

PT Widja Putra Karya

Financial statements as of March 31, 2018 and
for the year then ended with independent auditors' report

**PT WIDJA PUTRA KARYA
FINANCIAL STATEMENTS
AS OF MARCH 31, 2018
AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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PT. WIDJA PUTRA KARYA

The Oberoi, Bali

PT WIDJA PUTRA KARYA

REPORT OF THE DIRECTORS

We present the report and the audited financial statements of PT Widja Putra Karya (the "Company") for the year ended March 31, 2018.

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, 2018 are set out in the financial statements on pages 1 to 7 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 safeguarding 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 judgments and estimates that are reasonable and prudent;

We confirm that we have complied with the above requirements in 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 , 2018

On behalf of the Board of Directors



Drs. I Wayan Pasek
President Director



Purwantono, Sungkoro & Surja

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Independent Auditors' Report

Report No. RPC-6928/PSS/2018

The Stockholders and Boards of Commissioners and Directors PT Widja Putra Karya

We have audited the accompanying financial statements of PT Widja Putra Karya, 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.

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.



Independent Auditors' Report (continued)

Report No. RPC-6928/PSS/2018 (continued)

Opinion

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

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 21 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.

Purwanto, Sungkoro & Surja

Tjoa Tjek Niën, CPA
Public Accountant Registration No. AP.1175

May 4, 2018

PT WIDJA PUTRA KARYA
STATEMENT OF FINANCIAL POSITION
As of March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into US Dollar - Unaudited (Note 2I)	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2m, 4,18	12,115,321,687	16,801,431,423	880,730	1,261,274
Trade receivables- third parties	2m, 5,18	4,773,961,677	2,966,480,795	347,046	222,692
Other receivables - third parties	2m,18	63,045,957	14,103,011	4,583	1,059
Inventories	2c,7	3,189,487,112	3,449,661,100	231,862	258,964
Prepayments and advances	2d,8	3,043,675,520	3,197,666,778	221,262	240,047
Due from related parties	2b, 2m, 6,18	977,894,638	162,274,038	71,089	12,182
Other current financial assets	2m,18	65,701,619	88,135,455	4,776	6,616
TOTAL CURRENT ASSETS		24,229,088,210	26,679,752,600	1,761,348	2,002,834
NON-CURRENT ASSETS					
Due from related parties	2b, 2m, 6,18	8,702,169,404	8,426,984,488	632,609	632,609
Fixed assets - net	2e, 2f, 9	26,354,889,745	23,003,830,556	1,915,883	1,726,885
Tax amnesty assets	2k,12d	2,465,516,667	-	179,232	-
Deferred tax assets - net	2k,12f	2,907,891,101	2,050,240,405	211,391	153,910
Other non-current assets	2m,10,18	5,972,879,786	6,020,075,060	434,202	451,924
Estimated claims for tax refund	2k, 2m,12c	1,485,583,996	1,485,583,996	107,995	111,522
TOTAL NON-CURRENT ASSETS		47,888,930,699	40,986,714,505	3,481,312	3,076,850
TOTAL ASSETS		72,118,018,909	67,666,467,105	5,242,660	5,079,684

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF FINANCIAL POSITION (continued)
As of March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
- Third parties	2m,11,18	2,017,314,667	1,801,569,443	146,650	135,243
Other payables	2m,18				
Third parties		150,283,494	129,922,519	10,925	9,753
Related parties	2b,6	505,069,762	468,523,908	36,716	35,172
Taxes payable	2k,12a	2,018,217,187	1,481,446,897	146,715	111,211
Accrued expenses	2m,13,18	5,291,000,926	4,801,871,993	384,632	360,474
	2b,2m,6,				
Due to hotel operator	14,18	351,588,742	117,128,012	25,559	8,793
Reserve for replacement of furniture, fixtures and equipment	2g,15	4,948,707,978	2,488,185,799	359,749	186,787
Other current liabilities	2m,16,8	8,298,206,811	8,085,827,344	603,238	606,998
TOTAL CURRENT LIABILITIES		23,580,389,567	19,374,475,915	1,714,184	1,454,431
NON-CURRENT LIABILITY					
Long-term employee benefits liability	2h,17	9,252,482,154	8,178,931,727	672,614	613,988
TOTAL LIABILITIES		32,832,871,721	27,553,407,642	2,386,798	2,068,419
EQUITY					
Capital stock - Rp100,000 par value per share Authorized, issued and fully paid - 11,070 shares	19	1,107,000,000	1,107,000,000	659,603	659,603
Additional paid in capital	2k,12d	3,019,000,000	-	226,635	-
Other comprehensive loss					
Re-measurement loss on long-term employee benefits liability		(1,595,383,739)	(1,390,405,449)	(119,584)	(104,683)
Translation adjustment	2I	-	-	(3,072,922)	(2,987,405)
Retained earnings		36,754,530,927	40,396,464,912	5,162,130	5,443,748
TOTAL EQUITY		39,285,147,188	40,113,059,463	2,855,862	3,011,263
TOTAL LIABILITIES AND EQUITY		72,118,018,909	67,666,467,105	5,242,660	5,079,682

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2018	2017	2018	2017
DEPARTMENTAL REVENUES	2i, 20				
Rooms		63,275,039,414	65,576,430,880	4,717,511	4,950,706
Food and beverages		20,204,695,588	21,436,580,134	1,506,145	1,618,020
Other operating department		5,844,859,595	5,803,444,651	435,517	437,862
Total Departmental Revenues		89,324,594,597	92,816,455,665	6,659,173	7,006,588
COST OF GOODS SOLD AND SERVICES	21	37,628,466,636	36,694,930,058	2,802,696	2,767,277
GROSS PROFIT		51,696,127,961	56,121,525,607	3,856,477	4,239,311
HOTEL OPERATING EXPENSES	2i				
Property operations, maintenance and energy expenses	22	12,984,170,403	12,146,051,384	966,696	915,334
General and administrative expenses	23	13,394,792,487	13,485,642,007	997,810	1,016,948
Marketing and sales promotion expenses	24	7,803,419,137	8,399,180,717	582,652	635,040
Total Hotel Operating Expenses		34,182,382,027	34,030,874,108	2,547,158	2,567,322
HOTEL GROSS OPERATING PROFIT		17,513,745,934	22,090,651,499	1,309,319	1,671,989
OWNER'S OPERATING (INCOME) EXPENSES	2i				
Depreciation and amortization		4,013,105,029	3,708,959,378	297,072	278,955
Management fee	6, 25	2,189,218,242	2,761,331,438	163,665	208,999
Salaries and wages		1,953,818,303	1,721,625,802	145,334	129,740
Insurance		1,791,568,077	1,818,545,145	134,230	134,228
Professional fees		1,451,723,116	1,035,985,850	107,337	78,026
Rental		1,252,309,444	1,253,035,333	87,169	94,298
Foreign exchange gain (losses) - net		(433,231,100)	633,610,757	-	-
Tax expense		295,077,456	1,645,454,640	22,002	124,072
Finance income (expense) - net		(9,148,468)	(4,832,818)	(679)	(364)
Other operating expenses - net		724,454,920	462,965,516	58,536	35,266
Total Owner's Operating Expenses-Net		13,228,895,019	15,036,681,041	1,014,666	1,083,220
INCOME BEFORE INCOME TAX		4,284,850,915	7,053,970,458	294,653	588,769
Income tax expense - net	2k, 12d	(2,424,784,901)	(4,441,947,175)	(176,271)	(333,454)
NET INCOME FOR THE YEAR		1,860,066,014	2,612,023,283	118,382	255,315

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the Year Ended March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into US Dollar - Unaudited (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2018	2017	2018	2017
OTHER COMPREHENSIVE INCOME (LOSS)					
Item not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gain (loss) on long-term employee benefits liability		(273,344,387)	(251,814,828)	(19,871)	(18,904)
Related deferred income tax		68,366,097	62,953,707	4,970	4,726
Item to be reclassified to profit or loss in subsequent periods:					
Difference in foreign currency translation		-	-	(85,517)	(70,104)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,655,087,724	2,423,162,162	17,964	171,033

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF CHANGES IN EQUITY
For the Year Ended March 31, 2018

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

	Note	Indonesian Rupiah			Retained Earnings	Total Equity
		Capital Stock	Additional Paid in Capital (Note 2)	Other Comprehensive loss		
Balance as of March 31, 2016		1,107,000,000	-	(1,201,544,328)	40,456,641,630	40,362,097,302
Net income for the year		-	-		2,612,023,283	2,612,023,283
Re-measurement loss on long-term employee benefits liability		-	-	(188,861,121)	-	(188,861,121)
Cash dividends		-	-	-	(2,672,200,000)	(2,672,200,000)
Balance as of March 31, 2017		1,107,000,000	-	(1,390,405,449)	40,396,464,913	40,113,059,464
Net income for the year		-	-	-	1,860,066,014	1,860,066,014
Additional paid-in capital – Tax amnesty (Note 12)		-	3,019,000,000	-	-	3,019,000,000
Re-measurement loss on long-term employee benefits liability		-	-	(204,978,290)	-	(204,978,290)
Cash dividends		-	-	-	(5,502,000,000)	(5,502,000,000)
Balance as of March 31, 2018		1,107,000,000	3,019,000,000	(1,595,383,739)	36,754,530,927	39,285,147,188

Translations into US Dollar - Unaudited (Note 2k)

	Note	Capital Stock	Additional Paid-in Capital (Note 2)	Retained Earnings	Other Comprehensive Loss	Translation Adjustment	Total Equity
Balance as of March 31, 2016		659,603	-	5,388,433	(90,505)	(2,917,299)	3,040,232
Net income for the year		-	-	255,315	-	-	255,315
Re-measurement loss on long-term employee benefits liability		-	-	-	(14,178)	-	(14,178)
Cash dividends		-	-	(200,000)	-	-	(200,000)
Translation adjustment		-	-	-	-	(70,104)	(70,104)
Balance as of March 31, 2017		659,603	-	5,443,748	(104,683)	(2,987,403)	3,011,265
Net income for the year		-	-	118,382	-	-	118,382
Re-measurement loss on long-term employee benefits liability		-	-	-	(14,901)	-	(14,901)
Additional paid-in capital- Tax amnesty (Note 12)		-	226,635	-	-	-	226,635
Cash dividends		-	-	(400,000)	-	-	(400,000)
Translation adjustment		-	-	-	-	(85,519)	(85,519)
Balance as of March 31, 2018		659,603	226,635	5,162,130	(119,584)	(3,072,922)	2,855,862

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into US Dollar - Unaudited (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2018	2017	2018	2017
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Income before income tax		4,284,850,915	7,053,970,458	294,653	588,769
Adjustments to reconcile income before income tax for the year to net cash flows provided by operating activities:					
operating activities:					
Depreciation and amortization	9, 10, 12	4,013,105,029	3,708,959,378	297,072	278,955
Provision for replacement of furniture, fixtures and equipment	23	2,679,737,837	2,784,493,671	199,775	210,199
Land rent expense	8	1,243,909,444	9,666,666	90,426	726
Provision for employee benefits - net	17	800,206,040	609,223,198	58,170	45,950
Unrealized loss on forex - net		433,231,100	(633,610,757)	-	-
Changes in operating assets and liabilities:					
Trade receivables		(1,805,368,546)	206,321,823	(136,668)	16,296
Other receivables - third parties		(48,942,946)	(3,939,304)	(3,558)	(293)
Due from related parties		(764,922,349)	314,250,274	(59,606)	25,859
Inventories		260,173,988	(206,218,569)	18,913	(18,655)
Other current financial asset		22,433,836	94,983,788	1,631	7,173
Prepayments and advances		(1,080,251,520)	(454,612,655)	(78,529)	(41,429)
Estimated claims for tax refund	12c	-	833,816,346	-	63,184
Trade payables		215,745,224	(201,232,409)	15,684	(18,387)
Other payables		56,906,826	(981,517,538)	4,137	(89,083)
Taxes payable		(2,677,299,209)	(6,188,774,033)	(194,628)	(481,487)
Accrued expenses		497,719,531	1,167,787,743	36,182	79,908
Due to hotel operator		236,735,014	(716,352,544)	17,044	(66,988)
Other current liabilities		216,496,467	4,433,102,154	15,438	331,859
Net Cash Flows Provided by Operating Activities		8,584,466,681	11,830,317,690	576,136	932,556
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Acquisitions of fixed assets	9	(6,773,152,277)	(4,459,294,414)	(496,992)	(334,448)
Proceeds of due from related parties		(601,068,077)	-	(43,696)	-
Utilization of reserve for replacement of furniture, fixtures and equipment	15	(219,215,658)	(778,758,516)	(15,992)	(58,849)
Net Cash Flows Used in Investing Activities		(7,593,436,012)	(5,238,052,930)	(556,680)	(393,297)
CASH FLOWS FROM					
FINANCING ACTIVITY					
Payments of cash dividends	19	(5,502,000,000)	(2,672,200,000)	(400,000)	(200,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(4,510,969,331)	3,920,064,760	(380,544)	339,259

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
STATEMENT OF CASH FLOWS (continued)
For the Year Ended March 31, 2018

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

	Notes	Indonesian Rupiah		Translations into US Dollar - Unaudited (Note 2I)	
		Year Ended March 31,		Year Ended March 31,	
		2018	2017	2018	2017
NET EFFECT OF DIFFERENCES IN FOREIGN EXCHANGE RATES		(175,140,405)	640,682,423	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	16,801,431,423	12,240,684,240	1,261,274	922,015
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	12,115,321,687	16,801,431,423	880,730	1,261,274

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT WIDJA PUTRA KARYA
NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2018 and for the Year Then Ended

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

1. GENERAL

PT Widja Putra Karya (the "Company") was established based on notarial deed No. 42 dated April 20, 1977 of Amir Sjarifuddin, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. Y.A.5/413/2 dated October 5, 1977. The Company subsequently changed its status to become a foreign capital investment company under the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on approval letter No. 64/V/PMA/1995 dated December 4, 1995 of the State Minister for Mobilization of Investment Fund/the Chairman of the Capital Investment Coordinating Board.

The Company's Articles of Association has been amended several times, the latest amendment was covered by notarial deed No. 2 dated August 3, 2012 of Irwan Azwir Tanjung, S.H., regarding the changes in the composition of the Company's Boards of Commissioners and Directors. 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.01.10-34461 dated September 24, 2012.

In accordance with to Article 3 of the Company's articles of association, the Company is engaged in activities related to the tourism industry. Currently, the Company is the owner of The Oberoi Bali (the Hotel), located at Jalan Kayu Aya, Seminyak Beach, Bali. The Hotel is managed and operated by EIH Management Services B.V. (the Operator) up to 2032 with option to extend for 10 or 20 years (Note 22).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2018 and 2017 is as follows:

Board of Commissioners

President Commissioner	:	I Made Sutarjana
Commissioner	:	Sudarshan Rao
Commissioner	:	I.B. Yudana

Board of Directors

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

The Company has a total of 193 and 194 permanent employees as of March 31, 2018 and 2017, respectively (unaudited).

The management of the Company is responsible for the preparation and presentation of the accompanying financial statements that were completed and authorized for issuance by the Board of Directors on May __, 2018.

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 Indonesia Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") issued by the Indonesia Financial Accounting Standards Board ("DSAK") of the Indonesian Institute of Accountants.

Except for the statement of cash flows, the financial statements have been prepared on the accrual concept, using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

PT WIDJA PUTRA KARYA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2018 and for the Year Then Ended
(Expressed in Indonesian Rupiah, unless otherwise stated, with Translations into United States Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Presentation of the Financial Statements (continued)

The statement of cash flows, which has been prepared using the indirect method, presents cash receipts and disbursements of cash and cash equivalents into operating, investing and financing activities.

The company's functional currency is the Indonesian rupiah, which is also the currency used in the preparation of the financial statements, with translations into United States dollar.

b. Transactions with Related Parties

The Company has transactions with certain parties which have related party relationships as defined under PSAK 7 (Revised 2010), "Related Party Disclosures".

The transactions are made based on terms agreed by the parties, whereas such terms may not be the same as those for transactions with unrelated parties.

All significant transactions and balances with related parties are disclosed in the relevant notes to the financial statements.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Allowance for decline in market value and obsolescence of inventories, if any, is provided to reduce the carrying value of inventories to their net realizable values based on the review of the market value and physical condition of the inventories.

d. Prepayments

Prepayments are amortized and charged to operations over the periods benefited using the straight-line method. The portion to be amortized within one year is presented as part of current assets. Otherwise as non-current assets.

e. 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.

PT WIDJA PUTRA KARYA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2018 and for the Year Then Ended
(Expressed in Indonesian Rupiah, unless otherwise stated, with Translations into United States Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Fixed Assets (continued)

Depreciation commences once the assets are available for their intended use and is computed 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	5

Land is stated at cost and is not depreciated.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. The accumulated cost will be reclassified to the appropriate fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

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 is credited or charged to operations in the year the asset is derecognized.

The costs incurred in order to acquire legal rights over land in the form of “Hak Guna Usaha” (HGU), “Hak Guna Bangunan” (HGB) or “Hak Pakai” (HP) upon initial acquisition of land are recognized as part of the acquisition cost of the land and are not amortized. Meanwhile, costs incurred in connection with the extension or renewal of the above rights are recognized as intangible asset (presented as part of “Other Non-current Assets” in the statement of financial position) and are amortized throughout the validity period of the rights or the economic useful life of the land, whichever period is shorter.

f. Impairment of Non-financial Assets

The Company assesses at the end of each 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 profit or loss and other comprehensive income as “impairment losses”. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a 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 profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Impairment of Non-financial Assets (continued)

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

g. 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.

h. Employee Benefits Liability

Short-term employee benefits

The Company recognizes short-term employee benefits liability when services are rendered and the compensation for such services are to be paid within twelve months after rendering such services. The liability is presented as part of "Accrued expenses" in the statement of financial position.

Post-employment benefits

The Company recognizes its unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Law") and PSAK 24 (Revised 2013), "Employee Benefits".

The Company applied the revised policy for recognizing actuarial gains or losses, which are directly recognized in other comprehensive income.

Pension costs under the Company's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate and annual rate of increase in compensation.

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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 services are rendered to the customers.

j. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing 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 average buying and selling rates of exchange published by Bank Indonesia at the last banking transaction date of the year. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2018 and 2017, the rates of exchange used were Rp13,756 and Rp13,321 respectively, to US\$1.

k. Taxation

Current tax

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

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

Underpayment/overpayment of income tax are presented as part of "Income tax benefit - net" in the statements of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Income tax benefit - net".

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

Deferred Tax

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Taxation (continued)

Deferred Tax (continued)

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

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

Value added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the Tax Office, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.

Final Tax

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

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

Tax Amnesty

On 19 September 2016, the Indonesia Financial Accounting Standards Board (DSAK IAI) issued PSAK 70, "Accounting for tax amnesty assets and liabilities".

This PSAK provides accounting policy choice for the entity to account the asset and liabilities in accordance with the provision of Tax Amnesty Law. The alternative accounting options are:

- To use the existing applicable standard under SAK.
- To use the specific provision in PSAK 70.

Management decided to use the specific provision in PSAK 70. According to specific provision of SFAS 70, tax amnesty assets are measured at the amount reported in the Tax Amnesty Approval Letter ("SKPP"), while tax amnesty liabilities are measured at the amount of cash or cash equivalents that will settle the contractual obligation related to the acquisition of the tax amnesty assets. The redemption money (the amount of tax paid in accordance with Tax Amnesty law) shall be charged directly to profit or loss in the period when the SKPP was received.

Any difference between amounts initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as Additional Paid-In Capital ("APIC"). The APIC shall not be reclassified to retained earnings or recycled to profit or loss subsequently.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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 reporting date (Rp13,756 to US\$1 and Rp13,321 to US\$1 as last quoted by Bank Indonesia as of March 31, 2018 and 2017, 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 profit or loss and other comprehensive income accounts is presented as "Translation adjustment" under the equity section of the statement of financial position.

m. Financial Instruments

i. Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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 purchases) are recognized on the trade date, i.e., the date that the buyers or sellers commit to purchase or sell the assets.

As of March 31, 2018 and 2017, the Company's financial assets included cash on hand and in banks, trade receivables, other receivables, other current financial assets (employee loans), due from related parties and other non-current assets (deposits). The Company has determined that all of these financial assets are categorized 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 profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

ii. Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, 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 measured at amortized cost, include directly attributable transaction costs.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

ii. Financial liabilities (continued)

Initial recognition (continued)

As of March 31, 2018 and 2017, the Company's financial liabilities included trade and other payables, accrued expenses (excluding accruals relating to employee benefits), due to hotel operator and other current liabilities (deposits from customers and payables to employees). The Company has determined that all of these financial liabilities are categorized as other financial liabilities.

Subsequent measurement

After initial recognition, financial liabilities measured at amortized cost are measured using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

iii. 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.

iv. 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 period. 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 transaction, 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 observable 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.

v. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

vi. 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, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed 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 loan 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 for impairment account and the amount of the loss is recognized in profit or loss. 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 year, 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 for impairment account. If a future write-off is later recovered, the recovery is recognized in the statement of profit or loss and other comprehensive income.

vii. 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.

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

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

b. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may cause a material adjustment to the carrying amounts of assets and liabilities in future periods 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 as they occur.

Impairment of Trade Receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customers and the customers' current credit status based on any third-party credit reports (if available) and known market factors, to record specific provisions for customers against amounts due to reduce the receivable amounts that it expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables. Further details are disclosed in Note 5.

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3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and Assumptions (continued)

Estimation of Post-employment Benefits Liability

The pension cost and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions which consist of, among other things, discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. Due to the complexity of the valuation and its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. Further details are disclosed in Note 17.

Estimating Useful Lives of Fixed Assets

The Company estimates the useful lives of its fixed assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least at the end of each financial year and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Company's fixed assets will increase the recorded operating expenses and decrease non-current assets. Further details are disclosed in Note 8.

Estimation of Tax Liability

In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Company makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

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4. CASH ON HAND AND CASH EQUIVALENTS

This account consists of the following:

	Indonesian Rupiah		Translations into US Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Cash on hand				
Rupiah	136,638,881	81,000,000	9,933	6,081
Cash in banks				
Rupiah				
PT Bank Negara Indonesia (Persero) Tbk	2,636,127,146	7,597,810,510	191,635	570,363
PT Bank Mandiri (Persero) Tbk	111,472,724	416,520,051	8,104	31,268
PT Bank Maybank Indonesia Tbk	261,886,701	1,397,109	19,038	105
PT Bank Central Asia Tbk	54,353,771	1,000,000	3,951	75
US dollars				
PT Bank Negara Indonesia (Persero)Tbk	3,894,699,278	8,443,876,582	283,127	633,877
PT Bank Maybank Indonesia Tbk	8,918,977	252,337,039	648	18,943
PT Bank Mandiri (Persero)Tbk	11,224,209	7,490,132	816	562
Time Deposits				
PT Bank Mandiri (Persero) Tbk	5,000,000,000	-	363,478	-
Total	12,115,321,687	16,801,431,423	880,730	1,261,274

As of March 31, 2018 and 2017, none of the Company's cash and cash equivalents are restricted in use or used as collateral. Interest income from cash in banks and time deposits amounting to Rp232,922,650 and Rp233,778,899 for the years ended March 31, 2018 and 2017, respectively, is presented as part of "Finance income" in the statement of profit or loss and other comprehensive income.

5. TRADE RECEIVABLES - THIRD PARTIES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
City ledger	3,478,744,333	2,080,411,170	252,889	156,175
Guest ledger	1,295,217,344	886,069,625	94,157	66,517
Total	4,773,961,677	2,966,480,795	347,046	222,692

The aging of trade receivables-third parties is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Current	4,503,868,749	2,609,761,099	327,411	195,913
Overdue :				
1-30 days	211,813,604	341,319,696	15,398	25,623
31- 60 days	43,607,636	15,400,000	3,170	1,156
Over 60 days	14,671,688	-	1,067	-
Total	4,773,961,677	2,966,480,795	347,046	222,692

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5. TRADE RECEIVABLES - THIRD PARTIES (Continued)

Based on the review of the status of the individual receivable accounts at the end of the reporting period, management believes that all of the above trade receivables are fully collectible, hence, no allowance for impairment was provided as of March 31, 2018 and 2017.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company entered into transactions with related parties. Details of transactions and balances with related parties are as follows:

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Due from related parties:				
Current:				
PT Waka Oberoi Indonesia	977,894,638	162,274,038	71,089	12,182
Total	977,894,638	162,274,038	71,089	12,182
Non-current:				
PT Waka Gae Selaras	4,745,820,000	4,595,745,000	345,000	345,000
EIH International Limited	2,491,032,772	2,412,259,927	181,087	181,087
EIH Management Services B.V.	1,465,316,632	1,418,979,561	106,522	106,522
Total	8,702,169,404	8,426,984,488	632,609	632,609
Other payables				
EIH Management Services B.V.	505,069,762	468,523,908	36,716	35,172
Due to hotel operator				
EIH Management Services B.V. (Note 14)	351,588,742	117,128,012	25,559	8,793

Salaries and wages of the Company's key management personnel amounted to Rp1,305,477,201 and Rp1,198,952,616 in 2018 and 2017, respectively.

Nature of relationship and types of transaction with related parties are as follows:

No.	Related Parties	Nature of Relationship	Types of Transaction
a.	PT Waka Gae Selaras	Shareholder	Advances
b.	EIH International Limited	Shareholder	Advances and operating expenses
c.	EIH Management Services B.V.	Shareholder	Advances for management services
d.	PT Waka Oberoi Indonesia	Other related parties	Intercompany advances and share in proceeds from sale of vacation packages

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7. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Materials and supplies	1,231,714,904	1,354,777,190	89,540	101,702
Beverages	1,013,567,454	1,057,144,739	73,682	79,359
Food	938,987,330	1,030,170,576	68,260	77,334
Tobacco	5,217,424	7,568,595	380	569
Total	3,189,487,112	3,449,661,100	231,862	258,964

Management believes that no allowance for losses is necessary on the inventories as of March 31, 2018 and 2017 since the inventories are fully usable.

8. PREPAYMENTS AND ADVANCES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Prepaid expenses - Insurance	2,015,511,207	1,994,281,874	146,519	149,710
Prepaid expenses - Others	496,441,501	511,699,148	36,089	38,413
Advance on purchase	316,459,702	475,758,534	23,005	35,715
Prepaid expenses - Land rent	215,263,110	215,927,222	15,649	16,209
Total	3,043,675,520	3,197,666,778	221,262	240,047

9. FIXED ASSETS

The details of fixed assets are as follows:

	Indonesian Rupiah			
	Year Ended March 31, 2018			
	Beginning Balance	Additions	Deductions	Ending Balance
Cost				
Land	94,854,375	-	-	94,854,375
Buildings	15,900,348,345	1,882,565,080	-	17,782,913,425
Structures and improvements	12,160,063,681	28,603,520	-	12,188,667,201
Machinery and equipment	6,730,023,360	351,939,200	-	7,081,962,560
Furniture, fixtures and equipment	25,493,228,741	1,195,264,394	-	26,688,493,135
Motor vehicles	1,198,375,280	24,550,000	(14,850,000)	1,208,075,280
Construction in progress	1,726,528,918	3,290,230,083	-	5,016,759,001
Total Cost	63,303,422,700	6,773,152,277	(14,850,000)	70,061,724,977

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9. FIXED ASSETS (continued)

	Indonesian Rupiah			
	Beginning Balance	Year Ended March 31, 2018		Ending Balance
		Additions	Deductions	
Accumulated Depreciation				
Buildings	6,382,019,509	669,550,057	-	7,051,569,566
Structures and improvements	6,554,285,873	700,851,369	-	7,255,137,242
Machinery and equipment	4,751,271,176	487,144,043	-	5,238,415,219
Furniture, fixtures and equipment	21,413,640,306	1,563,729,285	-	22,977,369,591
Motor vehicles	1,198,375,280	818,334	(14,850,000)	1,184,343,614
Total Accumulated Depreciation	40,299,592,144	3,422,093,088	(14,850,000)	43,706,835,232
Net Book Value	23,003,830,556			26,354,889,745

	Indonesian Rupiah			
	Beginning Balance	Year Ended March 31, 2017		Ending Balance
		Additions	Reclassification	
Cost				
Land	94,854,375	-	-	94,854,375
Buildings	14,976,322,125	924,026,220	-	15,900,348,345
Structures and improvements	5,577,571,126	73,700,000	6,508,792,555 ¹⁾	12,160,063,681
Machinery and equipment	6,050,503,860	679,519,500	-	6,730,023,360
Furniture, fixtures and equipment	23,686,630,868	1,806,597,873	-	25,493,228,741
Motor vehicles	1,198,375,280	-	-	1,198,375,280
Construction in progress	7,259,870,652	975,450,821	(6,508,792,555) ¹⁾	1,726,528,918
Total Cost	58,844,128,286	4,459,294,414	-	63,303,422,700
Accumulated Depreciation				
Buildings	5,789,206,003	592,813,506	-	6,382,019,509
Structures and improvements	5,427,021,096	1,127,264,777	-	6,554,285,873
Machinery and equipment	4,311,382,421	439,888,755	-	4,751,271,176
Furniture, fixtures and equipment	19,902,176,580	1,511,463,726	-	21,413,640,306
Motor vehicles	1,198,375,274	6	-	1,198,375,280
Total Accumulated Depreciation	36,628,161,374	3,671,430,770	-	40,299,592,144
Net Book Value	22,215,966,912			23,003,830,556

¹⁾ Reclassification from Construction in progress to Structures and improvements amounting to Rp6,508,792,555.

	Translations into US Dollar - Unaudited (Note 2)				
	Beginning Balance	Year Ended March 31, 2018		Translation Adjustment	Ending Balance
		Additions	Deduction		
Cost					
Land	7,121	-	-	(226)	6,895
Buildings	1,193,630	139,470	-	(40,361)	1,292,739
Structures and improvements	912,849	2,145	-	(28,932)	886,062
Machinery and equipment	505,219	25,948	-	(16,340)	514,827
Furniture, fixtures and equipment	1,913,762	88,437	-	(62,064)	1,940,135
Motor vehicles	89,961	1,807	(1,080)	(2,866)	87,822
Construction in progress	129,610	239,185	-	(4,099)	364,696
Total Cost	4,752,152	496,992	(1,080)	(154,888)	5,093,176

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9. FIXED ASSETS (continued)

	Translations into US Dollar - Unaudited (Note 2l)				
	Beginning Balance	Year Ended March 31, 2018		Translation Adjustment	Ending Balance
		Additions	Deduction		
<u>Accumulated Depreciation</u>					
Buildings	479,095	49,713	-	(16,190)	512,618
Structures and improvements	492,027	52,037	-	(16,648)	527,416
Machinery and equipment	356,675	36,171	-	(12,037)	380,809
Furniture, fixtures and equipment	1,607,509	116,068	-	(53,224)	1,670,353
Motor vehicles	89,961	61	(1,080)	(2,845)	86,097
Total Accumulated Depreciation	3,025,267	254,050	(1,080)	(100,944)	3,177,293
Net Book Value	1,726,885				1,915,883

	Translations into US Dollar - Unaudited (Note 2l)				
	Beginning Balance	Year Ended March 31, 2017		Translation Adjustment	Ending Balance
		Additions	Reclassification		
<u>Cost</u>					
Land	7,145	-	-	(24)	7,121
Buildings	1,128,074	69,186	-	(3,630)	1,193,630
Structures and improvements	420,125	5,487	490,200 ¹⁾	(2,963)	912,849
Machinery and equipment	455,747	50,722	-	(1,250)	505,219
Furniture, fixtures and equipment	1,784,170	135,826	-	(6,234)	1,913,762
Motor vehicles	90,266	-	-	(305)	89,961
Construction in progress	546,842	73,227	(490,200) ¹⁾	(259)	129,610
Total Cost	4,432,369	334,448	-	(14,665)	4,752,152
<u>Accumulated Depreciation</u>					
Buildings	436,066	44,622	-	(1,593)	479,095
Structures and improvements	408,785	84,631	-	(1,389)	492,027
Machinery and equipment	324,750	33,111	-	(1,186)	356,675
Furniture, fixtures and equipment	1,499,109	113,765	-	(5,365)	1,607,509
Motor vehicles	90,266	-	-	(305)	89,961
Total Accumulated Depreciation	2,758,976	276,129	-	(9,838)	3,025,267
Net Book Value	1,673,393				1,726,885

¹⁾ Reclassification from Construction in progress to Structures and improvements amounting to US\$490,200.

Depreciation and amortization charged to operations amounted to Rp4,013,105,029 and Rp3,708,959,378 for the years ended March 31, 2018 and 2017, respectively. Depreciation arising from fixed assets amounted to Rp3,422,093,088 (US\$254,050) and Rp3,671,430,770 (US\$276,129) in 2018 and 2017, respectively. Depreciation arising from tax amnesty assets amounted to Rp553,483,333 (US\$40,236) in 2018 (Note 12d) while amortization arising from deferred cost of landrights amounted to Rp37,528,608 (US\$2,786) and Rp37,528,608 (US\$2,826) in 2018 and 2017, respectively (Note 10).

The Company's land properties are covered by landrights ownership or Hak Guna Bangunan (HGB) certificates, No. 31 which is valid up to 2019. Management believes that it will be reasonable upon expiration.

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9. FIXED ASSETS (continued)

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US\$40,150,000 equivalent to Rp552,303,400,000 as of March 31, 2018. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2018 and 2017, the Company's management believes that there is no impairment in the assets value as contemplated in PSAK No. 48.

10. OTHER NON-CURRENT ASSETS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Long-term prepaid rent	5,931,083,330	5,940,749,996	431,164	445,969
Deferred cost of landrights - net	28,146,456	65,675,064	2,046	4,930
Security deposits	13,650,000	13,650,000	992	1,025
Total	5,972,879,786	6,020,075,060	434,202	451,924

11. TRADE PAYABLES

This account consists mainly of liabilities to the Hotel's suppliers of goods and services amounting to Rp2,017,314,667 and Rp1,801,569,443 as of March 31, 2018 and 2017, respectively.

12. TAXATION

a. Taxes payable consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Development tax I	864,678,983	603,857,409	62,858	45,331
Income tax				
Article 4(2)	-	-	-	-
Article 21	140,181,031	119,491,823	10,190	8,970
Article 23	561,692,671	303,644,760	40,832	22,794
Article 25	250,198,416	315,122,458	18,190	23,656
Article 29	15,755,546	-	1,145	-
Value added tax	185,710,540	139,330,447	13,500	10,460
Total	2,018,217,187	1,481,446,897	146,715	111,211

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12. TAXATION (continued)

- b. A reconciliation between income before income tax per statement of profit or loss and other comprehensive income, and estimated taxable income follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	2018	2017	2018	2017
Income before income tax per statement of profit or loss and other comprehensive income	4,284,850,915	7,053,970,458	294,653	588,769
Temporary differences:				
Provision for replacement of furniture, fixtures and equipment - net	2,460,522,179	2,005,735,155	183,783	151,350
Employee benefits - net	800,206,040	609,223,198	58,170	45,950
Depreciation	(103,589,946)	284,698,317	(7,699)	21,426
Permanent differences:				
Interest income already subjected to final tax	(232,922,650)	(233,778,899)	(17,309)	(17,633)
Non-deductible expenses	5,647,212,417	1,669,995,957	419,649	125,680
Estimated taxable income for the year	12,856,278,955	11,389,844,186	931,247	915,542

- c. Computation of estimated current income tax expense and estimated income tax payable is shown below:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Estimated taxable income	12,856,278,000	11,389,844,000	931,247	915,542
Current income tax expense	3,214,069,500	2,847,461,000	232,812	228,886
Prepayments of income tax article 25	(3,198,313,954)	(4,333,044,996)	(232,503)	(325,279)
Translation adjustments	-	-	836	(15,129)
Estimated income tax payable (claims for tax refund)	15,755,546	(1,485,583,996)	1,145	(111,522)

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12. TAXATION (continued)

- d. The reconciliation between the income tax expense derived by multiplying the income before income tax multiplied by the applicable tax rate and income tax expense - net as shown in the statement of profit or loss and other comprehensive income is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Income before income tax	4,284,850,915	7,053,970,458	294,653	588,769
Tax expense at the applicable rate	1,071,212,729	1,763,492,614	73,663	147,192
Tax effect on permanent differences:				
Interest income already subjected to final tax	(58,230,663)	(58,444,725)	(4,327)	(4,408)
Non-deductible expenses	1,411,802,835	417,498,944	216,434	31,420
Translation adjustments	-	-	(109,499)	(15,456)
Income tax expense				
Current year	2,424,784,901	2,122,546,833	176,271	158,748
Prior year	-	2,319,400,342	-	174,706
Total	2,424,784,901	4,441,947,175	176,271	333,454

On March 30, 2017, the Company decided to participate in the tax amnesty program. According to tax amnesty law, tax payers who participate in tax amnesty program can not claim their overpayment of prior years' corporate income tax. Thus, the Company can not claim the prior year overpayment of corporate income tax amounting to Rp2,319,400,342 (US\$174,706). As such, the Company recorded it as current tax expense in the statement of profit or loss and other comprehensive income.

On March 30, 2017, the Company submitted a list of fixed asset items not yet registered in the Company's tax report up to 2015 to be administered under the tax amnesty program of the tax authority. These assets are in the form of paintings worth Rp3,019,000,000 (US\$226,635) which are separately presented as part of "Non - current assets". As compensation, the Company paid to tax authority amounting to Rp150,950,000 (US\$11,362).

Since the Company received the approval for tax amnesty program application from the Ministry of Finance in its decision letter dated April 28, 2018, the Company did not record all tax amnesty assets in its statement of financial position as of March 31, 2017.

The movements of the tax amnesty assets are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Balance as approved by tax authority	3,019,000,000	-	226,635	-
Depreciation during the year	(553,483,333)	-	(40,236)	-
Translation adjustment	-	-	(7,167)	-
Net book value	2,465,516,667	-	179,232	-

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12. TAXATION (continued)

e. Deferred tax assets (liabilities) consist of:

	Indonesian Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2017	Profit or Loss	Other Comprehensive Income	March 31, 2018
Deferred tax assets				
Employee benefits liability	2,044,732,933	200,051,510	68,366,097	2,313,150,540
Reserve for replacement of furniture, fixtures and equipment	622,046,451	615,130,545	-	1,237,176,996
Total deferred tax assets	2,666,779,384	815,182,055	68,366,097	3,550,327,536
Deferred tax liabilities				
Depreciation and amortization - net	(616,538,979)	(25,897,456)	-	(642,436,435)
Net deferred tax assets	2,050,240,405	789,284,599	68,366,097	2,907,891,101

	Indonesian Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2016	Profit or Loss	Other Comprehensive Income	March 31, 2017
Deferred tax assets				
Employee benefits liability	1,829,473,426	152,305,800	62,953,707	2,044,732,933
Reserve for replacement of furniture, fixtures and equipment	120,612,662	501,433,789	-	622,046,451
Total deferred tax assets	1,950,086,088	653,739,589	62,953,707	2,666,779,384
Deferred tax liabilities				
Depreciation and amortization - net	(687,713,558)	71,174,579	-	(616,538,979)
Net deferred tax assets	1,262,372,530	724,914,168	62,953,707	2,050,240,405

	Translations into US dollar - Unaudited (Note 2I)				
	Deferred tax Benefit (Expense) Credited (Charged) to				
	April 1, 2017	Profit or Loss	Other Comprehensive Income	Translation adjustment	March 31, 2018
Deferred tax assets					
Employee benefits liability	173,867	14,543	4,970	-	193,380
Reserve for replacement of furniture, fixtures and equipment	53,356	45,945	-	-	99,301
Total deferred tax assets	227,223	60,488	4,970	-	292,681
Deferred tax liabilities					
Depreciation and amortization - net	(64,942)	(1,924)	-	-	(66,866)
Translation adjustment	(8,371)	-	-	(6,053)	(14,424)
Net deferred tax assets	153,910	58,564	4,970	(6,053)	211,391

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12. TAXATION (continued)

Translations into U.S dollar - Unaudited (Note 2l)					
Deferred tax Benefit (Expense) Credited (Charged) to					
	April 1, 2016	Profit or Loss	Other Comprehensive Income	Translation adjustment	March 31, 2017
Deferred tax assets					
Employee benefits liability	157,653	11,488	4,726	-	173,867
Reserve for replacement of furniture, fixtures and equipment	15,518	37,838	-	-	53,356
Total deferred tax assets	173,171	49,326	4,726	-	227,223
Deferred tax liabilities					
Depreciation and amortization - net	(70,297)	5,355	-	-	(64,942)
Translation adjustment	(7,787)	-	-	(584)	(8,371)
Net deferred tax assets	95,087	54,681	4,726	(584)	153,910

13. ACCRUED EXPENSES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Salaries and employee benefits	2,418,302,032	1,951,645,199	175,800	146,509
Audit and consultant fees	780,393,240	589,160,000	56,731	44,228
Heat, light and power	475,306,922	1,127,856,219	34,553	84,668
Tax consultant fees	417,455,421	349,287,261	30,347	26,221
Others	1,199,543,311	783,923,314	87,201	58,848
Total	5,291,000,926	4,801,871,993	384,632	360,474

14. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Balance at beginning of year	117,128,012	833,480,557	8,793	62,780
Management fee - 12.5% of hotel Gross operating profit (Note 25)	2,189,218,242	2,761,331,437	163,666	209,000
Payments	(1,957,031,796)	(3,477,256,513)	(146,900)	(262,987)
Unrealized loss (gain) on foreign exchange - net	2,274,284	(427,469)	-	-
Balance at the end of year	351,588,742	117,128,012	25,559	8,793

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15. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Balance as of March 31, 2017	2,488,185,799	482,450,644	186,787	36,340
Provisions during the year (Note 23)	2,679,737,837	2,784,493,671	199,775	210,199
Utilization of reserve	(219,215,658)	(778,758,516)	(15,992)	(58,849)
Translation adjustment	-	-	(10,821)	(903)
Balance as of March 31, 2018	4,948,707,978	2,488,185,799	359,749	186,787

16. OTHER CURRENT LIABILITIES

This account consists of :

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Security deposits	7,535,502,868	7,594,097,295	547,796	570,084
Service charge	689,493,960	468,981,381	50,121	35,206
Others	73,209,983	22,748,668	5,321	1,708
Balance as of March 31, 2018	8,298,206,811	8,085,827,344	603,238	606,998

17. LONG-TERM EMPLOYEE BENEFITS LIABILITY

The Company's long-term employee benefits liability consists only of post-employment benefits.

The Company provides post-employment benefits to its employees based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The components of post-employment benefits expense recognized in the statement of profit or loss and other comprehensive income and post-employment benefits liability recognized in the statement of financial position as determined by PT Lastika Dipa, an independent firm of actuary, in their reports dated April 12, 2018 and April 5, 2017, using the "projected-unit-credit" method are as follows:

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	: 7,35% in 2018 and 8% in 2017
Annual salary increase	: 8% in 2018 and 2017
Mortality	: TMI III
Retirement age	: 55 years
Disability rate	: 5% of mortality table TMI III

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17. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

a. Details of post-employment benefits expense:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Current service cost	647,287,687	579,536,032	47,054	43,615
Interest cost	617,174,080	565,615,880	44,865	42,567
Total post-employee benefits expense	1,264,461,767	1,145,151,912	91,919	86,182

b. Details of post-employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Present value of defined Benefits obligation	9,252,482,154	8,178,931,727	672,614	613,988
Employee benefits liability	9,252,482,154	8,178,931,727	672,614	613,988

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Beginning balance	8,178,931,727	7,317,893,702	613,988	551,212
Provision during the year	1,264,461,767	1,145,151,912	91,919	86,182
Payment during the year	(464,255,727)	(535,928,714)	(33,749)	(40,232)
Actuarial loss (gain) from				
Experience adjustment	(29,986,140)	103,400,169	(2,180)	7,762
Change in financial assumption	303,330,527	148,414,658	22,050	11,142
Translation adjustment	-	-	(19,414)	(2,078)
Employee benefits liability	9,252,482,154	8,178,931,727	672,614	613,988

d. The expected total benefit payments in Indonesian rupiah for the subsequent years are as follows:

Within the next 12 months (the next annual reporting year)	:	2,814,355,123
Between 2 and 5 years	:	2,938,956,054
Between 5 and 10 years	:	2,847,996,758
Beyond 10 years	:	116,596,784,386

The average duration of the long-term employee benefits liability is 19 years.

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17. LONG-TERM EMPLOYEE BENEFITS LIABILITY (continued)

- e. The effect of a one-percentage point change in discount rate and salary increase rate on long-term employee benefits liability for the year ended March 31, 2018 is shown below:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Discount Rate	Salary Rate	Discount Rate	Salary Rate
Increase by 1%	(512,839,189)	582,707,043	(37,281)	42,360
Decrease by 1%	594,779,425	(512,174,352)	43,238	(37,233)

18. FINANCIAL ASSETS AND LIABILITIES

The following table sets forth the estimated fair values, which are equal to the carrying amounts, of the financial assets and financial liabilities of the Company:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2018	2017	2018	2017
Financial Assets - Loans and Receivables				
Cash and cash equivalents	12,115,321,687	16,801,431,423	880,730	1,261,274
Trade receivables- third parties	4,773,961,677	2,966,480,795	347,046	222,692
Other receivables-third party	63,045,957	14,103,011	4,583	1,059
Other current financial assets - employee loans	65,701,619	88,135,455	4,776	6,616
Due from related parties	9,680,064,042	8,589,258,526	703,698	644,791
Other non-current assets - deposits	13,650,000	13,650,000	992	1,025
Total Financial Assets	26,711,744,982	28,473,059,210	1,941,825	2,137,457
Financial Liabilities - Financial Liabilities Measured at Amortized Cost				
Trade payables - third parties	2,017,314,667	1,801,569,443	146,650	135,243
Other payables	655,353,256	598,446,427	47,641	44,925
Accrued expenses	5,291,000,926	4,801,871,993	384,632	360,474
Due to hotel operator	351,588,742	117,128,012	25,559	8,793
Other current financial liabilities - deposit from customers	7,535,502,868	7,589,425,495	547,796	569,734
Total Financial Liabilities	15,850,760,459	14,908,441,370	1,152,278	1,119,169

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The following methods and assumptions were used to estimate the fair value of each class of financial

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18. FINANCIAL ASSETS AND LIABILITIES (continued)

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).

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.

19. CAPITAL STOCK

The share ownership details as of March 31, 2018 and 2017 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar - Unaudited (Note 2I)
EIH Management Services B.V.	5,412	48.89	541,200,000	268,289
PT Waka Gae Selaras	3,321	30.00	332,100,000	252,064
EIH International Limited	2,337	21.11	233,700,000	139,250
Total	11,070	100.00	1,107,000,000	659,603

Based on the minutes of the Company's annual general meetings of shareholders, the shareholders resolved to, among others, declare cash dividends as follows:

- a. On March 9, 2018, the shareholders approved to declare cash dividends amounting to US\$400,000 (equivalent to Rp5,502,000,000) as interim dividend for financial year 2017. This cash dividend was paid in March 2018.
- b. On February 22, 2016, the shareholder approved to declare cash dividends amounting to US\$200,000 (equivalent to Rp2,672,200,000) as interim dividend for financial year 2016. This cash dividend was paid in March 2017.

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20. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Room Department				
Lanai	42,897,362,082	45,284,586,970	3,199,216	3,418,724
Villa	20,377,677,332	20,291,843,910	1,518,295	1,531,982
Total Room Department	63,275,039,414	65,576,430,880	4,717,511	4,950,706
Food and Beverages Department				
Food	14,717,859,732	15,647,215,606	1,097,292	1,180,967
Beverage	5,306,159,180	5,627,743,287	395,420	424,831
Others	180,676,676	161,621,241	13,433	12,222
Total Food and Beverages Department	20,204,695,588	21,436,580,134	1,506,145	1,618,020

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Other Operating Departments				
Health spa	2,363,715,441	2,445,549,290	176,193	184,533
Boutique	1,385,178,085	2,018,067,902	103,274	152,193
Others	2,095,966,069	1,339,827,459	156,050	101,136
Total Other Operating Departments	5,844,859,595	5,803,444,651	435,517	437,862
Total Departmental Revenues	89,324,594,597	92,816,455,665	6,659,173	7,006,588

In 2018 and 2017, the average hotel room occupancy rates were 53.60% and 56.90%, respectively (unaudited).

21. COST OF GOODS SOLD AND SERVICES

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

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Food and Beverages	5,771,038,796	6,272,063,138	430,211	473,277
Payroll and Related Expenses				
Salaries and wages	10,575,128,263	9,835,131,856	786,958	741,180
Employee benefits	5,354,021,089	5,535,546,725	398,937	417,269
Total Payroll and Related Expenses	15,929,149,352	15,370,678,581	1,185,895	1,158,449

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21. COST OF GOODS SOLD AND SERVICES (continued)

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Other Expenses				
Travel agents	4,057,830,450	2,795,754,075	302,166	211,066
Cleaning and guest supplies	2,089,140,704	2,193,566,256	155,652	165,405
Linens and uniforms	1,331,369,224	1,279,201,787	99,343	96,770
Security	1,281,836,622	1,165,390,172	95,402	87,829
Boutique	937,998,407	1,373,390,689	69,935	103,576
Laundry	819,079,217	852,618,466	61,046	64,243
Cultural music and shows	808,035,000	762,424,452	60,145	57,462
Decoration	593,249,819	613,735,611	44,186	46,265
Welcome drinks, fruit baskets and amenities	496,171,490	472,008,764	36,954	35,595
Transportation and travel	301,405,100	317,338,109	22,458	23,959
Printing and stationery	295,084,993	305,587,871	21,991	23,054
Kitchen fuel	265,145,257	272,966,779	19,742	20,573
Cable television and music	218,576,000	226,292,000	16,264	17,049
Consultant fees	187,905,270	273,154,523	14,013	20,611
Guest newspaper	168,619,839	194,532,274	12,562	14,656
Mineral water and ice	148,674,833	153,826,200	11,093	11,610
Others (each below Rp100 million)	1,928,156,263	1,800,400,311	143,638	135,828
Total Other Expenses	15,928,278,488	15,052,188,339	1,186,590	1,135,551
Cost of Goods Sold and Services	37,628,466,636	36,694,930,058	2,802,696	2,767,277

22. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

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

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Repairs and maintenance	5,387,965,157	4,949,145,908	400,871	372,964
Water	3,204,831,842	2,566,596,178	238,976	193,428
Electricity	2,634,670,957	2,964,919,425	196,161	223,444
Salaries and wages	1,359,684,176	1,271,636,110	101,220	95,836
Light bulbs	169,212,652	155,762,621	12,617	11,726
Gas	104,019,286	114,828,333	7,717	8,641
Uniforms	52,793,835	40,369,819	3,938	3,058
Laundry	23,894,671	26,512,538	1,779	1,996
Cleaning supplies	-	14,636,000	-	1,104
Telephone	13,416,279	12,686,749	1,000	955
Fuel	3,139,695	-	234	-
Others	30,541,853	28,957,703	2,183	2,182
Total	12,984,170,403	12,146,051,384	966,696	915,334

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23. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Salaries and wages	5,425,163,199	5,290,734,190	403,832	398,714
Provision for replacement of furniture, fixtures and equipment (Note 15)	2,679,737,837	2,784,493,671	199,775	210,199
Commission on credit cards	1,757,770,789	2,005,923,847	131,037	151,227
Professional fees	1,242,282,637	1,345,960,394	92,739	101,595
Data processing	549,027,562	544,570,054	40,844	41,056
Telephone and communication	302,235,432	249,911,693	22,490	18,846
Transportation and traveling	253,015,396	265,626,753	18,855	20,018
Executive	146,307,955	72,595,508	10,968	5,484
Others	1,039,251,680	925,825,897	77,270	69,809
Total	13,394,792,487	13,485,642,007	997,810	1,016,948

24. MARKETING AND SALES PROMOTION EXPENSES

The details of marketing and sales promotion expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Marketing and sales promotion (Note 25)	2,679,737,837	2,784,493,671	199,775	210,199
Public relations	1,116,306,288	1,688,662,554	82,923	126,981
Advertising and promotion	1,182,383,011	1,611,119,203	88,969	122,413
Sales representation	1,205,832,365	1,133,823,849	89,516	85,509
Salaries and wages	891,844,757	553,753,486	66,390	41,731
Transportation and travel	311,098,698	434,956,871	23,789	33,380
Telephone and communication	49,907,291	63,961,728	3,742	4,854
Printing and stationery	19,615,394	20,873,102	1,508	1,613
Others	346,693,496	107,536,253	26,040	8,360
Total	7,803,419,137	8,399,180,717	582,652	635,040

25. SIGNIFICANT AGREEMENTS

The Company entered into a Hotel Operation Agreement with EIH Management Services B.V. (the Operator) to manage and operate the Hotel effective December 31, 1998. On July 22, 2000, the Company signed a Renewal Agreement whereby the original term was extended until February 1, 2032. The Operator has automatic and irrevocable options to extend the Agreement for another 10 or 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 marketing and sales promotion expenses. Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

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26. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Information concerning monetary assets and liabilities denominated in foreign currencies as of March 31, 2018 and their rupiah equivalents converted using the middle exchange rates that were published by Bank Indonesia follows:

	<u>Amount in Foreign Currencies</u>	<u>Rupiah Equivalents</u>
Assets		
Cash on hand and cash equivalents	US\$ 284,591	3,914,842,464
Trade receivable	US\$ 102,977	1,416,555,605
Due from related parties	US\$ 8,198	112,775,635
Total		<u>5,444,173,704</u>
Liabilities		
Due to hotel operator	US\$ 22,894	314,924,330
Other non current liability	US\$ 36,716	505,069,762
Total		<u>819,994,092</u>
Net Assets		<u>4,624,179,612</u>

The translation of the foreign currency liabilities, net of foreign currency assets, should not be construed as a representation that these foreign currency assets and liabilities have been, could have been, or could in the future be, converted into rupiah at the prevailing exchange rates of the rupiah as of March 31, 2018 or at any other rates of exchange.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more details as follows:

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. As the Company's reporting currency is rupiah, it is exposed to exchange rate fluctuations primarily from its trade receivables from revenues in foreign currencies.

The Company does not have any formal hedging policy for foreign exchange exposure since it is not considered as necessary. However, the Company maintains transactions and balances in foreign currencies other than rupiah in connection with regular operations at a minimum level.

b. Credit risk

Credit risk is the risk that the Company will incur loss arising from its customers or counterparties that fail to discharge their contractual obligations. There are no significant concentrations of credit risk. 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 is equal to the carrying values as disclosed in Note 15.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate to finance the Company's operations and capital expenditures, service its maturing debts and to mitigate the effects of fluctuation in cash flows.

The Company also regularly evaluates its projected and actual cash flows and continuously assesses conditions in the financial markets to maintain its payable and receivable days' stability.

Except for the long term employee benefit liability, all of the Company's liabilities will be due in one year. The Company has current ratio at 1.03 and 1,38 as of March 31, 2018 and 2017, respectively.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy cash flows in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital or issue new shares.

28. RECENT DEVELOPMENTS 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 April 1, 2018:

Effective beginning on or after April 1, 2018:

- a. Amendments to PSAK 2: Statement of Cash Flows on the Disclosures Initiative, effective with earlier application is permitted. These amendments require entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and non-cash activities.
- b. Amendments to PSAK 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses, effective with earlier application is permitted. These amendments clarify that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized, estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.

Effective beginning on or after April 1, 2019:

- c. ISAK 33: Foreign currency Transaction and Advance Consideration, with earlier application is permitted. These amendments clarify the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or paid advance consideration in the foreign currency.

Effective beginning on or after April 1, 2020:

- d. PSAK 71: Financial Instruments, with earlier application is permitted. This accounting standard is expected to have impact to the Company's classification and measurement of financial assets and liabilities. Thus, it requires the Company's exercise of judgment, including the assessment of business model and characteristics of contractual cash flows. The standard also requires impairment model under expected credit loss model from the previous requirement under occurred loss model.

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28. RECENT DEVELOPMENTS AFFECTING ACCOUNTING STANDARDS

Effective beginning on or after April 1, 2020: (continued)

- e. PSAK 72: Financial Instruments, with earlier application is permitted and can be applied using either using full retrospective approach or modified retrospective approach. This accounting standard requires the Company to apply 5-step model in recognizing revenue. The Company will be required to identify performance obligation promised in each contract with the customer, including any variable consideration, and only recognize revenue in accordance with the determined/allocated transactions price upon satisfaction of the performance obligation.
- f. PSAK 73: Leases, with earlier application is permitted and can be applied using retrospective approach. This accounting standard requires lessees to account all leases under a single on-balance sheet model in a similar way to finance leases under the superseded PSAK 30. The standard includes two recognition exemptions for lessees such as for leases of 'low value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from the superseded PSAK 30.

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