PT WAKA OBEROI INDONESIA

BOARD

Mr. I Ketut Siandana
Mr. Deepak Madhok
Drs. Ec. Wayan Pasek

AUDITORS

Purwantono, Suherman & Surja
A member firm of Ernst & Young Global Limited
Indonesia Stock Exchange Building
Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190,
Indonesia

REGISTERED OFFICE

Patai Medana, Tanjung 83352
Lombok Utara-Nusa
Tenggara Barat (NTB)
Indonesia

REPORT OF THE DIRECTORS

We present the report and the audited financial statements of PT Waka Oberoi Indonesia (the "Company") for the year ended March 31, 2015.

Principal activity
The principal activity of the Company is hotel ownership and management.

Results
The Company's financial position and results of operations as of and for the year ended March 31, 2015 are set out in the financial statements preceded by the independent auditors' report.

Statement of directors responsibilities in respect of the financial statements
We are responsible for the preparation and the presentation of the financial statements, and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We are also responsible for the Company's internal control systems and safegarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements of the Company, we are required to:

- Select suitable accounting policies and then apply them consistently.
- prepare and present the financial statements in accordance with Indonesian Financial Accounting Standards.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements using the going concern basis unless it is inappropriate to presume that the Company will continue in business.

We confirm that we have complied with the above requirements in a preparing the financial statements and all information contained in the financial statements are complete and correct. The financial statements do not contain or omit misleading information and/or facts.

This statement letter is made truthfully.

Bali, April 30, 2015
On behalf of the Board of Direcotrs

Drs. Ec. Wayan Pasek
Director

Independent Auditor's Report

Report No. RPC-7707/PSS/2015

The Stockholders and the Boards of Commissioners and Directors
PT Waka Oberoi Indonesia

We have audited the accompanying financial statements of PT Waka Oberoi Indonesia (the "Company"), which comprise the statement of financial position as of March 31, 2015, and the statement of comprehensive income, changes in capital deficiency, 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.

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 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Waka Oberoi Indonesia as of March 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 23 to the financial statement which indicates that the Company incurred total comprehensive loss of Rp43,182,040,464 for the year ended March 13, 2015 and, as of the date, the Company's current liabilities exceeded its total assets by Rp321,617,157,593 and net capital deficiency amounted to Rp323,286,565,300. These conditions, along with other matters as set forth in Note 23, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Independent Auditor's Report *(Contd...)*

Other matter

Our audit was conducted for the purpose of forming an opinion on the basic Indonesian rupiah financial statements taken as a whole. The translations of the Indonesian rupiah amounts into United States dollar have been made on the basis set forth in Note 2k to the financial statements and are presented for purposes of additional analysis only and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion thereon.

Purwantono, Suherman & Surja

Benyanto Suherman
Public Accountant Registration No. AP.0685

April 30, 2015

Statement of Financial Position
As of March 31, 2015

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah March, 31 2015	Indonesian Rupiah March, 31 2014	Translations into U.S. Dollars (Note 2k) March, 31 2015	Translations into U.S. Dollars (Note 2k) March, 31 2014
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	21,4,13 22,23	14,235,500,344	9,280,795,552	1,088,008	813,819
Trade receivables - net	21,5,13 22,23	665,671,540	1,270,815,489	50,877	111,436
Inventories	2c,6,13	1,840,706,545	1,690,536,006	140,684	148,241
Prepayments and advances	13	348,377,697	1,208,868,727	26,626	106,004
Other current financial assets	2l,13,22,23	62,162,362	22,241,228	4,751	1,950
TOTAL CURRENT ASSETS		**17,152,418,488**	**13,473,257,002**	**1,310,946**	**1,181,450**
NON-CURRENT ASSETS					
Fixed assets - net	2d,7,13	14,409,646,963	14,290,677,196	1,101,318	1,253,129
Deferred tax assets - net	2j,9e	–	1,652,566,466	_	144,911
Other non-current financial assets	2l,13,22,23	126,615,000	126,615,000	9,677	11,103
TOTAL NON-CURRENT ASSETS		**14,536,261,963**	**16,069,858,662**	**1,110,995**	**1,409,143**
TOTAL ASSETS		**31,688,680,451**	**29,543,115,664**	**2,421,941**	**2,590,593**
LIABILITIES AND CAPITAL DEFICIENCY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2l,22,23	477,526,309	706,878,090	36,497	61,985
Other payables	2l,8,22,23	750,388,537	858,161,750	57,352	75,249
Taxes payable	2j,9a	266,727,446	253,144,265	20,386	22,197
Accrued expenses	2l,10,22,23	2,955,153,868	2,281,321,671	225,860	200,046
Due to a related party	2b,2l,11,22,23	256,835,170	105,550,129	19,630	9,256
Due to hotel operator	2b,2l,11,12,22,23	116,668,852	181,356,136	8,917	15,903
Loan payable	2b,2l,11, 13,22,23	340,399,886,000	296,692,166,000	26,016,500	26,016,500
Reserve for replacement of furniture, fixtures and equipment	2f,14	6,065,153,559	5,306,133,798	463,555	465,287
Other current financial liabilities	2l,22,23	2,017,498,303	1,604,200,680	154,196	140,670
TOTAL CURRENT LIABILITIES		**353,305,838,044**	**307,988,912,519**	**27,002,893**	**27,007,093**
NON-CURRENT LIABILITY					
Unearned rent	2m	25,666,667	47,666,667	1,962	4,180
Employee benefits liability	2g,15	1,643,741,040	1,611,061,314	125,630	141,272
TOTAL NON-CURRENT LIABILITY		**1,669,407,707**	**1,658,727,981**	**127,592**	**145,452**
TOTAL LIABILITY		**354,975,245,751**	**309,647,640,500**	**27,130,485**	**27,152,545**
CAPITAL DEFICIENCY					
Capital stock – Rp180,000 par value Authorized, issued and fully paid - 129,385 shares	16	23,289,300,000	23,289,300,000	11,450,000	11,450,000
Translation adjustment	2k	-	-	(6,042,560)	(5,943,788)
Deficit		(346,575,865,300)	(303,393,824,836)	(30,115,984)	(30,068,164)
NET CAPITAL DEFICIENCY		**(323,286,565,300)**	**(280,104,524,836)**	**(24,708,544)**	**(24,561,952)**
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		**31,688,680,451**	**29,543,115,664**	**2,421,941**	**2,590,593**

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income year ended March 31, 2015

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	2015	2014	2015	2014
DEPARTMENTAL REVENUES	2h				
Rooms	17	26,791,052,222	23,193,728,080	2,248,181	2,137,553
Food and beverages	17	12,864,372,663	11,209,134,030	1,079,399	1,033,413
Other operating departments	17	2,184,179,419	2,100,708,190	183,043	193,014
Others	17	526,853,597	351,910,217	43,755	32,616
Total Departmental Revenues		42,366,457,901	36,855,480,517	3,554,378	3,396,596
COSTS OF GOODS SOLD AND SERVICES	18	14,996,897,471	12,634,461,293	1,251,115	1,163,832
GROSS PROFIT		**27,369,560,430**	**24,221,019,224**	**2,303,263**	**2,232,764**
HOTEL OPERATING EXPENSES	2h				
Property operations, maintenance and energy expenses	19	10,087,339,901	8,496,313,775	841,012	781,723
General and administrative expenses	20	6,502,734,087	5,431,258,424	542,030	499,877
Marketing expenses	21,24	4,065,332,402	3,322,760,343	337,438	307,321
Total Hotel Operating Expenses		20,655,406,390	17,250,332,542	1,720,480	1,588,921
HOTEL GROSS OPERATING PROFIT		**6,714,154,040**	**6,970,686,682**	**582,783**	**643,843**
OWNER'S OPERATING (INCOME) EXPENSES	2h				
Foreign exchange losses – net	2i	42,511,185,538	42,933,972,441	–	–
Depreciation	7	2,703,661,518	2,571,610,529	223,284	233,660
Insurance		869,247,977	566,987,804	79,905	45,562
Management fees	2f,24	839,269,256	871,335,836	72,848	80,480
Salaries and wages		691,745,365	628,557,435	57,092	57,633
Professional fees		577,299,830	762,267,045	47,689	70,687
Finance income		(736,889)	(1,092,348)	(60)	(97)
Other operating expenses		51,955,443	258,911,600	4,934	23,679
Owner's Operating Expenses - Net		48,243,628,038	48,592,550,342	485,692	511,604
INCOME (LOSS) BEFORE INCOME TAX		**(41,529,473,998)**	**(41,621,863,660)**	**97,091**	**132,239**
Income tax benefit (expenses)	2j,9d	(1,652,566,466)	48,377,920	(144,911)	4,242
INCOME (LOSS) FOR THE YEAR		**(43,182,040,464)**	**(41,573,485,740)**	**(47,820)**	**136,481**
Other comprehensive income (loss)		–	–	–	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YAAR		**(43,182,040,464)**	**(41,573,485,740)**	**(47,820)**	**136,481**

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes in Capital Deficiency year ended March 31, 2015

(Expressed in Rupiah, with Translations into United States Dollars)

	Indonesian Rupiah		
	Capital Stock (Note 16)	**Deficit**	**Net Capital Deficiency**
Balance as of April 1, 2013	**23,289,300,000**	**(261,820,339,096)**	**(238,531,039,096)**
Total comprehensive loss for the year	–	(41,573,485,740)	(41,573,485,740)
Balance as of March 31, 2014	**23,289,300,000**	**(303,393,824,836)**	**(280,104,524,836)**
Total comprehensive loss for the year	–	(43,182,040,464)	(43,182,040,464)
Balance as of March 31, 2015	**23,289,300,000**	**(346,575,865,300)**	**(323,286,565,300)**

	Translations Into U.S. Dollars (Note 2k)			
	Capital Stock (Note 16)	**Translation Adjustment (Note 2k)**	**Deficit**	**Net Capital Deficiency**
Balance as of April 1, 2013	**11,450,000**	**(5,788,111)**	**(30,204,645)**	**(24,542,756)**
Total comprehensive income for the year	-	-	136,481	136,481
Translation adjustment	-	(155,677)	-	(155,677)
Balance as of March 31, 2014	**11,450,000**	**(5,943,788)**	**(30,068,164)**	**(24,561,952)**
Total comprehensive loss for the year	-	-	(47,820)	(47,820)
Translation adjustment	-	(98,772)	-	(98,772)
Balance as of March 31, 2015	**11,450,000**	**(6,042,560)**	**(30,115,984)**	**(24,708,544)**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows
year ended March 31, 2015

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2015**	**2014**	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive income (loss) for the year		(43,182,040,464)	(41,573,485,740)	(47,820)	136,481
Adjustments to reconcile total comprehensive income (loss) for the year to net cash provided by operating activities:					
Unrealized loss on foreign exchange		43,720,001,520	43,854,695,115	-	-
Depreciation	7	2,703,661,518	2,571,610,529	223,284	233,660
Provision for replacement of furniture, fixtures and equipment	14	1,271,136,738	1,105,664,416	106,642	101,899
Provision for employee benefits	15	463,800,000	431,583,038	38,103	38,959
Provision for impairment of trade receivables	5	29,134,925	36,855,481	3,555	3,397
Deferred income tax expense (benefit)	9	1,652,566,466	(48,377,920)	144,911	(4,242)
Reversal of allowance for impairment of trade receivables	5	(118,220,156)	–	(9,035)	–
Interest Income		(736,889)	(1,092,348)	(60)	(97)
Translation adjustment		-	-	40,477	75,473
Decrease (increase) in:					
Trade receivables		694,229,180	411,021,938	68,828	62,005
Other receivables		–	325,000	–	33
Inventories		(150,170,539)	(235,599,539)	7,557	1,459
Prepayments and advances		860,491,030	(71,121,839)	79,378	11,060
Other financial assets		(39,921,134)	63,524,208	(1,375)	8,800
Increase (decrease) in:					
Trade payables		(229,351,781)	202,160,704	(25,488)	10,763
Other payables		(120,054,733)	(770,664,998)	(17,897)	(93,068)
Taxes payable		13,583,181	(77,576,048)	(1,811)	(11,831)
Accrued expenses		673,832,197	(74,938,047)	25,814	(42,393)
Due to a related party		151,285,041	(48,758,759)	10,374	(6,621)
Due to hotel operator		(64,687,284)	113,209,584	(6,986)	9,921
Other current financial liabilities		413,297,623	138,465,772	13,526	(10,419)
Unearned rent		(22,000,000)	(22,000,000)	(2,218)	(1,986)
Payments of employee benefits liability	15	(431,120,274)	(230,185,148)	(35,419)	(20,185)
Net Cash Generated from Operations		**8,288,716,165**	**5,775,315,399**	**614,340**	**503,068**
Interest received		736,889	1,092,348	60	97
Net Cash Provided by Operating Activities		**8,289,453,054**	**5,776,407,747**	**614,400**	**503,165**

Statement of Cash Flows *(Contd...)*
year ended March 31, 2015

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2015**	**2014**	**2015**	**2014**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of fixed assets	7	(2,822,631,285)	(1,503,941,237)	(231,837)	(135,856)
Utilization of reserve for replacement of furniture, fixtures and equipment	14	(512,116,977)	(1,091,418,621)	(108,374)	(181,101)
Total Cash Used in Investing Activities		**(3,334,748,262)**	**(2,595,359,858)**	**(340,211)**	**(316,957)**
Net increase in cash on hand and in banks		**4,954,704,792**	**3,181,047,889**	**274,189**	**186,208**
Cash on hand and in banks At beginning of year	4	9,280,795,552	6,099,747,663	813,819	627,611
Cash on hand and in banks At end of year	4	**14,235,500,344**	**9,280,795,552**	**1,088,008**	**813,819**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2015 and for the Year Then Ended

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

1. GENERAL

PT Waka Oberoi Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on notarial deed No. 225 dated November 26, 1992 of Siti Pertiwi Henny Shidki, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. C2-1631.HT.01.01.TH.93 dated March 13, 1993 and was published in Supplement No. 2313 of State Gazette No. 42 dated May 25, 1993.

The Company's Articles of Association had been amended several times, the latest amendment of which was covered by notarial deed No. 2 dated June 14, 2013 of Irwan Azwir Tanjung, S.H., regarding the change in the article related to the interim dividend. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01.10.33063 dated August 15, 2013.

According to Article 3 of the Company's articles of association, the Company's scope of activities mainly consists of establishing, developing, operating and managing resort hotels. The Company is domiciled in North Lombok Regency, West Nusa Tenggara and owns The Oberoi Lombok Hotel (the "Hotel") located in West Nusa Tenggara, which started commercial operations in April 1997. The Hotel is currently being managed and operated by EIH Management Services B.V. under a management agreement which will expire in 2034, with an option to extend for another 20 years (Note 24).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2015 and 2014 was as follows:

<u>Board of Commissioners</u>

President Commissioner	:	Sudarshan Rao
Commissioner	:	Ida Bagus Gede Yudana

<u>Board of Directors</u>

President Director	:	I Ketut Siandana
Director	:	Deepak Madhok
Director	:	I Wayan Pasek

The Company employed a total of 111 and 113 permanent employees as of March 31, 2015 and 2014, respectively (unaudited).

EIH Management Services B.V. and EIH International Limited are the immediate and ultimate parent companies, respectively, of the Company.

The management of the Company is responsible for the preparation of the accompanying financial statements that were authorized for issue on April 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

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

Notes to the Financial Statements *(Contd...)*

The financial statements have been prepared on the accrual basis using the historical cost concept of accounting, except for certain accounts which are stated on the bases described in the related accounting policies for those accounts.

The statement of cash flows presents cash receipts and payments of cash on hand in banks classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the rupiah (Rp), with translation into United States dollar. The rupiah is also the Company's functional currency.

b. **Transactions with Related Parties**

The Company applies PSAK No. 7 "Related Party Disclosures." which requires disclosure of related party relationships, transactions and outstanding balances, including commitments:

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

c. **Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business. Allowance for inventory losses is provided to reduce the carrying value of inventories to their net realizable value if any.

d. **Fixed Assets**

Fixed assets, except land which is stated at cost and not depreciated, are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item should be depreciated separately.

When significant renewals and betterments are performed, their costs are 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 charged directly to current operations.

Depreciation commences once the fixed assets are available for their intended use and is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Structures and improvements	10
Machinery and equipment	8
Furniture, fixtures and equipment	5
Motor vehicles	

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 comprehensive income in the year the asset is derecognized.

Notes to the Financial Statements *(Contd...)*

The residual values, useful lives and method of depreciation of fixed assets are reviewed and adjusted prospectively, if appropriate, at each financial year end.

e. Impairment of Non-financial Assets

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its cash-generating unit's (CGU's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the statement of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statement of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

f. Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed.

g. Employee Benefits Liability

Short-term employee benefits

The Company recognizes short-term employee benefits liability (if any) when services are rendered and the compensation for such services is to be paid within twelve months after rendering such services.

Post-employment benefits

The Company provides post-employment benefits to its employees in conformity with the requirements of Labor Law No. 13/2003 dated March 25, 2003. The provision for post-employment benefits is determined using the projected-unit-credit method.

Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting period exceed 10% of the present value of the defined benefits obligation at that date. These gains or losses in excess of the 10% threshold are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

In accordance with PSAK No. 24 (Revised 2010), the Company recognizes provision for employee service entitlement benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Labor Law"). Under the Labor Law, the Company is required to pay benefits to its employees if the conditions specified in the Labor Law are met.

h. Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

Expenses are recognized when they are incurred.

Hotel room revenue is recognized based on room occupancy while other hotel revenues are recognized when the goods are delivered or the services are rendered to the customers.

i. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in rupiah amounts using the Company's standard booking rates which approximate the prevailing rates of exchange at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing rates of exchange last quoted by Bank Indonesia at such date. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2015 and 2014, the rates of exchange used were Rp13,084 and Rp11,404, respectively, to US$1.

j. Income Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Office based on the tax rates and tax laws that are enacted or substantively enacted.

Notes to the Financial Statements *(Contd...)*

Current tax expense is provided based on the estimated taxable income for the year. The tax effects for the year are allocated to current operations, except for the tax effects from transaction which are directly charged or credited to equity. Management periodically evaluates positions taken by the Company with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liabilities method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax losses carry-forward, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the tax losses carry-forward can be utilized.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

k. **Translations of Indonesian Rupiah Amounts into United States (U.S.) Dollar**

The financial statements are stated in Indonesian rupiah, the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollar were made at the following rates:

Assets and liabilities	-	Middle rate as of statement of financial position date (Rp13,084 to US$1 and Rp11,404 to US$1 as published by Bank Indonesia as of March 31, 2015 and 2014, respectively)
Capital stock	-	Historical rates
Revenue and expense accounts	-	Transaction date exchange rates

The resulting difference arising from the translations of the statement of financial position and statement of comprehensive income accounts is presented as “Translation adjustment” under the capital deficiency section of the statement of financial position.

l. **Financial Instruments**

l.1. Financial assets

Initial recognition

Financial assets within the scope of PSAK No. 55 (2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation of such assets at each financial year end.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

As of March 31, 2015 and 2014, the Company's financial assets included cash on hand and in banks, trade receivables - net, other current financial assets and other non-current financial assets. The Company has determined that all of these financial assets are classified as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

l.2. Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities recognized at amortized cost, include directly attributable transaction cost.

As of March 31, 2015 and 2014, the Company's financial liabilities included trade payables, other payables, accrued expenses, loan payable, due to a related party, due to hotel operator, and other current financial liabilities. The Company has determined that all of these financial liabilities are classified as loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

l.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Notes to the Financial Statements *(Contd...)*

l.4. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

l.5. Amortized cost of financial instruments

Amortized cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

l.6. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statement of comprehensive income.

l.7. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

m. Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. A lease that transfers substantially to the lessee all the risks and rewards incidental to ownership of the leased asset is classified as a finance lease. Consequently, a lease is classified as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership.

The Company as Lessor

The Company recognizes an asset held under a finance lease in its statement of financial position and presents it as a receivable at an amount equal to the net investment in the lease. Lease receivable is treated as repayment of principal and finance income. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

The Company presents an asset subject to operating leases in its statement of financial position according to the nature of the asset. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the periods in which they are earned. Lease income from operating leases is recognized as income on a straight-line method over the lease terms.

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Notes to the Financial Statements *(Contd...)*

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
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Indonesian rupiah. The Indonesian rupiah is the currency of the primary economic environment in which the Company operates and the currency that mainly influences revenue, costs and expenses.

Classification of Financial Assets and Financial Liabilities
The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (2011).

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2l.

Allowance for Impairment of Receivables
The Company evaluate impairment losses of receivables based on percentages applied to an aging of tatal outstanding trade receivables and specific account identification when there is objective evidence that certain customers are unable to meet their financial obligations.

In the case of specific account identification, the Company uses judgement, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third-party credit reports and known market factors, to record specific allowances for customers against amounts due to reduce the receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amount of the allowance for impairment of trade receivables. Allowance amounting to Rp29,134,925 was provided for the year ended March 31, 2015 while a reversal of allowance amounting to Rp118,220,156 in 2015 was also recorded for the year (Note 5).

Operating Lease Contract - the Company as Lessor
The Company has entered into area lease on its land. The Company has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all the significant risks and rewards of ownership of the leased area and, therefore, it accounts for the lease as operating lease.

Rent income included in the statement of comprehensive income amounted to Rp22,000,000 each in 2015 and 2014

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 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.

Estimation of Employee Benefits Liability
The determination of the Company's employee benefits expense and employee benefits liability is

dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increases, 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 experience or significant changes in the assumptions may materially affect the retirement expenses and defined benefit obligations.

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 5 to 20 years. These are common life expectancies applied in the industry where the Company conducts its business. 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. The net carrying amounts of the Company's fixed assets as of March 31, 2015 and 2014 amounted to Rp14,409,646,963 and Rp14,290,677,196, respectively. Further details are disclosed in Note 7.

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

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

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

The fair values of the Company's financial assets and liabilities are disclosed in Note 22 to the financial statements.

Notes to the Financial Statements *(Contd...)*

4. CASH ON HAND AND IN BANKS

Cash on Hand and in Banks consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	**2014**	**2015**	**2014**
Cash on hand				
Rupiah	110,637,293	79,500,004	8,456	6,971
Cash in banks				
Rupiah				
PT Bank Internasional Indonesia	6,213,374,613	5,000,000	474,883	438
PT Bank Negara Indonesia (Persero) Tbk	1,215,239,634	596,244,500	92,880	52,284
Sub-total	**7,428,614,247**	**601,244,500**	**567,763**	**52,722**
U.S. dollar				
PT Bank Negara Indonesia (Persero) Tbk	6,667,471,462	8,574,189,509	509,590	751,858
PT Bank Internasional Indonesia	28,777,342	25,861,539	2,199	2,268
Sub-total	6,696,248,804	8,600,051,048	511,789	754,126
Total	**14,235,500,344**	**9,280,795,552**	**1,088,008**	**813,819**

Under the Settlement Agreement (which was last amended on March, 30, 2015) with EIH Management Services B.V. ("EIH"), in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2016, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

5. TRADE RECEIVABLES

Trade Receivables consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	**2014**	**2015**	**2014**
City ledger	387,143,615	1,163,082,556	29,590	101,989
Guest ledger	319,095,425	237,385,664	24,387	20,816
Total	706,239,040	1,400,468,220	53,977	122,805
Less: allowance for impairment	40,567,500	129,652,731	3,100	11,369
Net	**665,671,540**	**1,270,815,489**	**50,877**	**111,436**

City ledger represents receivable from H2O Sports for the facilities used in the hotel.

Guest ledger represents receivables from guests that are currently checked in at the hotel as of March 31, 2015.

Under the Settlement Agreement (which was last amended on March 30, 2015) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2016, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

Notes to the Financial Statements *(Contd...)*

The ageing analysis of these receivables is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2k)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2015	2014	2015	2014	2015	2014
Current	608,005,356	959,045,207	46,470	84,097	86.09	68.48
Past due						
1-30 days	–	314,619,591	–	27,589	–	22.47
31-60 days	57,666,184	30,499,040	4,407	2,674	8.17	2.18
Over 60 days	40,567,500	96,304,382	3,100	8,445	5.74	6.87
Total	706,239,040	1,400,468,220	53,977	122,805	100.00	100.00
Less allowance for impairment	40,567,500	129,652,731	3,100	11,369	5.74	9.26
Net	**665,671,540**	**1,270,815,489**	**50,877**	**111,436**	**94.26**	**90.74**

Based on the review of the status of the individual receivable accounts at the end of the year, management believes that the above allowance for impairment is adequate to cover possible losses from the non-collection of the accounts.

The movement of the allowance for impairment are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Balance at the beginning of year	129,652,731	92,797,250	11,369	9,548
Additional provision during the year	29,134,925	36,855,481	3,555	3,397
Reversal of allowance	(118,220,156)	-	(9,035)	-
Translation adjustment	-	-	(2,789)	(1,576)
Balance at end of year	**40,567,500**	**129,652,731**	**3,100**	**11,369**

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Materials and supplies	1,368,216,771	1,212,316,961	104,572	106,306
Beverages	253,506,733	296,262,436	19,375	25,979
Food	215,506,731	179,116,859	16,471	15,706
Tobacco	3,476,310	2,839,750	266	250
Total	**1,840,706,545**	**1,690,536,006**	**140,684**	**148,241**

Under the Settlement Agrement (which was last amended on March 30, 2015) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2016, the Company shall allow EIH to repossess all of the Comany's assets (Note 13).

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. FIXED ASSETS

The details of fixed assets are as follows:

	Year Ended March 31, 2015			
	Indonesian Rupiah			
	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**
2014-2015 Movements				
Cost				
Land	5,470,511,683	-	-	5,470,511,683
Buildings	35,232,473,656	579,355,670	-	35,811,829,326
Structures and improvements	6,231,325,428	47,880,000	-	6,279,205,428
Machinery and equipment	7,900,782,245	476,704,660	-	8,377,486,905
Furniture, fixtures and equipment	16,199,404,650	1,125,990,955	50,000,000	17,275,395,605
Motor vehicles	605,919,500	592,700,000	421,576,000	777,043,500
Total Cost	71,640,417,162	2,822,631,285	471,576,000	73,991,472,447
Accumulated Depreciation				
Buildings	28,767,031,081	1,773,755,611	-	30,540,786,692
Structures and improvements	5,825,318,682	85,566,286	-	5,910,884,968
Machinery and equipment	6,916,901,756	388,808,011	-	7,305,709,767
Furniture, fixtures and equipment	15,415,840,055	339,636,243	50,000,000	15,705,476,298
Motor vehicles	424,648,392	115,895,367	421,576,000	118,967,759
Total Accumulated Depreciation	57,349,739,966	2,703,661,518	471,576,000	59,581,825,484
Net Book Value	**14,290,677,196**			**14,409,646,963**

	Year Ended March 31, 2014		
	Indonesian Rupiah		
	Beginning Balance	**Additions**	**Ending Balance**
2013-2014 Movements			
Cost			
Land	5,470,511,683	-	5,470,511,683
Buildings	34,629,450,111	603,023,545	35,232,473,656
Structures and improvements	6,231,325,428	-	6,231,325,428
Machinery and equipment	7,459,672,792	441,109,453	7,900,782,245
Furniture, fixtures and equipment	15,923,939,911	275,464,739	16,199,404,650
Motor vehicles	421,576,000	184,343,500	605,919,500
Total Cost	70,136,475,925	1,503,941,237	71,640,417,162
Accumulated Depreciation			
Buildings	27,023,778,430	1,743,252,651	28,767,031,081
Structures and improvements	5,735,448,821	89,869,861	5,825,318,682
Machinery and equipment	6,536,628,966	380,272,790	6,916,901,756
Furniture, fixtures and equipment	15,060,697,224	355,142,831	15,415,840,055
Motor vehicles	421,575,996	3,072,396	424,648,392
Total Accumulated Depreciation	54,778,129,437	2,571,610,529	57,349,739,966
Net Book Value	**15,358,346,488**		**14,290,677,196**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

	Year Ended March 31, 2015				
	Translations into U.S. Dollar - (Note 2k)				
	Beginning Balance	**Additions**	**Deductions**	**Translation Adjustment**	**Ending Balance**
2014-2015 Movements					
Cost					
Land	479,701	–	–	(61,594)	418,107
Buildings	3,089,484	47,492	–	(399,906)	2,737,070
Structures and improvements	546,416	3,670	–	(70,171)	479,915
Machinery and equipment	692,808	39,651	–	(92,174)	640,285
Furniture, fixtures and equipment	1,420,502	90,122	3,821	(186,458)	1,320,345
Motor vehicles	53,132	50,902	72,305	27,660	59,389
Total Cost	6,282,043	231,837	76,126	(782,643)	5,655,111
Accumulated Depreciation					
Buildings	2,522,539	146,487	-	(334,817)	2,334,209
Structures and improvements	510,813	7,067	-	(66,116)	451,764
Machinery and equipment	606,533	32,110	-	(80,273)	558,370
Furniture, fixtures and equipment	1,351,792	28,049	3,821	(175,663)	1,200,357
Motor vehicles	37,237	9,571	72,305	34,590	9,093
Total Accumulated Depreciation	5,028,914	223,284	76,126	(622,279)	4,553,793
Net Book Value	**1,253,129**				**1,101,318**

	Year Ended March 31, 2014			
	Translations into U.S. Dollar - (Note 2k)			
	Beginning Balance	**Additions**	**Translation Adjustment**	**Ending Balance**
2013-2014 Movements				
Cost				
Land	562,868	-	(83,167)	479,701
Buildings	3,563,068	54,924	(528,508)	3,089,484
Structures and improvements	641,149	-	(94,733)	546,416
Machinery and equipment	767,535	40,321	(115,048)	692,808
Furniture, fixtures and equipment	1,638,434	25,225	(243,157)	1,420,502
Motor vehicles	43,374	15,386	(5,628)	53,132
Total	**7,216,428**	**135,856**	**(1,070,241)**	**6,282,043**
Accumulated Depreciation				
Buildings	2,780,510	158,394	(416,365)	2,522,539
Structures and improvements	590,127	8,166	(87,480)	510,813
Machinery and equipment	672,562	34,552	(100,581)	606,533
Furniture, fixtures and equipment	1,549,614	32,269	(230,091)	1,351,792
Motor vehicles	43,376	279	(6,418)	37,237
Total Accumulated Depreciation	5,636,189	233,660	(840,935)	5,028,914
Net Book Value	**1,580,239**			**1,253,129**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

Depreciation charged to operations amounted to Rp2,703,661,518 and Rp2,571,610,529 for the years ended March 31, 2015 and 2014, respectively.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$40,550,000 in 2015 and 2014. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

Under the Settlement Agreement (which was last amended on march 30, 2015) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2016, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

As of March 31, 2015 and 2014, the Company's management believes that there is no impairment in the value of the Company's fixed assets.

8. OTHER PAYABLES

This account consists of payables to third parties for:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Loss and breakage	401,771,824	410,592,060	30,707	36,002
Marketing and sales promotion expenses	37,003,097	173,979,424	2,828	15,256
Others	311,613,616	273,590,266	23,817	23,991
Total	**750,388,537**	**858,161,750**	**57,352**	**75,249**

9. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Development tax I	183,413,596	185,674,276	14,018	16,282
Income tax				
Article 21	55,457,960	37,870,509	4,239	3,321
Article 23	8,114,433	4,180,965	620	366
Article 26	4,289,200	3,759,600	328	330
Value added tax	15,452,257	21,658,915	1,181	1,898
Total	**266,727,446**	**253,144,265**	**20,386**	**22,197**

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

9. TAXATION *(Contd.)*

b. A reconciliation between loss before income tax, as shown in the statement of comprehensive income, and estimated tax loss follows:

	Year Ended March 31,	
	2015	**2014**
Loss before income tax as per statement of comprehensive income	(41,529,473,998)	(41,621,863,660)
Temporary differences:		
Provision for replacement of furniture, fixtures and equipment – net	759,019,761	14,245,795
Provision for employee benefits	463,800,000	431,583,038
Employee benefit payments	(431,120,274)	(230,185,148)
Provision (reversal of allowance) for impairment of trade receivables - net	(89,085,231)	36,855,481
Depreciation	27,490,213	58,987,488
Permanent differences:		
Interest income already subjected to final tax	(97,948,965)	(41,863,977)
Non-deductible expenses – salaries, wages and employees' welfare	-	119,741,883
Others	222,872,687	61,494,177
Estimated tax loss for the year	(40,674,445,807)	(41,171,004,923)
Tax losses carry-forward at beginning of year	(136,992,739,198)	(95,821,734,275)
Tax losses carry-forward for more than 5 years	71,713,375,419	-
Tax losses carry-forward at end of year	**(105,953,809,586)**	**(136,992,739,198)**

c. The reconciliation between the estimated tax benefit computed by multiplying the loss before income tax by the applicable tax rate and net deferred income tax benefit (expense) is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	**2014**	**2015**	**2014**
Profit (loss) before income tax	(41,529,473,998)	(41,621,863,660)	97,091	132,239
Estimated tax expense (benefit) based on prevailing tax rate	(10,382,368,500)	(10,405,465,915)	24,273	33,060
Net permanent difference at the applicable tax rate	31,230,931	34,843,021	2,566	5,808
Unrecognized deferred tax assets-net	8,698,571,103	10,419,000,814	(171,750)	(34,626)
Deferred income tax benefit (expense)	**(1,652,566,466)**	**48,377,920**	**(144,911)**	**4,242**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

d. Details of deferred income tax benefit (expense) follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Provision for employee benefits - net	(402,765,329)	50,349,473	(46,180)	4,545
Provision for impairment of trade receivables - net	(32,413,183)	9,213,870	(3,708)	849
Provision for replacement of furniture, fixtures and equipment - net	(1,326,533,450)	3,561,449	(155,767)	19,801
Allowance for loss on operating equipment	-	-	-	-
Depreciation	109,145,496	(14,746,872)	19,258	(1,331)
Adjustment to deferred tax assets	-	-	41,486	(19,622)
Net	**(1,652,566,466)**	**48,377,920**	**(144,911)**	**4,242**

e. Deferred tax assets (liabilities) consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Reserve for replacement of furniture, fixtures and equipment	-	1,326,533,450	-	155,767
Employee benefits liability	-	402,765,329	-	46,180
Allowance for doubtful accounts	-	32,413,183	-	3,708
Depreciation	-	(109,145,496)	-	(19,258)
Translation adjustment	-	-	-	(41,486)
Net	**-**	**1,652,566,466**	**-**	**144,911**

The Company decided not to recognize the net deferred tax assets on the tax losses carry-forward and temporary differences as of March 31, 2015 and 2014 amounting to Rp8,698,571,104 and Rp10,419,000,814 respectively, due to the uncertainty in their recoverability in the near future.

10. ACCRUED EXPENSES

The details of accrued expenses due to third parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Professional fees	1,157,642,657	1,232,710,779	88,477	108,094
Utilities	376,729,989	296,555,592	28,793	26,005
Repair and maintenance	70,321,001	126,980,936	5,375	11,135
Others	1,350,460,221	625,074,364	103,215	54,812
Total	**2,955,153,868**	**2,281,321,671**	**225,860**	**200,046**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
PT Widja Putra Karya				
Due to a related party	256,835,170	105,550,129	19,630	9,256
EIH Management Services B.V.				
Loan payable (Note 13)	340,399,886,000	296,692,166,000	26,016,500	26,016,500
Due to hotel operator (Note 12)	116,668,852	181,356,136	8,917	15,903
Total	**340,516,554,852**	**296,873,522,136**	**26,025,417**	**26,032,403**

Salaries and wages of the Company's key management personnel amounted to Rp645,812,765(US$53,297) in 2015 and Rp582,571,245 (US$53,415) in 2014.

In the normal course of its business, the Hotel has entered into transactions with related parties as follows:

Related parties	Nature of relationships	Balances and transactions
PT Widja Putra Karya	Entity under common control	Intercompany advances and share in proceeds from sale of vacation packages
EIH Management Services B.V.	Parent Company	Management fee and loan payable to finance hotel operations

12. DUE TO HOTEL OPERATOR

The movements of this account during the year are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Balance at beginning of year	181,356,136	58,141,888	15,903	5,982
Operating fees during the year - 12.5% of hotel gross operating profit (Note 24)	839,269,256	871,335,836	72,848	80,480
Payment during the year	(913,349,545)	(738,116,924)	(79,834)	(70,559)
Unrealized gain (loss) on foreign exchange - net	9,393,005	(10,004,664)	-	-
Balance at end of year (Note 11)	**116,668,852**	**181,356,136**	**8,917**	**15,903**

13. LOAN PAYABLE

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
EIH Management Services B.V. ('EIH') (Note 11)	340,399,886,000	296,692,166,000	26,016,500	26,016,500

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

A Settlement Agreement has been entered into between the Company and EIH has been amended several times, the latest of which was made on March 30, 2015. Based on the Settlement Agreement, a grace period will be effective from the signing date up to March 31, 2016, during which time no interest will be charged and no principal installment will be paid. In the event that the loan is not settled on March 31, 2016, the following shall prevail:

a. The loan will bear interest at the annual rate of 11.5% starting April 1, 2016.
b. The Company will be obliged to establish an escrow account which will be fully controlled by EIH.
c. The Company shall allow EIH to repossess all of the Company's assets including the Hotel.

No interest expense was recognized as well as no principal payment was made during the year in accordance with the settlement agreement.

14. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movement of this account during the year are as follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Balance at beginning of year	5,306,133,798	5,291,888,003	465,287	544,489
Provision during the year (Note 20)	1,271,136,738	1,105,664,416	106,642	101,899
Utilization of reserve	(512,116,977)	(1,091,418,621)	(43,049)	(94,521)
Translation adjustment	-	-	(65,325)	(86,580)
Balance at end of year	**6,065,153,559**	**5,306,133,798**	**463,555**	**465,287**

15 . EMPLOYEE BENEFITS LIABILITY

The Company provides benefits for its employees who achieve the retirement age of 55 based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are unfunded.

The following tables summarize the components of employee benefit expense recognized in the statement of comprehensive income and amounts recognized in the statement of financial position as employee benefits liability as of March 31, 2015 and 2014 as determined by PT Gemma Mulia Inditama, an independent actuary, in their reports dated April 5, 2015 and April 5, 2014, respectively.

a. Net employee benefit expense

	Indonesian Rupiah		Translations into U.S. Dollars (Note 25)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Current service cost	328,533,640	280,486,508	26,991	25,320
Interest cost	205,823,403	135,671,619	16,909	12,247
Amortization of unvested past service cost	8,191,111	8,191,111	673	739
Recognized actuarial losses (gains)	(78,748,154)	7,233,800	(6,470)	653
Employee benefit expense - net	**463,800,000**	**431,583,038**	**38,103**	**38,959**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

15. EMPLOYEE BENEFITS LIABILITY *(Contd...)*

b. Employee benefits liability

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	2014	2015	2014
Present value of defined benefits obligation	3,408,893,663	2,796,906,524	260,539	245,257
Unrecognized past service cost - unvested	(66,468,321)	(74,659,432)	(5,080)	(6,547)
Unrecognized actuarial gain	(1,698,684,302)	(1,111,185,778)	(129,829)	(97,438)
Employee benefits liability	**1,643,741,040**	**1,611,061,314**	**125,630**	**141,272**

c. Movements in the employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31	
	2015	2014	2015	2014
Beginning balance	1,611,061,314	1,409,663,424	141,272	145,042
Employee benefit expense	463,800,000	431,583,038	38,103	38,959
Benefit payments	(431,120,274)	(230,185,148)	(35,419)	(20,185)
Translation adjustment	-	-	(18,326)	(22,544)
Ending balance	**1,643,741,040**	**1,611,061,314**	**125,630**	**141,272**

d. Changes in the present value of defined benefits obligation are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31	
	2015	2014	2015	2014
Present value of defined benefits obligation at beginning of year	2,796,906,524	2,317,440,833	245,257	238,444
Interest cost	205,823,403	135,671,619	16,909	12,247
Current service cost	328,533,640	280,486,508	26,991	25,320
Benefit payments	(431,120,274)	(230,185,148)	(35,419)	(20,185)
Actuarial losses on obligation	508,750,370	293,492,712	38,883	25,736
Translation adjustment	-	-	(32,082)	(36,305)
Present value of defined benefits obligation at end of year	**3,408,893,663**	**2,796,906,524**	**260,539**	**245,257**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

The principal assumptions used in determining the employee benefits liability as of March 31, 2015 and 2014 are as follows:

Discount rate	: 7.77% in 2015 and 8.70% in 2014
Annual salary increase	: 8% per annum in 2015 and 2014
Mortality	: TMI III
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI III

As of March 31, 2015, if the discount rate is increased/decreased by 1% with all other variables held constant, the employee benefits liability would have been lower/higher by Rp35,027,898 (US$3,072)/ Rp41,911,717 (US$3,675).

16. CAPITAL STOCK

The share ownership details as of March 31, 2015 and 2014 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar (Note 2k)
EIH Management Services B.V.	73,789	57.03	13,282,020,000	6,530,000
EIH International Ltd.	33,900	26.20	6,102,000,000	3,000,000
PT Waka Gae Selaras	21,696	16.77	3,905,280,000	1,920,000
Total	**129,385**	**100.00**	**23,289,300,000**	**11,450,000**

17. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Room department				
Pavillion	14,247,637,140	11,977,894,670	1,195,596	1,103,893
Villa	12,543,415,082	11,215,833,410	1,052,585	1,033,660
Sub-total	26,791,052,222	23,193,728,080	2,248,181	2,137,553
Food and beverages department				
Food	9,318,797,358	8,139,247,756	788,422	750,388
Beverages	3,545,575,305	3,069,886,274	290,977	283,025
Sub-total	12,864,372,663	11,209,134,030	1,079,399	1,033,413
Other operating departments				
Health spa	1,274,197,706	1,242,289,512	106,888	114,319
Boutique	768,836,663	739,715,489	64,411	67,727
Telephone and facsimile	24,041,435	6,571,069	1,915	595
Laundry	117,103,615	112,132,120	9,829	10,373
Sub-total	2,184,179,419	2,100,708,190	183,043	193,014
Other	526,853,597	351,910,217	43,755	32,616
Total	**42,366,457,901**	**36,855,480,517**	**3,554,378**	**3,396,596**

In 2015 and 2014, the average Hotel room occupancy rates were 37.2% and 36.8%, respectively (unaudited).

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

18. COST OF GOODS SOLD AND SERVICES

The details of cost of goods sold and services are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Food and beverage	3,642,040,089	3,136,544,309	305,565	287,881
Payroll and Related Expenses:				
Salaries and wages	3,399,772,104	2,622,838,205	281,828	241,056
Employee benefits	1,678,142,619	1,338,990,794	139,349	123,900
Other Expenses:				
Cleaning and guest supplies	645,080,294	615,029,494	54,017	56,965
Boutique	616,120,308	739,715,489	51,663	67,727
Travel agents	582,651,358	573,336,810	48,535	51,254
Welcome drinks, fruit baskets and amenities	534,914,725	213,611,350	44,722	19,734
Kitchen fuel	495,916,012	426,694,603	41,511	39,406
Linens and uniforms	346,685,188	433,188,896	29,270	40,666
Security	268,405,006	-	21,605	-
Transport and travel	255,227,157	238,925,198	21,326	22,000
Cultural music and shows	220,748,800	193,272,397	18,450	17,643
Cable television and music	154,397,126	143,865,631	12,807	13,146
Telephone and communication	89,036,890	67,580,320	7,494	6,248
Health club	69,148,023	60,119,659	5,765	5,531
Decoration	66,889,143	54,348,993	5,616	5,116
Loss and damages	64,011,696	93,173,262	5,302	8,501
Laundry	40,460,426	112,132,120	3,392	10,374
Others	1,827,250,507	1,571,093,763	152,898	146,684
Total	**14,996,897,471**	**12,634,461,293**	**1,251,115**	**1,163,832**

19. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

The details of property operations, maintenance and energy expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Fuel	2,746,807,822	2,254,222,429	229,582	208,482
Electricity	2,697,717,931	2,218,358,287	224,927	203,236
Repairs and maintenance	2,344,519,368	2,129,675,067	195,221	196,271
Supplies	853,034,732	763,682,383	71,416	70,410
Salaries and wages	725,375,069	530,700,808	59,865	48,565
Water	520,428,680	400,825,000	43,419	36,481
Others	199,456,299	198,849,801	16,582	18,278
Total	**10,087,339,901**	**8,496,313,775**	**841,012**	**781,723**

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of hotel operating expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Salaries and wages	1,811,842,764	1,972,553,056	150,191	180,907
Provision for replacement of furniture fixtures and equipment (Note 14)	1,271,136,738	1,105,664,416	106,642	101,899
Commission on credit cards	686,840,360	582,432,231	57,563	53,691
Employee benefits	657,024,095	624,830,416	54,538	57,643
Transportation and travel	209,245,191	202,899,602	17,537	18,822
Licenses and taxes	196,344,372	185,558,441	16,482	17,122
Printing and stationery	138,264,044	132,198,789	11,565	12,133
Telephone and communication	136,675,023	104,138,923	11,413	9,577
Bank charges	122,954,482	94,861,599	10,146	8,668
Insurance	121,452,785	98,792,879	10,089	9,045
Others	1,150,954,233	327,328,072	95,864	30,370
Total	**6,502,734,087**	**5,431,258,424**	**542,030**	**499,877**

21. MARKETING EXPENSES

The details of marketing expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2015	2014	2015	2014
Advertising and promotion	2,111,572,836	1,551,103,891	174,514	144,141
Sales promotion expenses (Note 24)	1,271,136,738	1,105,664,416	106,642	101,899
Transportation and travel	448,089,224	522,919,967	37,063	47,753
Salaries and wages	166,352,280	120,954,533	13,749	11,100
Others	68,181,324	22,117,536	5,470	2,428
Total	**4,065,332,402**	**3,322,760,343**	**337,438**	**307,321**

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company has various financial assets such as cash on hand and in banks, trade receivables and other current financial assets and non-current financial assets which arise directly from the Company's operations.

The Company's principal financial liabilities consist of trade payables, other payables, accrued expenses, due to related party, due to hotel operator, and loan payable. The main purpose of these financial liabilities is to finance the Company's operations.

The following table sets forth the carrying values, which are equal to the fair values, of the Company's financial instruments that are carried in the statement of financial position:

Notes to the Financial Statements *(Contd...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2015	**2014**	**2015**	**2014**
Current Financial Assets				
Cash on hand and in banks	14,235,500,344	9,280,795,552	1,088,008	813,819
Trade receivables - net	665,671,540	1,270,815,489	50,877	111,436
Other current financial assets	62,162,362	22,241,228	4,751	1,950
Total current financial assets	**14,963,334,246**	**10,573,852,269**	**1,143,636**	**927,205**
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	9,677	11,103
Total Financial Assets	**15,089,949,246**	**10,700,467,269**	**1,153,313**	**938,308**
Financial Liabilities				
Trade payables	477,526,309	706,878,090	36,497	61,985
Other payables	750,388,537	858,161,750	57,352	75,249
Accrued expenses	2,955,153,868	2,281,321,671	225,860	200,046
Due to a related party	256,835,170	105,550,129	19,630	9,256
Due to hotel operator	116,668,852	181,356,136	8,917	15,903
Loan payable	340,399,886,000	296,692,166,000	26,016,500	26,016,500
Other current financial liabilities	2,017,498,303	1,604,200,680	154,196	140,670
Total Financial Liabilities	**346,973,957,039**	**302,429,634,456**	**26,518,952**	**26,519,609**

The fair values of the financial assets and liabilities are stated at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current financial assets and liabilities:

- Current financial instruments with remaining maturities of one year or less (cash on hand and in banks, trade receivables, other current financial assets, trade payables, other payables, accrued expenses, due to a related party, due to hotel operator, loan payable and other current financial liabilities).

  The carrying values of the Company's current financial assets and liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

Non-current financial asset:

- Long-term financial assets (other non-current financial assets)

  The fair values of other non-current financial assets are assumed to be the same as the cash amount that will be received due to the fact that the maturity of such financial assets is not stated in related contract and the management is not yet able to determine when the financial assets will be realized.

Notes to the Financial Statements *(Contd...)*

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

The main risks arising from the Company's financial instruments are foreign exchange rate risk, credit risk and liquidity risk. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below.

a. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from its U.S. dollar-denominated cash in banks, trade receivables, other payables and loan payable.

The Company's policies are to minimize the risk arising from the foreign exchange rate by monitoring its fluctuations and maintaining an adequate level of cash in banks and long-term bank loan in U.S. dollar. To the extent the Indonesian rupiah depreciates further from the exchange rates in effect at March 31, 2015, the Company's loan payable increases in Indonesian rupiah terms. However, the increase in this obligation will be offset in part by the increase in the value of its U.S. dollar-denominated cash in banks.

	As of March 31, 2015		
	Amount in Foreign Currency		Rupiah Equivalent
Assets			
Cash on hand and in banks	US$	511,790	6,696,248,804
Trade receivables	US$	53,977	706,239,040
Total			7,402,487,844
Liabilities			
Other payables	US$	2,828	37,003,097
Loan payable	US$	26,016,500	340,399,886,000
Total			340,436,889,097
Net Liabilities			**333,034,401,253**

b. Credit Risk

Credit risk arises when one party to a financial asset or liability fails to discharge an obligation and causes the Company to incur a financial loss. The Company manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits. The maximum exposure of the financial instruments to credit risk is equal to the carrying values as disclosed in Note 22.

With respect to credit risk arising from financial assets, primarily cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to carrying amount of these financial assets.

The table below shows the maximum exposure to credit risk for the Company's financial assets without taking into account any collateral and other credit enhancements:

	March 31,	
	2015	**2014**
Cash*	14,124,863,051	9,201,295,548
Trade receivables - net	665,671,540	1,270,815,489
Other financial assets	188,777,362	148,856,228
Total credit risk exposure	14,979,311,953	10,620,967,265

**Excluding cash on hand.*

Notes to the Financial Statements *(Contd...)*

c. Liquidity Risk

Liquidity risk is defined as the risk when the cash flow position of the Company indicates that the short-term revenues are not enough to cover its short-term expenditures. The Company's liquidity risk mainly arises from the repayment of its loan payable to EIH which is due within a year where the Company's current liabilities exceeds its total assets by Rp321,617,157,593 and net capital deficiency amounted to Rp323,286,565,300.

Discussions to exercise the option to convert the loan payable to equity have been started but have not yet been finalized as of the date of these financial statements. Furthermore a letter of support, dated April 30, 2015 from EIH International Ltd. was received confirming their commitment not to withdraw their capital contribution and their willingness to provide necessary financial support to the Company to enable it to pay all its obligations when they fall due and for the Company to be able to carry on its business through the financial year ending 2016 without curtailment.

Currently, the Company has been making efforts to overcome the liquidity problem by improving the results of its operations by engaging in aggressive marketing activities in the international market to boost room occupancy rates.

24. SIGNIFICANT AGREEMENT

The Company entered into an Agreement with EIH Management Services B.V. (the Hotel Operator) to manage and operate the Hotel effective December 31, 1998. On July 24, 2000, the Company signed a Renewal Agreement whereby the original term was extended until April 24, 2034. The Hotel Operator has automatic and irrevocable options to extend the agreement for another twenty (20) years. Under the agreement, the Hotel Operator is entitled to a fee of 12.5% of the total gross operating profit. Also, under the agreement, the Hotel Operator is entitled to pay out of the gross operating revenue and as part of gross operating expenses, an amount equal to 3% of the Hotel gross operating revenue for sales promotion expenses (Note 21). Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

25. RECENT DEVELOPMENT AFFECTING ACCOUNTING STANDARDS

The following are revised accounting standards issued by the Indonesian Financial Accounting Standards Board that are relevant to the financial statements but are effective only for financial statements covering the periods beginning on or after either April 1, 2015:

Effective beginning on or after April 1, 2015:

- PSAK No. 1 (2013): "Presentation of Financial Statements", adopted from International Accounting Standards (IAS) 1.

  This PSAK changed the grouping of items presented in Other Comprehensive Income. Items that can be reclassified to profit or loss are presented separately from items that will never be reclassified.

- PSAK No. 24 (2013), "Employee Benefit", adopted from IAS 19.

  This PSAK removed the corridor mechanism and contingent liability disclosures and requires only simple clarifications and disclosures.

- PSAK No. 46 (2014), "Income Taxes", adopted from IAS 12

  This PSAK provides additional guidance for deferred tax asset or deferred tax liability arising from a non-depreciable asset measured using the revaluation model and from investment property that is measured using the fair value model.

- PSAK No. 48 (2014), "Impairment of Assets", adopted from IAS 36.

  This PSAK requires additional disclosure for each individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognized or reversed during the period.

Notes to the Financial Statements *(Contd...)*

- PSAK No. 50 (2014), "Financial Instruments: Presentation", adopted from IAS 32

  This PSAK provides guidance on the criteria of legally enforceable right to set off recognized amounts and to settle on a net basis.

- PSAK No. 55 (2014): "Financial Instruments: Recognition and Measurement", adopted from IAS 39

  This PSAK provides additional guidance on the criteria of non-expiration or termination of hedging instrument, and accounting for financial instruments at the measurement date and after initial recognition.

- PSAK No. 68: "Fair Value Measurement", adopted from IFRS 13.

  This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on the financial statements.