723
Book value	**1,208,493,468**				**916,731,270**

8. FIXED ASSETS (continued)

The amount of depreciation is allocated as follows:

	2018	2017
General and administrative expenses (Note 21)	301,102,549	228,800,094

As of March 31, 2018 and 2017, fixed assets were not covered with insurance against fire and other possible losses.

As of March 31, 2017, the Company has construction in progress which has been transfer to the inventory with amount Rp 1,116,896,980 and already sold in the same year.

9. TRADE PAYABLES

	2018	2017
Related parties:		
HCL Technologies Ltd. – IOMC	5,309,996,497	9,706,044,875
HCL America Inc.	1,922,826,048	17,664,972
HCL Japan Limited	1,720,699,851	-
HCL Axon Malaysia Sdn. Bhd.	1,333,661,396	3,383,639,247
HCL Technologies Limited.	273,162,226	20,021,156
HCL Hong Kong SAR Limited	103,230,856	-
HCL Technologies South Africa (Proprietary) Limited	75,065,208	-
HCL (Brazil) Tecnologia	67,737,021	40,453,985
HCL Technologies Ltd. – Lucknow	53,701,459	-
HCL Technologies Greece Single Member P.C.	39,096,377	-
HCL Technologies Philippines Inc.	36,866,648	-
HCL Singapore Pte. Limited	30,442,744	-
HCL Technologies UK Limited	49,421	1,712,094,047
HCL Technologies Limited- UAE Branch	-	308,630,774
Axon Solutions (Shanghai) Co. Limited	-	296,875,032
HCL Technologies France	-	283,520,318
HCL Axon Technologies Inc. – SD	-	259,539,204
HCL Poland Sp.z.o.o.	-	114,702,420
HCL Technologies BV	-	90,375,092
HCL Technologies (Shanghai) Limited	-	85,180,290
HCL Technologies Norway AS	-	74,150,252
HCL Netherlands B.V.	-	64,642,219
HCL Great Britain Ltd.	-	44,702,955
HCL Axon (Pty) Limited	-	33,968,819
HCL Technologies Italy S.p.A.	-	29,110,075
HCL Technologies Finland Oy	-	27,185,055
HCL Technologies Beijing Co., Ltd	-	14,664,990
Third parties:		
PT Infotech Solutions	47,558,374	-
PT Rian Consultants	36,648,480	-
PT Maya International Indonesia	34,244,773	-
Others (each below Rp 30,000,000)	18,284,656	1,772,827,163
Total	**11,103,272,035**	**18,379,992,940**

10. OTHER PAYABLES

	2018	2017
Employee payables	524,036,839	199,042,989
Others	485,511,293	844,460,422
Total	**1,009,548,132**	**1,043,503,411**

11. ACCRUED EXPENSES

	2018	2017
Interest	161,276,406	748,661,490
Professional fees	97,307,748	671,073,936
Consulting cost (Note 22e)	-	34,730,454
Total	**258,584,154**	**1,454,465,880**

12. SHORT TERM LOANS

	2018	2017
HCL Singapore Pte. Ltd. (Note 22f)	11,668,800,000	15,986,400,000

On January 22, 2014, the Company entered into unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. in amount of USD 500,000. This loan intended for the Company working capital and will be payable on demand with interest of LIBOR rate + 200 bps per annum.

On March 12, 2014, the Company amended the unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. with amount not exceed USD 1,000,000. As of March 31, 2018 and 2017, the outstanding amount of this loan is in amount of USD 650,000 (equivalent to Rp 8,923,200,000) and USD 1,000,000 (equivalent to Rp 13,322,000,000), respectively.

On January 28, 2016, the Company amended the unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. in amount of up to USD 500,000 which shall be payable on demand at an interest of LIBOR rate + 100 bps per annum. This loan shall not exceed USD 1,500,000. As of March 31, 2018 and 2017, the outstanding amount of this loan is in amount of USD 200,000 (equivalent to Rp 2,745,600,000 and Rp 2,664,400,000), respectively.

13. DEFERRED INCOME

	2018	2017
Third parties :		
PT Misys International Systems	42,391,300	42,391,300
Becton Dickinson	22,140,643	82,065,214
PT Bekaert Indonesia	-	1,371,569
Total	**64,531,943**	**125,828,083**

14. POST-EMPLOYMENT BENEFITS OBLIGATION

	2018	2017
Post-employment benefits	466,525,993	162,774,465
Other employment benefits	80,451,863	60,264,345
Ending balance	**546,977,856**	**223,038,810**

Post-employment benefit

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of permanent employees entitled to the benefits is 20 and 24 employees in 2018 and 2017, respectively.

Amount recognized in the statement of profit or loss and other comprehensive income in respect of these post-employment benefits are as follows:

	2018	2017
Current service cost	59,150,542	-
Interest cost	11,394,213	162,774,465
Ending balance	**70,544,755**	**162,774,465**

Amount recognized in the statement of financial position in respect of these post-employment benefits are as follows:

	2018	2017
Present value obligation	466,525,993	162,774,465
Net liability	**466,525,993**	**162,774,465**

Movemement in the net liability recognized in the statement of financial position are as follow:

	2018	2017
Beginning balance	162,774,465	-
Provision during the year (Note 21)	70,544,755	162,774,465
Other comprehensive income	233,206,773	-
Ending balance	**466,525,993**	**162,774,465**

The major assumptions used by the independent actuary as at March 31, 2018 and 2017 as follows :

	2018
Discount rate	7.6%
Salary increment rate	5%
Mortality rate	Mortality table of Indonesia 2011 with improvement
Disability rate	10%
Resignation rate	5% per annum up to age 25 years old and reducing until 1% at age 54 years old
Normal pension	55 years

14. POST-EMPLOYMENT BENEFITS OBLIGATION

Post-employment benefit (continued)

	2017
Discount rate	7%
Salary increment rate	13.4%
Mortality rate	Indian Assured Lives Mortality (2006-08)
Disability rate	Nil
Resignation rate	19% p.a.
Normal pension	55 years

As of March 31, 2018, the changes to one of the relevant actuarial assumptions, with other assumptions held constant, would have affected the Company's obligation for post-employment benefit as shown on the table below:

	2018
Discount rate (1% movement)	
Movement rate +1%	427,007,755
Movement rate -1%	512,976,712
Salary increment (1% movement)	
Movement rate +1%	513,631,263
Movement rate -1%	425,854,178

Other employment benefits

Other employment benefits is provision for leave encashment. As of March 31, 2018 and 2017, the Company has recorded provision for employees' entitlements amounting to Rp 80,451,863 and Rp 60,264,345, respectively. Movement amount recognized in statement of financial positions are as follows:

	2018	2017
Beginning balance	60,264,345	63,584,907
Provision (reversal) during the year	20,187,518	(3,320,562)
Ending balance	**80,451,863**	**60,264,345**

15. TAXATION

a. Prepaid taxes

	2018	2017
Prepaid income tax art 23	262,062,371	729,406,050
Value added tax, net	17,600,501	-
Total	**279,662,872**	**729,406,050**

15. TAXATION (continued)

b. Taxes payable

	2018	2017
Income tax article 21	14,867,237	11,272,130
Income tax article 23	6,193,778	13,067,550
Income tax article 26	3,579,355,613	1,596,721,632
Value added tax, net	-	736,217,482
Corporate income tax (Note 15c)	92,594,141	-
Tax provision	629,622,832	629,622,832
Total	**4,322,633,601**	**2,986,901,626**

c. Corporate income tax

A reconciliation between profit (loss) before income tax, as shown in the statement of profit or loss and other comprehensive income with the estimated taxable income (loss) which were calculated by the Company for the year ended March 31, 2018 and 2017 is as follows:

	2018	2017
Profit (loss) before income tax	2,620,359,827	(723,929,787)
Fiscal adjustments consisted of:		
Permanent differences:		
Non-deductible expenses	519,021,681	559,350,481
Timing differences:		
Employee benefits	90,732,273	159,453,903
Depreciation	13,476,330	(368,410)
Other provisions	(554,115,261)	565,242,517
Provision for impairment loss on trade receivables	(355,486,978)	(1,995,223,730)
Bonus	(228,296,042)	(160,273,684)
Total fiscal correction	(514,667,997)	(871,818,923)
Estimated taxable income (loss) for the year	2,105,691,830	(1,595,748,710)
Estimated taxable income (loss) for the year - rounded	**2,105,691,000**	**(1,595,748,000)**
Fiscal loss carried forward	**(1,595,748,000)**	**-**
Total accumulated taxable income	**509,943,000**	**-**
Calculation of income tax expense and payable is as follow:		
12.5% x Rp 60,317,959	7,539,745	-
25% x Rp 449,625,841	112,406,460	-
	119,946,205	**-**
Prepaid taxes		
Article 23	(27,352,064)	-
Estimated corporate income tax payable (Note 15b)	**92,594,141**	**-**

15. TAXATION (continued)

c. Corporate income tax (continued)

The estimation coporate income tax calculation for the year ended 2018 and 2017 is a preliminary estimate made for accounting purposes and is subject to revision when the Company lodges its annual corporate tax return. Impact from the changes of prior year corporate income tax calculation is considered not significant and has been charged to the current year tax expense.

d. Estimated deferred tax

The balances of deferred tax assets as of March 31, 2018 and 2017 are as follows:

	2018			
	As of March 31, 2017	Credited (charged to) the statement of profit or loss and other comprehensive income for the year	Credited to equity	As of March 31, 2018
Deferred tax assets				
Employee benefits	55,759,703	22,683,068	58,301,693	136,744,464
Provision for impairment loss on trade receivables	778,185,794	(88,871,745)	-	689,314,049
Depreciation expense	(344,565)	3,369,082	-	3,024,517
Other provisions	162,528,815	(138,528,815)	-	24,000,000
Bonus	191,362,122	(57,074,009)	-	134,288,113
Fiscal loss	398,937,178	(398,937,178)	-	-
Total	**1,586,429,047**	**(657,359,597)**	**58,301,693**	**987,371,143**

	2017		
	As of March 31, 2016	Credited (charged to) the statement of profit or loss and other comprehensive income for the year	As of March 31, 2017
Deferred tax assets			
Employee benefits	15,896,227	39,863,476	55,759,703
Provision for impairment loss on trade receivables	1,276,991,728	(498,805,934)	778,185,794
Depreciation expense	(4,792,247)	4,447,682	(344,565)
Other provisions	21,218,186	141,310,629	162,528,815
Bonus	231,430,543	(40,068,421)	191,362,122
Fiscal loss	-	398,937,178	398,937,178
Total	**1,540,744,437**	**45,684,610**	**1,586,429,047**

16. CAPITAL STOCK

The composition of stockholders as of March 31, 2018 and 2017 as follows:

Stockholders	Number of shares	Percentage of ownership (%)	Par value
HCL Bermuda Limited	990,000	99	8,983,260,000
HCL Singapore Pte. Ltd.	10,000	1	90,740,000
Total	**1,000,000**	**100**	**9,074,000,000**

Based on notarial deed No.7 dated August 27, 2014 of Etty Roswitha Moelia, S.H, the Company was approved the increase of share capital issued and fully paid from Rp 4,537,000,000 (equivalent to US$ 500,000) to Rp 9,074,000,000 (equivalent with US$ 1,000,000) consist of 1,000,000 shares with par value of Rp 9,074 per share.

17. PAID-IN CAPITAL FROM EXCHANGE RATE DIFFERENCES

The capital of the Company is stated in the articles of incorporation in both Indonesia Rupiah and US Dollar currency. The differences between the rate of exchange in the article of incorporation and the actual paid-in capital made by the shareholders were recorded in the paid-in capital from exchange rate differences account, as follows:

	Rp
2015	
US$ 500,000 of (Rp 5,863,165,000 - Rp 4,537,000,000)	1,326,165,000
Balance as of March 31, 2018 and 2017	**1,326,165,000**

18. GENERAL RESERVE

The Limited Liability Company Law of the Republic of Indonesia No. 1/1995 introduced in March 1995 requires the establishment of a general reserve from net profits amounting to at least 20% of a company's issued and paid up capital. This regulation has been amended by Indonesian Limited Company Law No. 40 year 2007 which also requires companies to set up a general reserve amounting to at least 20% of the issued and paid-up share capital. There is no set period of time over which this amount should be provided.

As of March 31, 2018 and 2017 the Company has not yet established a general reserve.

19. REVENUE

	2018	2017
Support and maintenance service	40,580,455,442	40,035,812,878

20. COST OF SALES

	2018	2017
Consultancy (Note 22d)	14,353,496,048	17,358,074,474
Salaries and wages	14,270,177,356	11,276,921,478
Material cost	813,072,372	2,790,990,995
Project expenses	659,450,825	868,909,420
Others	200,995,661	226,541,137
Total	**30,297,192,262**	**32,521,437,504**

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Profesional charges	4,026,559,393	3,231,820,619
Material damage cost	608,403,926	278,442,063
Interest expense	403,105,251	484,192,497
Travel and conveyance	318,900,322	508,519,425
Depreciation (Note 8)	301,102,549	228,800,094
Impairment losses	180,045,461	1,380,332,701
Rent office premises	122,248,760	310,302,256
Storage charges	79,784,012	754,787,037
Post-employment benefit (Note 14)	70,544,755	162,774,465
Rates and taxes	35,857,910	484,517,868
Others	131,266,609	442,829,790
Total	**6,277,818,948**	**8,267,318,815**

22. RELATED PARTIES TRANSACTIONS AND BALANCES

In conducting its business, the Company entered into certain business and financial transactions with its related parties.

The nature of related parties is as follows:

Related parties	Nature of related parties	Transactions
HCL Technologies Limited	Ultimate Holding Company	Trade receivables, unbilled receivables, trade payables, consultancy fee
HCL Singapore Pte. Ltd.	Shareholder	Trade receivables, unbilled receivables, trade payables, short term loans, consultancy fee
HCL Australia Services Pty. Ltd.	Affiliate	Trade receivables
HCL Technologies Limited Swiss Branch	Affiliate	Trade receivables
HCL Hong Kong SAR Limited	Affiliate	Trade receivables trade payables
HCL America Inc.	Affiliate	Trade receivables, unbilled receivables, trade payables, consultancy fee
HCL Axon Malaysia Sdn.	Affiliate	Consultancy fee

22. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Related parties	Nature of related parties	Transactions
HCL Technologies (Shanghai) Limited	Affiliate	Trade payables, consultancy fee
HCL Technologies Ltd. – IOMC	Affiliate	Trade payables trade receivable, consultancy fee
HCL Axon Malaysia Sdn. Bhd.	Affiliate	Trade receivables, unbilled receivables, trade payables, consultancy fee
HCL Japan Limited	Affiliate	Trade receivable, trade payables
HCL Axon Solutions Kunshan	Affiliate	Trade payables, consultancy fee
HCL (Brazil) Tecnologia	Affiliate	Trade payables, accrued expense, consultancy fee
HCL Great Britain Ltd	Affiliate	Trade payables, consultancy fee
HCL Axon Technologies Inc. – SD	Affiliate	Trade payables, consultancy fee
HCL Technologies UK Limited	Affiliate	Trade receivables, trade payables, consultancy fee
Axon Solutions (Shanghai) Co. Limited	Affiliate	Trade receivables, trade payables, consultancy fee
HCL Belgium NV	Affiliate	Trade receivables
HCL Technologies Limited - UAE Branch	Affiliate	Unbilled receivables, trade payables, accrued expense, consultancy fee
HCL Technologies France	Affiliate	Trade payable, consultancy fee
HCL Poland Sp.z.o.o.	Affiliate	Trade payable, consultancy fee
HCL Technologies BV	Affiliate	Trade payable, consultancy fee
HCL Technologies Norway AS	Affiliate	Trade payables, consultancy fee
HCL Netherlands B.V.	Affiliate	Trade payables, consultancy fee
HCL Axon (Pty) Limited	Affiliate	Trade payables, consultancy fee
HCL Technologies Italy S.p.A.	Affiliate	Trade payables, consultancy fee
HCL Technologies Finland Oy	Affiliate	Trade payables, consultancy fee,
HCL Technologies Beijing Co., Ltd	Affiliate	Trade payables, consultancy fee
HCL Technologies Middle East FZ-LLC	Affiliate	Unbilled receivables
HCL Technologies Philippines Inc	Affiliate	Trade receivables, Consultancy fee
HCL Axon Solutions (Shanghai) Co. Ltd	Affiliate	Trade receivables, unbilled receivables

22. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Related parties	Nature of related parties	Transactions
HCL Technologies South Africa (Proprietary) Limited	Affiliate	Trade payables
HCL Technologies Ltd. – Lucknow	Affiliate	Trade payables
HCL Technologies Greece Single Member P.C.	Affiliate	Trade payables
HCL Great Britain	Affiliate	Consultancy fee
HCL Axon Malaysia Sdn. Bhd. - Software division	Affiliate	Unbilled receivable

These transactions and balances are as follows:

a. Trade receivables to related parties as of March 31, 2018 and 2017 consist of (Note 4):

	2018	2017
Axon Solutions (Shanghai) Co. Limited	884,814,556	884,814,556
HCL Australia Services Pty. Ltd.	696,001,343	-
HCL America Inc.	120,196,943	54,063,728
HCL Axon Solutions (Shanghai) Co. Ltd	30,949,331	-
HCL Singapore Pte. Limited	1,889,184	1,256,856
HCL Axon Malaysia Sdn. Bhd.	524,805	1,104,860
HCL Technologies UK Limited	-	629,420,543
HCL Technologies Limited – IOMC	-	2,172,458,480
HCL Technologies Limited	-	313,175,386
HCL Hong Kong SAR Limited	-	201,022,809
HCL Japan Limited	-	123,274,646
HCL Belgium NV	-	99,478,721
HCL Technologies Philippines Inc.	-	610,400
Total	**1,734,376,162**	**4,480,680,985**

b. Unbilled receivable to related parties as of March 31, 2018 and 2017 consist of (Note 5):

	2018	2017
HCL AXON Malaysia Sdn Bhd	-	1,731,860,000
HCL Technologies Limited - UAE Branch	-	86,286,594
HCL America Inc.	-	54,063,728
HCL Axon Solutions (Shanghai) Co. Ltd.	-	30,949,331
HCL Technologies Limited	-	2,848,468
HCL Technologies Middle East FZ-LLC	-	1,252,268
HCL Singapore Pte. Limited	-	596,474
HCL Axon Malaysia Sdn Bhd-Software Division	-	257,801
Total	**-**	**1,908,114,664**

c. Trade payables to related parties as of March 31, 2018 and 2017 consist of (Note 9):

	2018	2017
HCL Technologies Ltd. – IOMC	5,309,996,497	9,706,044,875
HCL America Inc.	1,922,826,048	17,664,972
HCL Japan Limited	1,720,699,851	-
HCL Axon Malaysia Sdn. Bhd.	1,333,661,396	3,383,639,247

22. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

c. Trade payables to related parties as of March 31, 2018 and 2017 consist of (Note 9) (continued) :

	2018	2017
HCL Technologies Limited	273,162,226	20,021,156
HCL Hong Kong SAR Limited	103,230,856	-
HCL Technologies South Africa (Proprietary) Limited	75,065,208	-
HCL (Brazil) Tecnologia	67,737,021	40,453,985
HCL Technologies Ltd. – Lucknow	53,701,459	-
HCL Technologies Greece Single Member P.C.	39,096,377	-
HCL Technologies Philippines Inc.	36,866,648	-
HCL Singapore Pte. Limited	30,442,744	-
HCL Technologies UK Limited	49,421	1,712,094,047
HCL Technologies Limited- UAE Branch	-	308,630,774
Axon Solutions (Shanghai) Co. Limited	-	296,875,032
HCL Technologies France	-	283,520,318
HCL Axon Technologies Inc. – SD	-	259,539,204
HCL Poland Sp.z.o.o.	-	114,702,420
HCL Technologies BV	-	90,375,092
HCL Technologies (Shanghai) Limited	-	85,180,290
HCL Technologies Norway AS	-	74,150,252
HCL Netherlands B.V.	-	64,642,219
HCL Great Britain Ltd.	-	44,702,955
HCL Axon (Pty) Limited	-	33,968,819
HCL Technologies Italy S.p.A.	-	29,110,075
HCL Technologies Finland Oy	-	27,185,055
HCL Technologies Beijing Co., Ltd	-	14,664,990
Total	**10,966,535,752**	**16,607,165,777**

d. Consultancy fees to related parties for period ended March 31, 2018 and 2017 consist of (Note 20):

	2018	2017
HCL Technologies Ltd. – IOMC	7,424,356,050	10,094,371,394
HCL America Inc.	1,898,594,630	23,240,844
HCL Technologies Limited	1,596,350,838	1,242,948,254
HCL Japan Limited	1,592,821,686	-
HCL Axon Malaysia Sdn. Bhd.	1,288,674,258	266,079,006
HCL Technologies Ltd- Lucknow	117,720,680	-
HCL Technologies Ltd. – Madurai	97,927,879	-
HCL Technologies Philippines Inc.	82,322,857	53,253,122
HCL Technologies South Africa (Proprietary) Ltd.	73,563,806	-
HCL Technologies Greece Single Member P.C.	53,701,460	-
HCL Technologies BV	53,083,255	115,386,602
HCL Axon (Pty) Limited	32,377,841	37,633,155
HCL Argentina	34,475,254	-
HCL Technologies Sweeden (IOMC)	7,717,464	-
HCL (Brazil) Tecnologia	-	15,120,470
HCL Technologies Limited- UAE Branch	-	330,232,292
HCL Technologies UK Limited	-	2,287,676,518
HCL Axon Malaysia Sdn.	-	821,612,381
HCL Singapore Pte. Ltd.	-	489,363,456
Axon Solutions (Shanghai) Co. Limited	-	378,122,808
HCL Technologies France	-	361,985,173

22. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

d. Consultancy fees to related parties for period ended March 31, 2018 and 2017 consist of (Note 20):

	2018	2017
HCL Axon Technologies Inc. – SD	-	310,108,041
HCL Poland Sp.z.o.o.	-	145,009,899
HCL Technologies (Shanghai) Limited	-	108,491,955
HCL Technologies Norway AS	-	93,731,661
HCL Netherlands B.V.	-	83,134,012
HCL Technologies Italy S.p.A.	-	37,438,223
HCL Technologies Finland Oy	-	30,361,782
HCL Great Britain Ltd.	-	18,108,436
HCL Technologies Beijing Co., Ltd	-	14,664,990
Total	**14,353,687,958**	**17,358,074,474**

Consultancy fee to HCL Technologies Limited is management fee paid by the Company based on Master Service Agreement dated October 28, 2015. On the agreement, HCL Technologies Limited and the Company agreed to perform all services and to undertake obligations. This agreement shall deemed to have taken effect from the effective date of July 1, 2014 and shall continue thereafter until terminate at any time by both parties.

e. Accrued expense to related party as of March 31, 2018 and 2017 consist of (Note 11):

	2018	2017
HCL Technologies Limited- UAE Branch	-	19,609,984
HCL (Brazil) Tecnologia	-	15,120,470
Total	**-**	**34,730,454**

f. Short term loans to related party as of March 31, 2018 and 2017 consist of (Note 12):

	2018	2017
HCL Singapore Pte.Ltd.	11,668,800,000	15,986,400,000

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the followong risks from its use of financial instruments:

Liquidity Risk

The Company monitors its liquidity risk and maintains a level of cash deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cashflows.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

The Company's trade and other payables, accrued expenses and short term loans are due within one year from the statement of financial position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Cash is placed with reputable banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as indicated in the statement of financial position.

The maximum exposure to credit risk as of March 31, 2018 and 2017 are as follows:

	2018	2017
Cash and cash equivalents	13,146,272,094	16,735,241,039
Trade receivables	22,103,280,489	21,609,865,397
Unbilled receivables	252,417,957	5,289,708,062
Other receivables	542,249,865	159,501,419
Security deposits	90,007,376	87,412,224
Total	**36,134,227,781**	**43,881,728,141**

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Exchange Risk

Risk of exchange rate against foreign currencies is a risk of fair value or future cash flows of financial instruments fluctuate due to changes in foreign currency exchange rates. Severity of risk is the risk tolerance value which is quite dominant.

At this risk, the Company does not manage the impact of risk. The Company is optimistic that domestic economic conditions will continue to improve to incline with appreciated Rupiah.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Foreign Exchange Risk (continued)

Major monetary assets and monetary liabilities in foreign currencies, as of March 31, 2018 and 2017 are as follows:

	2018												
	SGD	**MYR**	**USD**	**AUD**	**EUR**	**GBP**	**PHP**	**ARS**	**BRL**	**JPY**	**SEK**	**ZAR**	**Total**
Major monetary assets in foreign currencies													
Other receivables	3,696	-	4,000	30	-	-	-	-	-	-	-	-	-
	3,696	**-**	**4,000**	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,726**
Major monetary liabilities in foreign currencies													
Trade payables	(3,696)	(372,111)	(143,918)	(532)	(3,173)	(1,500)	(148,693)	(44,553)	(3,764)	(13,306,781)	(4,714)	(64,506)	(14,097,941)
Other payables	-	-	(17,199)	-	-	-	-	-	-	-	-	-	(17,199)
Short term loan	-	-	(850,000)	-	-	-	-	-	-	-	-	-	(850,000)
	(3,696)	(372,111)	(1,011,117)	(532)	(3,173)	(1,500)	(148,693)	(44,553)	(3,764)	(13,306,781)	(4,714)	(64,506)	(14,965,140)
Excess of assets (liabilities) denominated in foreign currencies	**-**	**(372,111)**	**(1,007,117)**	**(502)**	**(3,173)**	**(1,500)**	**(148,693)**	**(44,553)**	**(3,764)**	**(13,306,781)**	**(4,714)**	**(64,506)**	**(14,957,414)**

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Foreign Exchange Risk (continued)

	2017									
	AUD	CNY	EUR	GBP	PHP	ZAR	MYR	INR	USD	Total
Major monetary assets in foreign currencies										
Trade receivables	-	-	-	-	-	-	557,652	-	48,965	606,617
Other receivables	-	-	-	-	-	-	-	29,066	-	29,066
	-	**-**	**-**	**-**	**-**	**-**	**557,652**	**29,066**	**48,965**	**635,683**
Major monetary liabilities in foreign currencies										
Trade payables	(63,617)	(256,513)	(43,073)	(132,577)	(198,322)	(42,461)	(967,058)	(1,986)	-	(1,705,607)
Other payables	-	-	-	-	-	-	-	-	(10,508)	(10,508)
Short term loan	-	-	-	-	-	-	-	-	(1,200,000)	(1,200,000)
	(63,617)	**(256,513)**	**(43,073)**	**(132,577)**	**(198,322)**	**(42,461)**	**(967,058)**	**(1,986)**	**(1,210,508)**	**(2,916,115)**
Excess of assets (liabilities) denominated in foreign currencies	**(63,617)**	**(256,513)**	**(43,073)**	**(132,577)**	**(198,322)**	**(42,461)**	**(409,406)**	**27,080**	**(1,161,543)**	**(2,280,432)**

Fair value risk

The fair value of the financial assets and liabilities are included at the amount at which instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The carrying amounts of trade, unbilled and other receivables, cash and cash equivalents, security deposits, trade and other payables, accrued expenses and short term loans approximate their fair values due to their short-term nature.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes alignment to it, in light of changes in economic conditions.

The accumulated deficit amounted to Rp 982,711,085 and Rp 2,825,765,110 as at March 31, 2018 and 2017, respectively, was due to the operating losses incurred by the Company.

HCL Bermuda Limited, the Company’s majority shareholder shall continue to provide financial support to the Company to enable the Company to continue to operate as a going concern entity.

24. SUPPLEMENTARY INFORMATION FOR CASH FLOWS

	2018	2017
Reclassification of fixed assets to inventories	-	1,116,896,980

25. PREPARATION AND COMPLETION OF THE FINANCIAL STATEMENTS

The Company's managements are responsible for the content and preparation of these financial statements that were completed and authorized to be issued by the Board of Director on June 28, 2018.