

THIS CIRCULAR TO SHAREHOLDERS OF KEJURUTERAAN ASASTERA BERHAD ("KAB" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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KEJURUTERAAN ASASTERA BERHAD

Registration No. 199701005009 (420505-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PROPOSED ACQUISITION BY KAB ENERGY HOLDINGS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KAB, OF 100% EQUITY INTEREST IN PT INPOLA MITRA ELEKTRINDO ("PT IME") FROM SARAWAK CABLE BERHAD AND OTHER MINORITY SHAREHOLDERS FOR A COMPLETION AMOUNT OF RM75,000,000 (COMPRISING THE SALE SHARES CONSIDERATION OF RM10,000 AND THE SETTLEMENT OF DEBTS, LIABILITIES AND SHAREHOLDERS' ADVANCES OF PT IME CAPPED AT RM74,990,000) TO BE SATISFIED ENTIRELY IN CASH ("PROPOSED ACQUISITION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

Kenanga

Kenanga Investment Bank Berhad

Registration No.: 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolution in respect of the Proposed Acquisition will be tabled at the Extraordinary General Meeting of our Company ("EGM") to be held on a fully virtual basis vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> on Thursday, 27 April 2023 at 9:30 a.m. The Revised Notice of EGM together with the Form of Proxy, Administrative Guide for the EGM and this Circular can be downloaded from our Company's website at https://asastera.com/general_meeting.html.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies where applicable) to attend and vote on your behalf by completing, signing and returning the Form of Proxy and deposit it at the office of our Company's Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, or you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshbsb.net.my/> not later than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating and voting at the virtual EGM should you subsequently decide to do so, provided a notice of termination of proxy authority in writing is given to the Share Registrar before the commencement of the meeting and you register for the EGM via Securities Services e-Portal at <https://sshbsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate and vote remotely.

Last day, date and time for lodging the Proxy Form for the EGM	:	Tuesday, 25 April 2023 at 9:30 a.m.
Day, date and time of the EGM	:	Thursday, 27 April 2023 at 9:30 a.m.
Online meeting platform of the EGM	:	Securities Services e-Portal at https://sshbsb.net.my/

This Circular is dated 12 April 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
BNM	- Bank Negara Malaysia
Board	- Board of Directors of our Company
Bursa Securities	- Bursa Malaysia Securities Berhad
By-Laws	- By-laws governing the ESOS
CAGR	- Compound annual growth rate
Circular	- This circular to Shareholders in relation to the Proposed Acquisition
Conditional Period	- The period of 3 months from the date of the SPA or such further period as may be agreed in writing between KABEH and the Vendors in relation to the fulfilment of the conditions precedent in the SPA
Completion Amount	- Collectively, the Sale Shares Consideration and Debt Sum
COVID-19	- Coronavirus disease 2019
Debt Sum	- Collectively the debts, liabilities and shareholders' advances of PT IME capped at RM74.99 million
Deed Poll	- Deed poll dated 14 April 2021 constituting the Warrants
Directors	- Directors of our Company
Diversification	- Diversification of the existing business of the KAB Group to include the SES Business, as announced by our Company on 7 September 2022 and approved by Shareholders at an EGM held on 17 November 2022
EGM	- Extraordinary general meeting of our Company
EPS	- Earnings per Share
ESOS	- Employees' share option scheme of our Company which took effect on 1 June 2018 for a period of 5 years
ESOS Options	- Options granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
FYE	- Financial year ended
GWh	- Gigawatt hours
IDR	- Indonesian Rupiah
IMR Report	- The Independent Market Research report dated 14 March 2023 prepared by SMITH ZANDER
KAB or Company	- Kejuruteraan Asastera Berhad
KAB Group or Group	- Collectively, KAB and its subsidiaries

DEFINITIONS (CONT'D)

KAB Shares or the Shares	- Ordinary shares in KAB
KABEH	- KAB Energy Holdings Sdn Bhd, a wholly-owned subsidiary of KAB
KABEP	- KAB Energy Power Sdn Bhd, a wholly-owned subsidiary of KAB
Kenanga IB or Principal Adviser	- Kenanga Investment Bank Berhad
KWh	- Kilowatt-hour
LAT	- Loss after taxation
Listing Requirements	- Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	- 15 March 2023, being the latest practicable date prior to the printing of this Circular
M&E	- Mechanical and electrical
Mini Hydro	- Mini hydroelectric power plant located in Sumatera Utara, Indonesia
Minority Shareholders	- Tiopan Hasudungan Marpaung, Parulian Marpaung and Ferga Maulia, being the existing minority shareholders of PT IME
Multi-Currency Sukuk Programme	- Multi-Currency Islamic Medium Term Notes Programme of up to RM500.0 million in nominal value based on the Shariah Principle of Murabahah (via Tawarruq Arrangement)
MW	- Megawatt
MWh	- Megawatt-hour
NA	- Net assets
PAT	- Profit after taxation
PLN	- PT Perusahaan Listrik Negara (Persero)
PPA	- Power purchase agreement
Previous Private Placement – 2021	- Private placement exercise previously undertaken by KAB which involved the issuance of 116,100,000 new Shares (representing 10% of the then existing total number of issued Shares before the private placement) and was completed on 20 July 2022, raising a total of RM42.80 million
Private Placement – 2022	- Private placement of up to 361,581,000 new Shares, representing approximately 20% of the existing total number of issued Shares (excluding treasury shares), to independent third party investor(s) to be identified later and at an issue price to be determined later, which was announced by our Company on 7 September 2022, approved by Shareholders at an EGM held on 17 November 2022 and is pending completion as at the LPD
Proposed Acquisition	- Proposed acquisition by KABEH of 100% equity interest in PT IME from the Vendors for the Completion Amount to be satisfied entirely in cash

DEFINITIONS (CONT'D)

PT IME	- PT Inpola Mitra Elektrindo
RM and sen	- Ringgit Malaysia and sen respectively
Sale Shares	- 300,000 ordinary shares in PT IME, representing 100% of the total number of issued shares in PT IME
Sale Shares Consideration	- The sale and purchase consideration in respect of the Sale Shares of RM10,000 paid on 20 January 2022 prior to the execution of the SPA in cash
SC	- Securities Commission Malaysia
SCB	- Sarawak Cable Berhad, being one of the Vendors and the representative of the Minority Shareholders
SES Business	- Business involving the provision of sustainable energy solutions
Shareholders	- Registered holders of the Shares
SMITH ZANDER	- Smith Zander International Sdn Bhd, an independent market researcher
SPA	- Conditional share purchase agreement dated 29 July 2022 between KABEH and the Vendors in relation to the Proposed Acquisition
Sukuk Murabahah	- Issuance of Sukuk Murabahah of RM19.95 million in nominal value on 31 January 2022 pursuant to the Multi-Currency Sukuk Programme
Term Sheet	- Term sheet dated 19 January 2022 between KABEH and SCB in relation to the Proposed Acquisition
Unconditional Date	- The date on which all of the conditions precedent of the SPA have been fulfilled or waived, as the case may be
USD	- United States Dollars
Vendors	- Collectively, SCB and the Minority Shareholders
Warrants	- Outstanding KAB warrants 2021/2024 issued by KAB pursuant to the Deed Poll and expiring on 29 April 2024. Each Warrant holder is entitled to subscribe for 1 new Share at the exercise price of RM1.20 each, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.

All references to "you" in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

DEFINITIONS (CONT'D)

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

Unless otherwise stated, the following exchange rates, being the middle rates as at 5.00 p.m. on the LPD as published by BNM, is used throughout this Circular:

IDR100.00	:	RM0.0292
USD1.00	:	RM4.4820

Any exchange rate translation in this Circular is provided solely for the convenience of the Shareholders and should not be constituted as representative that the translated amount stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Acquisition. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Acquisition before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposed Acquisition	<p>The Proposed Acquisition entails the acquisition by KABEH, a wholly-owned subsidiary of KAB, of the entire equity interest in PT IME for a cash consideration of RM10,000. In addition, KABEH will facilitate the settlement of the Debt Sum capped at RM74.99 million in the manner as set out in Section 2 of this Circular.</p> <p>PT IME builds, owns and operates a mini hydroelectric power plant located in Sumatera Utara, Indonesia.</p>	Section 2
Basis and justification for the Completion Amount	<p>The Completion Amount of RM75.00 million was arrived after taking into consideration, amongst others, the following:-</p> <ul style="list-style-type: none"> (i) the firm valuation of PT IME which amounts to IDR267.41 billion (equivalent to approximately RM78.08 million), as detailed in the valuation report dated 20 March 2023 prepared by Kantor Jasa Penilai Publik Niboyo Adiputro, Dewi Apriyanti & Rekan, an independent valuer, based on the discounted cash flow method, as set out in Appendix IX of this Circular; (ii) the rationale and benefits of the Proposed Acquisition as set out in Section 3 of this Circular; and (iii) the future prospects of PT IME vis-à-vis in the small hydropower industry in Indonesia as set out in Section 6.3 of this Circular. 	Section 2.5
Rationale and benefits of the Proposed Acquisition	<p>The Proposed Acquisition represents part of our Group's business strategy to expand into the SES Business in tandem with our Group's recent forays into the same. Upon completion of the Proposed Acquisition, our Group is expected to benefit from a stable stream of recurring income from PT IME's Mini Hydro via the PPA with PLN dated 23 September 2010 at specified tariff rates for an initial period of 20 years from its commercial operation date of 12 October 2021. PLN is a state-owned company involved in the supply of electricity in Indonesia.</p>	Section 3
Risk factors in relation to the Proposed Acquisition	<p>The Proposed Acquisition is subject to non-completion risk, political, economic and regulatory risk, risk of changes in Indonesia's policies on foreign investments and repatriation of profits / dividends as well as foreign currency risk.</p>	Section 5
Approvals required	<p>The Proposed Acquisition is subject to the approval being obtained by the Company from its Shareholders at the forthcoming EGM.</p>	Section 9.1
Conditionality	<p>The Proposed Acquisition is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by our Company.</p>	Section 9.2
Interests of Directors, major Shareholders and/or persons connected to them	<p>None of our Directors, major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.</p>	Section 12
Board's recommendation	<p>The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.</p>	Section 13



KEJURUTERAAN ASASTERA BERHAD

[Company No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

Registered Office

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia.

12 April 2023

Board of Directors

Datuk Dr. Ong Peng Su (Independent Non-Executive Chairman)
Dato' Lai Keng Onn (Managing Director)
Choong Gaik Seng (Executive Director)
Datin Chan Pey Kheng (Executive Director)
Goh Kok Boon (Executive Director)
Lu Chee Leong (Independent Non-Executive Director)
Tong Siut Moi (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 19 January 2022, our Board had announced that KABEH, a wholly-owned subsidiary of KAB, had on even date entered into the Term Sheet with SCB for the Proposed Acquisition.

Subsequently on 29 July 2022, Mercury Securities Sdn Bhd ("**Mercury Securities**") had, on behalf of our Board, announced that KABEH had on even date entered into the SPA with the Vendors for the Proposed Acquisition.

On 30 August 2022, our Board had announced the following:-

- (i) KAB and Mercury Securities have mutually agreed to terminate Mercury Securities' services as the Principal Adviser for the Proposed Acquisition⁽¹⁾; and
- (ii) Kenanga IB has been appointed as the new Principal Adviser for the Proposed Acquisition in place of Mercury Securities.

Note:-

- (1) The termination was mutually agreed upon after taking into consideration that the team responsible for handling the Proposed Acquisition will no longer be with Mercury Securities.

On 17 October 2022, KABEH had received a letter dated 13 October 2022 from SCB (who is one of the Vendors), stating that SCB had obtained a restraining order in the High Court of Kuching (“Court”) pursuant to Section 368 of the Act (“Restraining Order”). In the said letter, SCB informed that it would be unable to proceed with the fulfilment of conditions precedent and pre-handover issues in relation to the SPA during the period of the Restraining Order. SCB also stated in the letter that it would notify KAB when the Restraining Order is lifted by the Court.

On 29 November 2022, KABEH and SCB have mutually agreed to extend the Conditional Period and the Unconditional Date for a period of 3 months, with an option to further extend the same for a further 3 months.

On 10 February 2023, SCB announced that it had on 8 February 2023 obtained leave from the Court to proceed with the disposal of its equity interest in PT IME. On 10 February 2023, KABEH and SCB had mutually agreed to extend the Conditional Period and the Unconditional Date until 30 April 2023.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE REVISED NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Proposed Acquisition

The Proposed Acquisition entails the acquisition of the entire equity interest in PT IME, which is 78.33% held by SCB and 21.67% held by the Minority Shareholders, free from all encumbrances together with all rights and accrued advantages attaching to the Sale Shares as at the date of the SPA, for a cash consideration of RM10,000.

The change in the shareholding structure of PT IME pursuant to the Proposed Acquisition is illustrated below:-

Shareholders of PT IME	% equity interest held in PT IME	
	Before the Proposed Acquisition	After the Proposed Acquisition
KABEH	-	100.00
SCB	78.33	-
Tiopan Hasudungan Marpaung	20.67	-
Parulian Marpaung	0.50	-
Ferga Maulia	0.50	-
Total	100.00	100.00

KABEH has also undertaken to cause the settlement of the Debt Sum amounting to an aggregate of up to RM74,990,000. The Debt Sum comprises and to be settled in the following descending order of priority:-

- (i) the current outstanding loan facility in the sum of USD as per redemption statement to be obtained by PT IME from the Bank of China (Malaysia) Berhad ("**BOC**") pursuant to a facilities agreement entered into between BOC and PT IME dated 19 January 2016 as amended by a restructuring agreement dated 30 November 2020, as verified in the audited accounts of PT IME for the FYE 31 December 2021 ("**2021 Audited Accounts**") and confirmed by BOC ("**BOC Loan**"). Based on the 2021 Audited Accounts, this amounts to RM27.61 million⁽¹⁾⁽²⁾;
- (ii) the amount equal to the accounts payable and accrued expenses (including those due to related parties and liabilities for taxes) and other liabilities of PT IME that would be reflected as liabilities on a balance sheet of PT IME prepared in accordance with the accounting policies (including consistent application of policies in respect of provisioning, classification between short-term and long-term liabilities and management estimation), as verified in the 2021 Audited Accounts and the Completion Accounts (as defined below), save and except the BOC Loan and the Shareholders' Advances (as defined below) ("**Total Liabilities**"). Based on the 2021 Audited Accounts, this amounts to RM4.64 million⁽¹⁾⁽²⁾; and
- (iii) the amount of monies advanced and/or loaned by the Vendors to PT IME, as verified in the 2021 Audited Accounts ("**Shareholders' Advances**"). Based on the 2021 Audited Accounts, this amounts to RM42.74 million⁽²⁾⁽³⁾ which was derived by deducting the BOC Loan of RM27.61 million and the Total Liabilities of RM4.64 million from the Debt Sum which is fixed at RM74.99 million.

"**Completion Accounts**" mean the balance sheet of PT IME as at the date the transfer of Sale Shares has been completed from the Vendors to KABEH (excluding the Sale Shares held by Ferga Maulia and a profit and loss account of PT IME in respect of the period from 31 December 2021 to the Unconditional Date.

Notes:-

- (1) For the purpose of clarity, these BOC Loan and Total Liabilities figures were based on the 2021 Audited Accounts as provided in the SPA for practical purposes as these figures were the latest available figures at the point of the parties entering into the SPA.
- (2) If there is any increase in the BOC Loan or the Total Liabilities amount from the 2021 Audited Accounts date up to the Completion Accounts date, such additional amount shall be deducted from the Shareholders' Advances amount, in accordance with the terms stipulated in the SPA as set out in Note (2) of Section 3 of Appendix III of this Circular. In any event, this would not result in any reduction in the Completion Amount.
- (3) If there are any additional advances or debts (including the remaining Shareholders' Advances) owing by PT IME to the Vendors (if any) on the Unconditional Date ("**Additional Debt Sum**"), such Additional Debt Sum shall be capitalised into ordinary shares of PT IME and shall form part of the Sale Shares to be acquired by KABEH. KABEH shall not be required to pay any additional monies or consideration for such capitalised Additional Debt Sum. In any event, this would not result in any reduction in the Completion Amount.

PT IME is the owner and operator of a Mini Hydro. In the event that the Mini Hydro is able to achieve a net export energy of 61.13 GWh within 1 year from the Unconditional Date ("**Target Production**"), an earned out profit of RM3.00 million shall be payable to SCB ("**Earned Out Profit**"). In the event the Mini Hydro is unable to achieve the Target Production, the Earned Out Profit shall be automatically waived. The 61.13 GWh is the estimated annual net export energy of the Mini Hydro under the optimistic scenario as estimated by an independent consultancy firm in the energy industry. The RM3.00 million represents the difference in the valuation of the Mini Hydro based on the estimated net export energy of the Mini Hydro under the optimistic scenario and the conservative scenario.

The Completion Amount, which comprises the Sale Shares Consideration and the Debt Sum, represents the amount to be settled by KABEH in order to effect the completion of the Proposed Acquisition. For the purpose of clarity, a summary of the Completion Amount's breakdown as at 31 December 2021 is set out below: -

No.	Completion Amount	RM
(a)	Sale Shares Consideration	
	(i) To SCB (78.3%)	7,833
	(ii) To Minority Shareholders (21.7%)	2,167
	Subtotal (a)	10,000
(b)	Settlement of Debt Sum	
	(i) BOC Loan	(1)27,612,527
	(ii) Total Liabilities	(1)4,639,002
	(iii) Shareholders' Advances	(1)42,738,471
	Subtotal (b)	74,990,000
	Total (a) + (b)	75,000,000

Note:-

(1) Based on the 2021 Audited Accounts.

Please refer to Appendix III of this Circular for the salient terms of the SPA.

2.2 Information on PT IME

2.2.1 Incorporation and business activities

PT IME was incorporated in Jakarta Pusat, Indonesia on 22 April 2008 approved by the Minister of Law and Human Rights of the Republic of Indonesia.

PT IME builds, owns and operates a Mini Hydro in the District of Pakpak Bharat, North Sumatera, Indonesia with an installed capacity of 11 MW. On 23 September 2010, PT IME signed a PPA with PLN for the installation, operation and maintenance of the Mini Hydro. Under the PPA, PT IME was required to build, own and operate an 8 MW hydroelectric power plant for an initial period of 20 years from the commercial operation date of the plant, which was achieved on 12 October 2021.

The installed capacity of the Mini Hydro is 11 MW but the average net energy output is estimated to be approximately 8 MW after considering losses such as transformer losses⁽¹⁾, parasitic electricity losses⁽²⁾ and transmission line losses⁽³⁾.

Notes:-

- (1) Transformer losses refer to the energy losses that occur during the operation of a transformer, which is a device used to transfer electrical energy from one circuit to another through electromagnetic induction.
- (2) Parasitic electricity losses refer to the energy losses that occur in a system due to non-productive factors such as friction, vibration, turbulence or any other inefficiencies.
- (3) Transmission line losses refer to energy losses that occur when energy is transmitted over power lines from the power plant to the end-users.

For information, the total production of the Mini Hydro from 12 October 2021 to 28 February 2023 was 69.67 MWh.

Apart from the Mini Hydro, PT IME does not have any other major fixed assets that are revenue generating.

2.2.2 Share capital

As at the LPD, the issued share capital of PT IME is IDR30.00 billion comprising 300,000 ordinary shares.

2.2.3 Directors and commissioners

As at the LPD, the directors and commissioners of PT IME together with their respective direct and indirect shareholdings are as follows:-

Name / Designation	Nationality	Shareholding as at the LPD			
		Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
Dato' Ahmad Redza Bin Abdullah / President Director	Malaysian	-	-	-	-
Surya Sugandi / Director	Indonesian	-	-	-	-
Woon Wai En / President Commissioner	Malaysian	-	-	-	-
Yek Siew Liong / Commissioner	Malaysian	-	-	-	-

Note:-

(1) Based on 300,000 issued shares in PT IME.

2.2.4 Shareholders

As at the LPD, the shareholders of PT IME together with their respective direct and indirect shareholdings are as follows:-

Name	Nationality / Country of incorporation	Shareholding as at the LPD			
		Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
SCB	Malaysia	235,000	78.33	-	-
Tiopan Hasudungan Marpaung	Indonesian	62,000	20.67	-	-
Parulian Marpaung	Indonesian	1,500	0.50	-	-
Ferga Maulia	Indonesian	1,500	0.50	-	-

Note:-

(1) Based on 300,000 issued shares in PT IME.

2.2.5 Subsidiaries and associated companies

As at the LPD, PT IME does not have any subsidiary and associated company.

Further details on the background information on PT IME are set out in Appendix II of this Circular.

2.3 Information on SCB

2.3.1 Incorporation and business activities

SCB was incorporated in Malaysia under the Companies Act, 1965 as a public limited company under the name of UCS Holdings Berhad. SCB is listed on the Main Market of Bursa Securities.

SCB is principally involved in investment holding, contractors and infrastructure development, provision of management and consultancy services.

2.3.2 Share capital

As at the LPD, the issued share capital of SCB is RM267.22 million comprising 398,985,000 ordinary shares.

2.3.3 Directors

As at the LPD, the directors of SCB together with their respective direct and indirect shareholdings are as follows:-

Name / Designation	Nationality	Shareholding as at the LPD			
		Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
Dato Sri Mahmud Abu Bekir Taib / Non-Independent Non-Executive Chairman	Malaysian	58,264,896	14.60	⁽²⁾ 26,082,000	6.54
Dato Sri Fong Joo Chung / Non-Independent Non-Executive Deputy Chairman	Malaysian	400,200	0.10	-	-
Yek Siew Liong / Non-Independent Non-Executive Director	Malaysian	5,855,000	1.47	⁽³⁾ 31,682,000	7.94
Datuk Kevin How Kow / Independent Non-Executive Director	Malaysian	-	-	-	-
Erman bin Radin / Independent Non-Executive Director	Malaysian	125,160	0.03	-	-
Datuk Rozimi bin Remeli / Independent Non-Executive Director	Malaysian	-	-	-	-
Redzuan bin Rauf / Independent Non-Executive Director	Malaysian	-	-	-	-

Notes:-

- (1) Based on 398,985,000 issued shares in SCB.
- (2) Deemed interested by virtue of his interest in Central Paragon Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his interest in Central Paragon Sdn Bhd and UF Jaya Sdn Bhd via Yek Min Ek Sdn Bhd and Baodi Development Sdn Bhd respectively pursuant to Section 8(4) of the Act.

2.3.4 Substantial shareholders

As at the LPD, the substantial shareholders of SCB together with their respective direct and indirect shareholdings are as follows:-

Name	Nationality / Country of incorporation	Shareholding as at the LPD			
		Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
Dato Sri Mahmud Abu Bekir Taib	Malaysian	58,264,896	14.60	(2)26,082,000	6.54
Sarawak Energy Berhad	Malaysia	52,397,996	13.13	-	-
HNG Capital Sdn Bhd	Malaysia	31,356,900	7.86	-	-
Central Paragon Sdn Bhd	Malaysia	26,082,000	6.54	-	-
Yek Siew Liong	Malaysian	5,855,000	1.47	(3)31,682,000	7.94
UF Jaya Sdn Bhd	Malaysia	5,600,000	1.40	(4)26,082,000	6.54
Tan Sri Dato' Seri H'ng Bok San	Malaysian	237,240	0.06	(5)36,448,400	9.14
Dato' H'ng Chun Hsiang	Malaysian	2,620,750	0.66	(6)31,356,900	7.86
Datin H'ng Hsieh Ling	Malaysian	2,470,750	0.62	(7)31,356,900	7.86
Sarawak State Financial Secretary	Malaysia	-	-	(8)52,397,996	13.13
Delegatam Sdn Bhd	Malaysia	-	-	(8)52,397,996	13.13
Baodi Development Sdn Bhd	Malaysia	-	-	(9)31,682,000	7.94
Yek Min Ek Sdn Bhd	Malaysian	-	-	(10)31,682,000	7.94
Petra Transit Sdn Bhd	Malaysia	38,262,000	9.59	-	-

Notes:-

- (1) Based on 398,985,000 issued shares in SCB.
- (2) Deemed interested by virtue of his interest in Central Paragon Sdn Bhd pursuant to Section 8(4) of the Act.

- (3) Deemed interested by virtue of his interest in Central Paragon Sdn Bhd and UF Jaya Sdn Bhd via Yek Min Ek Sdn Bhd and Baodi Development Sdn Bhd respectively pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of its interest in Central Paragon Sdn Bhd pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his interest in HNG Capital Sdn Bhd and his children's interest respectively pursuant to Section 8(4) and Section 59(11)(c) of the Act.
- (6) Deemed interested by virtue of his interest in HNG Capital Sdn Bhd pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of her interest in HNG Capital Sdn Bhd pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of its interests in Sarawak Energy Berhad pursuant to Section 8(4) of the Act.
- (9) Deemed interested by virtue of its interests in Central Paragon Sdn Bhd via UF Jaya Sdn Bhd and UF Jaya Sdn Bhd pursuant to Section 8(4) of the Act.
- (10) Deemed interested by virtue of its interests in Central Paragon Sdn Bhd and UF Jaya Sdn Bhd via Baodi Development Sdn Bhd pursuant to Section 8(4) of the Act.

2.4 Mode of settlement

The Completion Amount will be satisfied in the following manner:-

Completion Amount	Timing of settlement	RM
Sale Shares Consideration	Paid on 20 January 2022 prior to the execution of the SPA in cash	10,000
Settlement of Debt Sum	Within 3 months from the Unconditional Date in cash	74,990,000
Total		75,000,000

2.5 Basis and justification for the Completion Amount

The Completion Amount of RM75.00 million was arrived after taking into consideration, amongst others, the following:-

- (i) the firm valuation of PT IME which amounts to IDR267.41 billion (equivalent to approximately RM78.08 million) ("**Enterprise Market Value**"), as detailed in the enterprise valuation report dated 20 March 2023 prepared by Kantor Jasa Penilai Publik Niboyo Adiputro, Dewi Apriyanti & Rekan ("**KJPP NDR**"), an independent valuer, as set out in Appendix IX of this Circular. The valuation was conducted based on the discounted cash flow method which adopted, amongst others, the following inputs / assumptions:-
 - (a) cash flow projections which covers the period from 1 January 2022 until 11 October 2041, being the tenure of the PPA with PLN;
 - (b) capacity utilisation rate of 65% based on the minimum capacity utilisation rate as stipulated in the PPA with PLN;
 - (c) discount rate of 8.81% using weighted average cost of capital; and
 - (d) electricity tariff used based on the PPA which is:-
 - (i) tariff of IDR878.00/kWh from year 1 to 5; and
 - (ii) tariff of IDR714.32/kWh from year 6 to 20.

KJPP NDR has adopted the discounted cash flow method to derive the enterprise market value of PT IME after taking into consideration the predictability and sustainability of the cash flows during the operating period of the Mini Hydro until 11 October 2041 in accordance with the PPA with PLN.

The Enterprise Market Value was then adopted by KJPP NDR for the purpose of the expert's report on the fairness of the Completion Amount for the Proposed Acquisition, which also covers the qualitative aspects of the merits of the Proposed Acquisition in addition to the quantitative aspects. Please refer to Appendix VII of this Circular for further details;

- (ii) the rationale and benefits of the Proposed Acquisition as set out in Section 3 of this Circular; and
- (iii) the future prospects of PT IME vis-à-vis in the small hydropower industry in Indonesia as set out in Section 6.4 of this Circular.

2.6 Liabilities and guarantees to be assumed

Save for the liabilities⁽¹⁾ stated in the statement of financial position of PT IME which will be consolidated into the financial statements of our Company following completion of the Proposed Acquisition, as well as the obligation and liabilities in and arising from any funding that may be obtained by KABEH in connection with the Proposed Acquisition to satisfy its payment obligations, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by KAB arising from the Proposed Acquisition.

Note:-

- (1) The liabilities of PT IME are expected to reduce upon settlement of the Debt Sum.

Further to the above, assuming part of the Completion Amount is to be funded through a loan of USD15.00 million⁽¹⁾ (equivalent to approximately RM67.07 million), the total liabilities of the enlarged Group will be increased by the said amount after completion of the Proposed Acquisition.

Note:-

- (1) As at the LPD, our Group is in the midst of obtaining a bank loan of USD15.00 million.

2.7 Source of funding

The Completion Amount is intended to be funded via bank borrowings and internally generated funds, the proportions of which will be determined later.

For illustrative purposes, assuming the Completion Amount is to be funded partly through a loan of USD15.00 million (equivalent to approximately RM67.23 million) the proportions of the source of funding shall be in the following manner: -

Source of funding	RM	%
Bank borrowings	67,230,000	89.64
Internally generated funds	7,770,000	10.36
Total	75,000,000	100.00

2.8 Additional financial commitment

At this juncture, our Company does not foresee any additional financial commitment required to put the assets of PT IME on-stream immediately after completion of the Proposed Acquisition.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition represents part of our Group's business strategy to expand into the SES Business in tandem with our Group's recent forays into the same⁽¹⁾. These are intended to provide an additional source of income to our Group to complement the income from its existing M&E engineering business.

Note:-

(1) On 7 September 2022, our Company announced that it proposes to undertake the Diversification. The Diversification was subsequently approved by the Shareholders at an EGM held on 17 November 2022. Further details on the Diversification are set out in the circular to Shareholders dated 1 November 2022.

Upon completion of the Proposed Acquisition, our Group is expected to benefit from a stable stream of recurring income from PT IME's Mini Hydro via the PPA with PLN dated 23 September 2010. Under the PPA, PT IME shall supply and PLN shall purchase electricity generated from the Mini Hydro at specified tariff rates for an initial period of 20 years from its commercial operation date of 12 October 2021. PLN is a state-owned company involved in the supply of electricity in Indonesia.

4. POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS IN JURISDICTIONS WHERE PT IME OPERATES IN

4.1 Indonesia

Policies on foreign investment in Indonesia

Foreign investment must be in the form of a limited liability company based on Indonesian law and domiciled within the territory of the Republic of Indonesia. Foreign investment ("PMA") is mainly regulated under the Law No. 25 of 2007 on Investment as lastly amended by the Government Regulation in lieu of Law No. 2 of 2022 on Job Creation ("Capital Investment Law").

When an Indonesian company has one or more foreign shareholder(s) then it shall be constituted as a PMA company and must adhere the provisions governing foreign investment under the Capital Investment Law and its implementing regulations.

A PMA company must engage in certain areas of business lines based on the business field standard classification that is classifying scopes of business lines under 5 digits of numerical code. The description of the business activities is stipulated in the PMA company's constitutive documents, including but not limited in its: (i) articles of association and deed of establishment; (ii) primary business number; (iii) tax licenses; and (iv) other relevant business permits.

Exemption on the applicability of foreign capital ownership limitation

Based on the Presidential Regulation No. 10 of 2021 on Capital Investment Business Lines as lastly amended by Presidential Regulation No. 49 of 2021 ("PR 49/2021"), investment requirements with restrictions on foreign capital ownership do not apply to investments or a company that have obtained approval for certain business lines prior to the promulgation of the PR 49/2021, which is 25 May 2021, unless that the new provisions are more favourable for them.

On restrictions of foreign capital ownership, PR 49/2021 also provides that a company which business lines have investment requirements with restrictions on foreign capital ownership, and will conduct change of foreign capital ownership due to acquisition, the limits of foreign capital ownership in the target company is as stated in its business license.

Business licenses – OSS RBA licencing regime

In third quarter of 2021, Government of Indonesia has implemented a new capital investment regime by adopting a risk based licencing scheme pursuant to the Government Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing ("GR 5/2021") and launching a risk-based assessment online single submission ("OSS") ("OSS RBA"). Under GR 5/2021, each business line will have its own risk level (from low to high risk) which will determine the applicable business licencing requirement for such business line.

Policies on repatriation of profits

In accordance with the Law No. 40 of 2007 concerning limited liability company as amended by the Government Regulation in lieu of Law No. 2 of 2022 on Job Creation ("Company Law"), when the company has a positive retained earnings, meaning the company's net profit in the current financial year has covered the company's accumulated losses from the previous financial year ("Positive Retained Earnings"), the profit for the current year after deducting taxes ("Net Profit") of a company may be distributed to the shareholders as dividend after the mandatory reserve fund as required by applicable law has been allocated.

In general, under the Company Law, a company with a Positive Retained Earnings is required to set aside a certain amount of the Net Profit of each financial year for reserve fund. Allocation of the Net Profit is conducted until the reserve fund reaches minimum 20% of the total issued and paid-up capital of the company.

The 20% quota of reserve fund does not have to be reached in 1 financial year.

The reserve fund allocation is mandatory and to be conducted by the company in every financial year as long as (i) the company has Positive Retained Earnings and (ii) the company's reserve fund has not covered 20% of the total issued and paid-up capital of the company.

The utilisation of the Net Profit, including with regards to the reserve fund allocation amount and distribution of dividend shall be approved by the shareholders in the annual general meeting of shareholders of the company ("GMS").

The GMS may decide that part or all of the Net Profit will be used for dividends distribution to the shareholders, reserves fund, and/or other distributions such as *tantiem* for members of the board of directors and board of commissioners, as well as bonuses for employees.

The GMS in adopting its resolutions must pay attention to the interests of the company and fairness.

Accordingly, when the company has a Positive Retained Earnings, the company (by way of a GMS decision) may decide to allocate part of the Net Profit in the current financial year (in any percentage) for the reserve fund and part of it for dividend.

Interim dividends

The Company Law allows the distribution of interim dividends before the end of the book year, subject to the fulfilment of following terms and conditions:

- (i) it will not cause the total net worth of the company becoming smaller than the total issued and paid-up capital plus mandatory reserves;
- (ii) it will not interfere or cause the company to be unable to fulfil its obligations to its creditors or interfere with the company's activities;

- (iii) it is determined / decided based on the decision of the board of directors after obtaining the approval of the board of commissioners;
- (iv) in the event that after the end of the book year the company suffers a loss, the interim dividend that has been distributed must be returned by the shareholders to the company; and
- (v) the board of directors and the board of commissioners are jointly and severally liable for the company's losses, in the event that the shareholders cannot return the interim dividend.

Under the Capital Investment Law, investors are granted with the rights to transfer and repatriate in foreign currencies for profits, bank interest, dividends, and other, subject to the condition that it shall be exercised in accordance with provisions of laws and regulations.

Policies on taxation

Income Tax

Under article 9 of Law of Republic of Indonesia Number 7 of 1983 of Income Tax as lastly amended with Government Regulation in lieu of Law No. 2 of 2022 on Job Creation ("**Income Tax Law**"), repatriation of profits as dividends by an Indonesian company to its shareholders will not be considered deductible expenses for corporate income tax purposes.

Under article 26 of Income Tax Law, dividend payments by an Indonesian company to its foreign shareholders will be subject to a withholding tax of 20%, assuming the foreign shareholders do not have a permanent establishment ("**PE**") in Indonesia.

If the foreign shareholders are residents of a country with an effective double tax agreement ("**DTA**") with Indonesia, the withholding tax rate for dividends may be reduced.

The DTA between Indonesia and Malaysia provides that where a resident of Indonesia pays dividends to a resident of Malaysia, and the recipient is the beneficial owner of the dividends, the tax charged shall not exceed 15% of the gross amount of the dividends, as per Article 10 (2) of the DTA between Indonesia and Malaysia.

Therefore, payment of dividends by PT IME to KABEH will be subject to 15% withholding tax assuming KABEH meets the requirements under the DTA.

The withholding tax on dividends is required to be withheld by the Indonesian company when the distribution of dividends is approved by the shareholders in GMS.

However, if the dividends are paid before the approval at the GMS, the withholding tax on dividends is required to be withheld when the dividends are paid.

A withholding tax slip must be issued by the Indonesian company and provided to the shareholders receiving the dividends.

The Indonesian company must pay the withholding tax to the Government of Indonesia by the 10th of the following month after the dividends are announced or paid. The tax filing must be complete by the 20th day of the same month.

To obtain the benefits under the DTA, the resident of Malaysia is required to complete a Directorate General of Taxes ("**DGT**") Form and attached with a certificate of residence ("**COR**") issued by Malaysian tax authorities.

The DGT Form attached with COR is required to be delivered to the Indonesian company.

Value Added Tax ("VAT")

Under the Law of Republic of Indonesia Number 8 of 1983 concerning Value Added Tax and Sales Tax on Luxury Goods, as amended with Government Regulation in lieu of Law No. 2 of 2022 on Job Creation, payments of dividends will not be subject to VAT in Indonesia.

Please refer to Appendix VI of this Circular for the further details on the policies on foreign investments, taxation and repatriation of profits of Indonesia in respect of the Proposed Acquisition.

5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

5.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions precedent under the SPA as set out in Appendix III of this Circular. There is no assurance that the Proposed Acquisition can be completed within the time period permitted under the SPA. In the event that the conditions precedent are not fulfilled within the stipulated time period, the SPA may be terminated and the Proposed Acquisition will not proceed.

Nevertheless, KABEH and the Vendors shall endeavour to fulfil all their obligations and proactively engage with third parties to obtain all the necessary documents required for the completion of the Proposed Acquisition within the timeframe stipulated in the SPA. However, should there be any delay beyond the agreed timeframe, KABEH shall endeavour to negotiate with the Vendors to mutually extend the timeframe prior to its expiry.

5.2 Political, economic and regulatory risk

Upon completion of the Proposed Acquisition, our Group, via PT IME, will be susceptible to changes in the political, economic and regulatory conditions of Indonesia where PT IME operate in. Therefore, changes in the political, economic and regulatory conditions in Indonesia could adversely affect the financial or prospects of our Group. These may include, amongst others, risks of war, expropriation, nationalisation, changes in general economic, business or credit conditions, political or social development and changes in government policy such as changes in interest rates, inflation rate, taxation and currency exchange controls.

In respect of the above, KAB shall continuously monitor the political, economic and regulatory conditions in Indonesia so as to respond and adapt to any changes accordingly as and when they arise in the future.

5.3 Risk of changes in Indonesia's policies on foreign investments and repatriation of profits / dividends

Upon completion of the Proposed Acquisition, our Group, via PT IME, will be subject to the policies on foreign investment and repatriation of profits / dividends under the laws of Indonesia. As set out in Section 4 of this Circular, under the laws of Indonesia, there is no restriction against foreign investment in the industries where PT IME operate in, and there are no restrictions imposed on the repatriation of profits, dividends and capital save for payment of applicable taxes.

Notwithstanding the above, there can be no assurance that any changes to the Indonesia's policies on foreign investment and repatriation of profits / dividends in the future will not have a material effect on our Group. In order to mitigate the abovementioned risk, our Group will adopt a proactive approach in keeping abreast of the relevant policies in Indonesia on foreign investment and repatriation of profits / dividends in relation to PT IME.

5.4 Foreign currency risk

The reporting currency of our Group is in RM whilst the reporting currency of PT IME is in IDR. For reporting purposes, any adverse changes in IDR may result in foreign currency translation differences. No assurance can be given that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material adverse impact on our Group's operating results and financial conditions.

The management of KAB will continue to monitor our Group's foreign currency exposures and will take the necessary steps to minimise exchange rate exposures whenever deemed appropriate such as implementing a hedging policy.

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6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 Malaysian economy

In tandem with the continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia, 7 October 2022)

All economic sectors registered growth in the fourth quarter of 2022. The services sector expanded by 8.9% (3rd quarter (“3Q”) 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business services activities.

The manufacturing sector grew by 3.9% (3Q 2022: 13.2%). Despite experiencing slower global semiconductor sales, the E&E cluster remained in expansion amid fulfilment of existing backlog in orders. Meanwhile, the primary segment continued to grow driven by higher output at a major oil refinery in Johor which resumed operations in the previous quarter. Sustained production in the consumer segment was driven by the food and beverage segment ahead of the festive season, as well as the motor vehicle and transport equipment segment to meet backlog in orders.

The construction sector expanded by 10.1% (3Q 2022: 15.3%). Of significance, civil engineering and non-residential subsectors were lifted by continued progress of large infrastructure, commercial and industrial projects.

Commodities-related sectors continued to expand. The mining sector expanded by 6.8% (3Q 2022: 9.2%), attributable to sustained improvements in crude oil and natural gas production. The agriculture sector grew by 1.1% (3Q 2022: 1.2%) underpinned by growth in oil palm output, as yields benefitted from higher rainfall earlier in 2022 amid easing labour shortages.

(Source: BNM Quarterly Bulletin 4Q 2022, BNM)

Headline inflation has averaged 3.4% for the period January-November 2022. As projected, headline inflation peaked in 3Q 2022, while underlying inflation, as measured by core inflation, has averaged 2.9% up to November 2022. Over the course of 2023, headline and core inflation are expected to moderate but remain at elevated levels amid lingering demand and cost pressures. Existing price controls and fuel subsidies, and the remaining spare capacity in the economy, will continue to partly contain the extent of upward pressures to inflation. The balance of risk to the inflation outlook is tilted to the upside and remains highly subject to any changes to domestic policy on subsidies and price controls, as well as global commodity price developments.

At the current overnight policy rate level, the stance of monetary policy remains accommodative and supportive of economic growth. Further normalisation to the degree of monetary policy accommodation would be informed by the evolving conditions and their implications to the domestic inflation and growth outlook. The Monetary Policy Committee will continue to calibrate the monetary policy settings that balance the risks to domestic inflation and sustainable growth.

(Source: Monetary Policy Statement, BNM, 19 January 2023)

6.2 Indonesia economy

Real gross domestic product (“GDP”) growth has accelerated from 3.7% in 2021 to 5.4% year-on-year in the first three quarters of 2022. The spike in coal and palm oil prices since the start of the Russia-Ukraine war has generated windfall corporate earnings. A drop in COVID-19 infection rates and a successful vaccination program has prompted the lifting of mobility restrictions. This has released pent-up demand and led to a sharp acceleration in private consumption. Output of transportation and communications services, trade, and hospitality, as well as manufacturing of food, textiles, and basic metals, have grown the fastest. The unemployment rate has fallen below 6 percent and average wages rose by 12% year-on-year. Nevertheless, a small gap still remains with pre-pandemic levels.

Commodity exports have strengthened the current account surplus from a 0.2% of GDP in 3rd quarter 2021 to 0.9% of GDP in 3rd quarter 2022. Non-commodity exports like vehicles, electrical machines, and footwear and clothing have also constituted nearly half of total exports. These have helped offset pressures from rising imports. At the same time, Indonesia is facing tighter external finances like other Emerging Markets and Developing Economies. Outflows of portfolio debt accelerated since July, in line with the US Federal Reserve rate hike cycle, adding to currency pressures. But short-term refinancing needs remain low (2.1% of GDP) and foreign exchange reserves remain adequate (6 months of import cover). Sound macroeconomic management and low internal and external imbalances have helped contain market perceptions of sovereign credit risk.

Economic growth in 2022 is estimated at 5.2% and to average 4.9% over the medium term (2023-25). Nevertheless, downside risks are substantial and could weigh heavily on Indonesia’s growth if they materialize. Weaker global demand, tighter global finances, broad-based capital outflows, and currency pressures could trigger a more rapid monetary policy tightening cycle. Average inflation is projected to peak in 2023 at 4.5%, and then remaining at Bank Indonesia’s upper bound target, an average of 3.5% in 2024-2025. The fiscal deficit is projected to remain below 3% of GDP government target by 2023 as returns from tax reforms materialize and COVID related expenditures are terminated. The external position is projected to deteriorate slightly with low to moderate risks of vulnerability. The current account balance is projected to turn into a small deficit over the medium term.

(Source: The Indonesia Economic Prospects December 2022, World Bank)

6.3 Small hydropower industry in Indonesia

The small hydropower industry in Indonesia is represented by the cumulative installed capacity (i.e. the maximum achievable amount of energy that a small hydropower plant (inclusive of commissioned and non-commissioned) can produce); real capacity (i.e. the amount of energy that a commissioned small hydropower plant can produce based on the examination and testing outlined in the Operation Worthy Certificate); and the annual power generation for commissioned small hydropower plants owned by PLN and Independent Power Producers.

The cumulative installed capacity for small hydropower plants grew from 240.55 MW in 2017 to 486.65 MW in 2021 at a CAGR of 19.26%. The real capacity for commissioned small hydropower plants grew from 223.84 MW in 2017 to 469.16 MW in 2021 at a CAGR of 20.32%.

The cumulative installed capacity and real capacity for small hydropower plants in Indonesia in 2022 and beyond are not publicly available.

The estimated annual power generation for commissioned small hydropower plants increased from 0.92 terawatt-hour (“TWh”) in 2017 to 2.10 TWh in 2021 at a CAGR of 22.92%.

Despite the outbreak of the COVID-19 pandemic and the disruption to business operations, the estimated annual power generation for commissioned small hydropower plants continued to record a healthy year-on-year (“YOY”) growth of 20.47% in 2020 and 37.25% in 2021. As electricity is essential to fuel economic activities and for the consumption of households, private and public sectors, the operations of the small hydropower industry in Indonesia were not affected during the COVID-19 pandemic. Further, as the COVID-19 situation gradually became a norm, and commercial and industrial activities returned to normal in 2022, the demand for electricity is expected to increase, thus further driving the need for power generation. SMITH ZANDER estimates the annual power generation for commissioned small hydropower plants to increase to 2.56 TWh in 2022, at a YOY growth of 21.90% from 2.10 TWh in 2021.

The growth of the renewable energy industry in Indonesia will continue to be driven by future growth in the economy, as well as government initiatives to encourage investment in renewable energy such as the establishment of the Feed-in-Tariff (FiT) mechanism for the small hydropower industry, putting in place fiscal incentives such as income tax deduction, accelerated depreciation of tangible assets, and accelerated amortisation of intangible assets, as well as the introduction of the Electricity Business Plan 2021 – 2030 which sets out Indonesia’s future power capacity and network development plans over the next 10 years.

(Source: IMR Report)

6.4 Prospects and future plans for our Group

Our Group is principally involved in the provision of M&E engineering services in Malaysia. Our Group provides electrical engineering services including the installation, testing and commissioning of electrical systems as well as mechanical engineering services including the installation, testing and commissioning of air-conditioning and mechanical ventilation systems. The nature of our Group’s core business is project-based and its customers are primarily main contractors, project owners and property developers in Malaysia’s construction industry.

As at the LPD, our Group’s M&E engineering segment has an outstanding order book balance of RM184.0 million, while there are RM249.0 million worth of tenders that are still pending. Some of our Group’s notable projects include the installation, testing and commissioning of electrical systems for commercial properties like KL Metropolis, Pavilion Bukit Jalil in Kuala Lumpur as well as mixed developments like M-Centura and Gravit8 Phase 2, Sofiya Desa Park City, Agile Bukit Bintang and Southlink Bangsar in Kuala Lumpur.

Since 2019, our Group has begun to expand its business to include the SES Business. This forms part of our Group’s long-term plan and vision to be a one-stop engineering and energy solutions provider in the industry. Under the SES Business, our Group is involved in the provision of energy efficient solutions, clean energy generation and renewable energy generation. Further details on these are set out in Section 3.1 of this Circular.

On 7 September 2022, our Company announced that it proposes to undertake the Diversification and the Private Placement – 2022. The Diversification and the Private Placement – 2022 were subsequently approved by the Shareholders at an EGM held on 17 November 2022. Further details on the Diversification and the Private Placement – 2022 are set out in the circular to Shareholders dated 1 November 2022. As set out in the said circular, the Private Placement – 2022 is expected to raise gross proceeds of up to RM133.97 million and the same is intended to be utilised mainly for working capital, repayment of bank borrowings as well as funding for existing and future SES projects. As at the LPD, none of the 361,581,000 placement shares available for placement under the Private Placement – 2022 have been issued.

With the Proposed Acquisition as set out in Section 2 of this Circular, our Group's SES Business will have a new exposure to the hydropower industry on top of its existing exposure to the solar power industry. This is in line with our Group's overall business plan of expanding the SES Business to provide additional sources of income to our Group on top of the existing contribution from its core business involving the provision M&E engineering services.

As set out in Section 2.2 of this Circular, PT IME has an existing PPA with PLN, a state-owned company involved in the supply of electricity in Indonesia, whereby PT IME shall supply, through its Mini Hydro, electricity to PLN at specified tariff rates for an initial period of 20 years from its commercial operation date of 12 October 2021. Apart from the Mini Hydro, PT IME does not have any other major fixed assets that are revenue generating.

Moving forward, our Group will continue to explore opportunities to expand its SES Business in light of the rising demand for energy efficiency solutions and renewable energy due to increasing consumption of electricity as well as various government initiatives to drive these industries. Amongst others, there have been several tax incentives introduced by the Malaysian Investment Development Authority (MIDA) to spur investment into green technology, including the Green Investment Tax Allowance, Green Income Tax Exemption for qualified green services and Green Income Tax Exemption for qualified green services for solar leasing activity. In addition, many corporates are now looking to comply with environmental, social and governance ("ESG") policies, which in turn may motivate these companies to seek out greener energy sources. For information, KAB is recognised on the Financial Times Stock Exchange ("FTSE") Bursa Malaysia EMAS Index and additionally, was accessed and recognised by FTSE Russell with an ESG rating of 3 stars out of 4 stars. For information, only companies listed on the FTSE Bursa Malaysia EMAS Index are eligible to be assessed by FTSE Russell. The ESG ratings comprises an overall rating that breaks down into underlying pillar and theme exposures and scores which are built on over 300 individual indicator assessments that are applied to each company's unique circumstances.

Premised on the above, the rationale and benefits of the Proposed Acquisition as set out in Section 3 of this Circular as well as the future prospects of the various segments as set out in Sections 6.1 to 6.3 of this Circular, the prospects of our Group appear favourable moving forward.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital

The Proposed Acquisition is not expected to have any effect on the share capital of our Company.

7.2 NA and gearing

The pro forma effects of the Proposed Acquisition on the NA and gearing of our Group are as follows:-

Group level	Audited as at 31 December 2021 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and the Proposed Acquisition RM'000
Share capital	93,809	103,597	103,597
Foreign currency translation reserve	33	33	33
Warrant reserve	(4)	(4)	(4)
Retained profits / (accumulated losses)	30,853	30,119	⁽²⁾⁽³⁾ 25,848
Shareholders' equity / NA	124,691	133,745	129,475
Non-controlling interest	242	242	242
Total equity	124,933	133,987	129,717
No. of Shares in issue ('000) ⁽⁴⁾	1,777,906	1,807,906	1,807,906
NA per Share (RM)	0.07	0.07	0.07
Total borrowings (RM'000)	68,119	43,119	110,349
Gearing ratio (times)	0.55	0.32	0.85

Notes:-

- (1) After accounting for the following:-
 - (i) issuance of 20,000,000 and 10,000,000 new Shares at the issue price of RM0.3019 and RM0.3750 each respectively pursuant to the Previous Private Placement – 2021 (I) which was completed on 20 July 2022;
 - (ii) repayment of borrowings pursuant to the utilisation of proceeds from the Previous Private Placement – 2021;
 - (iii) expenses arising from the Previous Private Placement – 2021 of RM0.37 million; and
 - (iv) expenses arising from the Private Placement – 2022 and the Diversification of RM0.37 million.
- (2) Including one-off pro forma gain on negative goodwill of RM3.09 million arising from the Proposed Acquisition, which was derived from the difference between the Completion Amount of RM75.00 million and the Enterprise Market Value of RM78.08 million as set out in Section 2.5(i) of this Circular. This is only a provisional amount at this juncture and the final amount will be determined upon purchase price allocation exercise to be conducted after the completion of the Proposed Acquisition. Purchase price allocation is an accounting method used to allocate the purchase price of an acquired company among its assets and liabilities. When one company acquires another, the purchase price is typically allocated to the acquired company's identifiable assets and liabilities. The process of purchase price allocation involves identifying the fair value of each asset and liability and allocating the purchase price accordingly.
- (3) After deducting estimated expenses incidental to the Proposed Acquisition of RM1.19 million.
- (4) Excludes 88,898 treasury shares.

7.3 Substantial Shareholders' shareholdings

The Proposed Acquisition is not expected to have any effect on the substantial Shareholders' shareholdings in our Company.

7.4 Earnings and EPS

The Proposed Acquisition is expected to result in a one-off pro forma gain on negative goodwill of RM3.09 million. However, this is only a provisional amount at this juncture and the final amount will be determined upon a purchase price allocation exercise to be conducted after completion of the Proposed Acquisition.

Moving forward, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of our Group via the earnings contribution to be derived from PT IME as set out in Section 2 of this Circular.

For illustration, assuming that the Proposed Acquisition had been completed at the beginning of the FYE 31 December 2021, the pro forma effects of the Proposed Acquisition on the consolidated earnings and EPS are as follows:-

	Audited FYE 31 December 2021	(I) After subsequent events ⁽¹⁾	(II) After (I) and the Proposed Acquisition ⁽²⁾
PAT attributable to owners of our Company (RM'000)	4,072	4,072	3,054
Weighted average no. of Shares ('000)	1,505,991	1,535,991	1,535,991
EPS (sen)	0.27	0.27	0.20

Notes:-

- (1) After accounting for the issuance of 20,000,000 and 10,000,000 new Shares pursuant to the Previous Private Placement – 2021 which was completed on 20 July 2022.
- (2) After accounting for the estimated expenses incidental to the Proposed Acquisition, the LAT attributable to owners of PT IME and the one-off pro forma gain on negative goodwill arising from the Proposed Acquisition.

8. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposed Acquisition is as follows:-

Date	Events
27 April 2023	EGM for the Proposed Acquisition
3 rd quarter of 2023	Completion of the Proposed Acquisition

9. APPROVALS REQUIRED AND CONDITIONALITY

9.1 Approvals required

The Proposed Acquisition is subject to the approval being obtained by the Company from its Shareholders at the forthcoming EGM.

9.2 Conditionality

The Proposed Acquisition is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by our Company.

10. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Listing Requirements is 60.15%.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, there are no other corporate exercises which have been announced by our Company but are pending completion before the printing of this Circular:-

(i) Multi-Currency Sukuk Programme

On 29 September 2021, KABEP has lodged with SC the required information and relevant documents pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in relation to the issuance of the Sukuk Murabahah.

The establishment of the Multi-Currency Sukuk Programme has a tenure of 30 years from the date of the first issuance of the Sukuk Murabahah and will provide KAB Group with the flexibility in its fund-raising exercise with varying amount and tenures for optimal asset-liability match through the capital markets.

As at the LPD, KABEP has made the first issuance of Sukuk Murabahah of RM19.95 million in nominal value on 31 January 2022 ("**Tranche 1 Sukuk Murabahah**").

The series 1 of Tranche 1 Sukuk Murabahah is secured against various assets of KAB, KABEP and its identified subsidiaries whereas the series 2 of Tranche 1 Sukuk Murabahah is guaranteed by Danajamin Nasional Berhad. The proceeds from the Tranche 1 Sukuk Murabahah shall be utilised to advance to KABEP's wholly-owned subsidiary, Dynagen Power (M) Sdn Bhd (formerly known as Konpro Industries Sdn Bhd) to redeem its existing conventional financing facility and the balance thereafter to fund the minimum balance and build-up requirement in the Tranche 1 Designated Accounts.

(ii) Private Placement – 2022

On 7 September 2022, our Company announced that it proposes to undertake the Private Placement – 2022. The Private Placement – 2022 was subsequently approved by the Shareholders at an EGM held on 17 November 2022. Further details on the Private Placement – 2022 are set out in the circular to Shareholders dated 1 November 2022.

As set out in the said circular, the Private Placement – 2022 is expected to raise gross proceeds of up to RM133.97 million and the same is intended to be utilised mainly for working capital, repayment of bank borrowings as well as funding for existing and future SES projects.

As at the LPD, none of the 361,581,000 placement shares available for placement under the Private Placement – 2022 have been issued.

(iii) Acquisition of 100% ordinary shares in Future Biomass Gasification Sdn Bhd

On 9 November 2022, our Company announced that KABEH had entered into a term sheet with Future NRG Sdn Bhd ("**FNSB**") for the acquisition of the entire ordinary shares held by FNSB in Future Biomass Gasification Sdn Bhd ("**FBGSB**") for a tentative total consideration of RM15.00 million ("**Acquisition of FBGSB**").

On 16 January 2023, our Company announced that KABEH had entered into a sale and purchase of shares agreement with FNSB for the Acquisition of FBGSB for a total consideration of RM15.00 million.

The Acquisition of FBGSB is pending the fulfilment of conditions precedent under the said sale and purchase of shares agreement by the extended long stop date of 24 April 2023.

(iv) Acquisition of 100% ordinary shares in Matahari Suria Sdn Bhd

On 18 August 2022, our Company announced that KABEH had entered into a share sale agreement with Unique Forging & Components Sdn Bhd for the purpose of acquiring the entire ordinary shares in Matahari Suria Sdn Bhd for a total purchase consideration of RM5.30 million ("**Acquisition of MSSB**").

The Acquisition of MSSB is pending the fulfilment of conditions precedent under the said share sale agreement by the extended cut-off date of 17 May 2023.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our Directors, major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

13. BOARD'S RECOMMENDATION

Our Board, having considered the current and prospective financial position, needs and capacity of our Group, and after careful deliberation as well as taking into consideration the rationale and benefits of the Proposed Acquisition, basis and justification for the Completion Amount, salient terms of the SPA, risk factors and all other aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

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14. EGM

The Revised Notice of EGM which is enclosed in this Circular can be downloaded from our Company's website at <https://www.asastera.com>. The EGM will be held on a fully virtual basis via Online Meeting Platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Acquisition.

Day, date and time of the EGM : Thursday, 27 April 2023 at 9:30 a.m.
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If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the share registrar of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than 48 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the virtual EGM should you subsequently decide to do so, provided a notice of termination of proxy authority in writing is given to the Share Registrar before the commencement of the meeting and you register for the EGM via Securities Services e-Portal at <https://sshbsb.net.my/>.

Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

15. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,
For and on behalf of the Board of
KEJURUTERAAN ASASTERA BERHAD

DATO' LAI KENG ONN
Managing Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information on and relating to PT IME and the Vendors have been extracted from information provided by the Vendors, the directors and management of PTIME as well as publicly available information and records. Therefore, the responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST**2.1 Kenanga IB**

The written consent of Kenanga IB, being the Principal Adviser for the Proposed Acquisition, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Kenanga IB confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposed Acquisition.

2.2 SMITH ZANDER

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 6 of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposed Acquisition.

2.3 DIRKSEN, FILPSE, DORAN & LE (“DFDL”)

DFDL has given and has not subsequently withdrawn its written consent to the inclusion of its name, its expert’s report on policies relating to repatriation of profits, foreign investment and taxation laws in Indonesia referred to in Appendix VI of this Circular as well the extracts thereof referred to in Section 4 of this Circular and all references thereto in the form and context in which they appear in this Circular.

2.4 KJPP NDR

KJPP NDR has given and has not subsequently withdrawn its written consent to the inclusion of its name, its expert’s report on the fairness of the Completion Amount for the Proposed Acquisition referred to in Appendix VII of this Circular, its enterprise valuation report of PT IME referred to in Section 2.5(i) and Appendix IX of this Circular and all references thereto in the form and context in which they appear in this Circular.

2.5 Guido Hidayanto & Partners (“GHP”)

GHP has given and has not subsequently withdrawn its written consent to the inclusion of its name, its legal opinion on ownership of title to the securities or assets in Indonesia and the enforceability of agreements, representations and undertakings given by foreign counter-parties under the relevant laws of Indonesia referred to in Appendix VIII of this Circular and all references thereto in the form and context in which they appear in this Circular.

APPENDIX I - FURTHER INFORMATION (CONT'D)

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Material commitments

As at the LPD, our Board confirmed that, save as disclosed below, there are no material commitments incurred or known to be incurred by our Group:-

Material commitments	Amount (RM'000)
Capital commitment approved and contracted but not provided for - Property, plant and equipment	19,784

Contingent liabilities

As at the LPD, our Board confirmed that, save as disclosed below, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of our Group:-

Contingent liabilities	Amount (RM'000)
Bank guarantees given to third parties in respect of performance bonds for our Group's projects	29,555

4. MATERIAL LITIGATION

As at the LPD, our Board confirmed that neither our Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of our Group and our Board confirmed that there are no proceedings, pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or financial performance of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of our Company;
- (ii) the Constitution of PT IME;
- (iii) audited consolidated financial statements of KAB for the FYE 31 December 2020 and FYE 31 December 2021 as well as the unaudited consolidated financial statements of KAB for the FYE 31 December 2022;
- (iv) audited financial statements of PT IME for the FYE 31 December 2020 and FYE 31 December 2021;
- (v) the SPA;
- (vi) directors' report on PT IME as set out in Appendix V of this Circular;

APPENDIX I - FURTHER INFORMATION (CONT'D)

- (vii) expert's report on the policies on foreign investments, taxation and repatriation of profits of Indonesia as set out in Appendix VI of this Circular
- (viii) expert's report on the fairness of the Completion Amount for the Proposed Acquisition as set out in Appendix VII of this Circular;
- (ix) legal opinion on ownership of title to the securities or assets in Indonesia, and the enforceability of agreements, representations and undertakings given by foreign counter-parties under the relevant laws of Indonesia as set out in Appendix VIII of this Circular;
- (x) enterprise valuation report of PT IME as referred to in Section 2.6(i) and set out in Appendix IX of this Circular;
- (xi) consent letters referred to in Section 2 of Appendix I of this Circular; and
- (xii) IMR Report referred to in Section 6 of this Circular.

APPENDIX II - INFORMATION ON PT IME

1. HISTORY AND BUSINESS

PT IME was incorporated in Jakarta Pusat, Indonesia on 22 April 2008 approved by the Minister of Law and Human Rights of the Republic of Indonesia.

PT IME builds, owns and operates a Mini Hydro in the District of Pakpak Bharat, North Sumatera, Indonesia with an installed capacity of 11 MW. On 23 September 2010, PT IME signed a PPA with PLN for the installation, operation and maintenance of the Mini Hydro. Under the PPA, PT IME was required to build, own and operate an 8 MW hydroelectric power plant for an initial period of 20 years from the commercial operation date of the plant, which was achieved on 12 October 2021.

Apart from the Mini Hydro, PT IME does not have any other major fixed assets that are revenue generating.

2. SHARE CAPITAL

As at the LPD, the issued share capital of PT IME is IDR30,000,000,000 comprising 300,000 ordinary shares.

3. DIRECTORS AND COMMISSIONERS

As at LPD, the directors and commissioners of PT IME and their shareholdings in PT IME are as follows:-

Name	Designation	Nationality	Shareholding as at the LPD			
			Direct		Indirect	
			No. of shares	(1)%	No. of shares	(1)%
Dato' Ahmad Redza Bin Abdullah	President Director	Malaysian	-	-	-	-
Surya Sugandi	Director	Indonesian	-	-	-	-
Woon Wai En	President Commissioner	Malaysian	-	-	-	-
Yek Siew Liong	Commissioner	Malaysian	-	-	-	-

Note:-

(1) Based on 300,000 issued shares in PT IME.

APPENDIX II - INFORMATION ON PT IME (CONT'D)

4. SHAREHOLDERS

As at LPD, the shareholders of PT IME and their shareholdings in PT IME are as follows:-

Name	Nationality / Country of incorporation	Shareholding as at the LPD			
		Direct		Indirect	
		No. of shares	(1)%	No. of shares	%
SCB	Malaysia	235,000	78.33	-	-
Tiopan Hasudungan Marpaung	Indonesian	62,000	20.67	-	-
Parulian Marpaung	Indonesian	1,500	0.50	-	-
Ferga Maulia	Indonesian	1,500	0.50	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, PT IME does not have any subsidiary and associated company.

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the board of directors of PT IME confirmed that there are no material commitments incurred or known to be incurred by PT IME.

Contingent liabilities

As at the LPD, the board of directors of PT IME confirmed that there are no contingent liabilities incurred or known to be incurred by PT IME which, upon becoming due or enforceable, may have a material impact on the financial results or position of PT IME.

7. MATERIAL CONTRACTS

As at the LPD, PT IME has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past 2 years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, the board of directors of PT IME confirmed that PT IME is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of PT IME and the board of directors of PT IME confirmed that there are no proceedings, pending or threatened against PT IME or of any facts likely to give rise to any proceedings, which may materially and adversely affect the financial position or financial performance of PT IME.

APPENDIX II - INFORMATION ON PT IME (CONT'D)

9. FINANCIAL INFORMATION

A summary of the financial information of PT IME based on PT IME's audited financial statements for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 is set out below:

	FYE 31 December 2019		FYE 31 December 2020		FYE 31 December 2021	
	IDR'000	RM'000	IDR'000	RM'000	IDR'000	RM'000
Revenue	15,743,962	4,597	8,680,032	2,535	10,951,816	3,198
(Loss) before taxation	(17,295,465)	(5,050)	(29,592,511)	(8,641)	(5,409,388)	(1,580)
(LAT)	(17,505,145)	(5,112)	(27,173,226)	(7,935)	(9,988,045)	(2,917)
No of share in issue	300,000	300,000	300,000	300,000	300,000	300,000
Net loss per share	(58.35)	(0.02)	(90.58)	(0.03)	(33.29)	(0.01)
Authorised, subscribed and fully-paid share capital	30,000,000	8,760	30,000,000	8,760	30,000,000	8,760
Shareholders' funds / NA	(14,522,795)	(4,241)	(41,696,020)	(12,175)	(51,684,066)	(15,092)
NA per share	(48.41)	(0.01)	(138.99)	(0.04)	(172.28)	(0.05)
Current ratio (times)	0.03	0.03	0.03	0.03	0.05	0.05
Borrowings	78,109,349	22,808	79,255,619	23,143	80,177,130	23,412
Gearing (times)	N/A	N/A	N/A	N/A	N/A	N/A

The audited financial statements of PT IME for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 have been prepared in accordance with applicable approved Indonesian accounting standards and there was no audit qualification for the respective years under review. PT IME has not adopted any accounting policies which are peculiar to its operations for the respective years under review.

Commentaries

(i) FYE 31 December 2021 vs. FYE 31 December 2020

PT IME's revenue for FYE 31 December 2021 increased by IDR2.27 billion or 26.17% as compared to the previous corresponding period. The higher revenue was mainly due to the recognition of sales of electricity after the commencement of commercial operation of the Mini Hydro on 12 October 2021.

In line with the higher revenue, PT IME recorded a lower LAT of IDR9.99 billion compared to the previous corresponding period of IDR27.17 billion. Apart from the higher revenue, the lower LAT was also attributable to an additional impairment of IDR19.4 billion due to the delay of the construction of Mini Hydro recognised in FYE 31 December 2020.

(ii) FYE 31 December 2020 vs. FYE 31 December 2019

In FYE 31 December 2020 and FYE 31 December 2019, the Mini Hydro was still under construction.

PT IME adopted Statements of Financial Accounting Standards (“**SFAS**”) and Interpretations of Financial Accounting Standards (“**IFAS**”) issued by Financial Accounting Standards Board (“**FASB**”) of the Indonesia Institute of Accountants, namely SFAS 72, Revenue from Contracts with Customers and IFAS 16, Service Concession Arrangements.

The results for FYE 31 December 2020 and FYE 31 December 2019 were dependent upon the status of the construction of the Mini Hydro based on the application of SFAS 72 and IFAS 16.

SFAS 72 requires PT IME to recognise revenue and cost based on construction service carried out for the hydro dam while IFAS 16 requires interest income to be recognised in relation to the service concession arrangement, i.e. the PPA with PLN.

(iii) FYE 31 December 2019 vs. FYE 31 December 2018

In FYE 31 December 2019 and FYE 31 December 2018, the Mini Hydro was still under construction.

PT IME adopted SFAS and IFAS issued by FASB of the Indonesia Institute of Accountants, namely SFAS 72, Revenue from Contracts with Customers and IFAS 16, Service Concession Arrangements.

The results for FYE 31 December 2019 and FYE 31 December 2018 were dependent upon the status of the construction of the Mini Hydro based on the application of SFAS 72 and IFAS 16.

SFAS 72 requires PT IME to recognise revenue and cost based on construction service carried out for the hydro dam while IFAS 16 requires interest income to be recognised in relation to the service concession arrangement, i.e. the PPA with PLN.

The salient terms of the SPA are as follows:-

1. Completion Amount

The aggregate consideration for the purchase of the Sale Shares and the settlement of the Debt Sum under the SPA shall be a maximum sum of RM75,000,000 where such sum shall be paid or part of such sum has been paid prior to the date of the SPA as follows: -

- (i) a sum of RM10,000 only paid by KABEH to SCB prior to the date of the SPA (payment has been made and the receipt thereof has been acknowledged by the Vendors); and
- (ii) KABEH shall, subject to the relevant clauses of the SPA, on or before the period of 3 months from the Unconditional Date (or such other date as may be agreed in writing between KABEH and the Vendors) ("**Completion Amount Date**"), cause or procure PT IME to apply the sum of RM74,990,000 towards settlement of the Debt Sum,

provided always the Unconditional Date shall take place on or before 31 October 2022. In the event the Unconditional Date takes place after 31 October 2022, then subject to KABEH having notified SCB (as the Vendors' representative) in writing of KABEH's intention to affirm the SPA or extend the Conditional Period despite its right of termination pursuant to the relevant clause of the SPA, KABEH and the Vendors (collectively, the "**Parties**") agree that the projected available cashflows after 31 October 2022 as determined in accordance with the SPA ("**Projected Available Cashflows**") shall be retained in PT IME and fully reserved for KABEH's disposal.

KABEH may allow PT IME to utilise the projected available cashflows towards the operation costs and expenses in carrying out the ordinary course of business and for reasons expressly stipulated in the SPA provided always the Vendors warrant and undertake that the utilisation of the projected available cashflows shall not exceed the maximum amount that PT IME is allowed to utilise from the projected available cashflow on a monthly basis towards the operating costs and expenses (excluding maintenance costs) incurred in the ordinary course of business of PT IME, in the event that the Unconditional Date is after 31 October 2022, up to the achievement of the Unconditional Date ("**Allocated OPEX Amounts**") at any time. For the avoidance of doubt, the Vendors jointly and severally undertake to bear and pay all costs and expenses that are in excess of the Allocated OPEX Amount for the day-to-day operations and carrying on of ordinary course of business of PT IME as well as all liabilities and repayments of loans and interest (including BOC Loan and interest) from 31 October 2022 until the Unconditional Date actually takes place.

The Vendors acknowledge and agree that the Completion Amount paid and/or caused to be paid by KABEH shall be deemed as the full and final settlement for the consideration for the transfer of Sale Shares to KABEH and for the settlement of the Debt Sum. For the avoidance of doubt, where there is Additional Debt Sum, the Additional Debt Sum shall be capitalised into ordinary shares of PT IME and shall form part of the Sale Shares to be acquired by KABEH. KABEH shall not be required to pay any additional monies or consideration for such capitalised Additional Debt Sum.

2. Earned Out Profit

A sum of RM3.00 million only being a maximum amount of the Earned Out Profit shall be payable by KABEH to SCB only in the event that: -

- (i) the Mini Hydro based on its normal operation manner and manuals is able to achieve the net export energy of 61.13GWh within 1 year from the Unconditional Date;

- (ii) KABEH shall pay the Earned Out Profit to SCB within 14 business days from the date of confirmation in writing by KABEH (the confirmation of which shall be issued by KABEH to SCB within 90 days from the expiry of the period stipulated in (i) above) that the Target Production has been achieved; and
- (iii) in the event the Mini Hydro is unable to achieve the Target Production within 1 year from the Unconditional Date, KABEH shall issue a notice in writing to SCB and payment of the Earned Out Profit shall be deemed automatically waived. The written notification from KABEH shall be supported by documentary evidence as proof that the Target Production has not been achieved.

3. Priority of payment

The Parties agree that KABEH shall utilise the Completion Amount (subject to the retention of certain amounts⁽¹⁾ and adjustments⁽²⁾) in the following descending order of priority:-

- (a) firstly, the BOC Loan shall be paid to the BOC to redeem and discharge the BOC Loan in accordance with the redemption statement issued by BOC;
- (b) secondly, to pay / settle the Total Liabilities; and
- (c) lastly, to deposit the remaining amount payable towards the Shareholders' Advances into the designated account which shall be deemed as full and final settlement of the Shareholders' Advances.

Notes:-

- (1) Some amounts from the Completion Amount shall be retained in PT IME for other liabilities, withholding taxes and potential VAT.
- (2) The Parties acknowledge that where the allocation of Completion Amount towards the BOC Loan or Total Liabilities is required to be increased for full settlement thereof, an amount shall be deducted solely from the allocation for the payment towards the Shareholders Advances. For the avoidance of doubt, any permissible adjustments arising therefrom shall not in any way result in the reduction of the Completion Amount.

4. Conditions precedent

The conditions precedent of the SPA include, amongst others, the following:-

4.1 Vendors' obligations

The Vendors shall deliver or as the case may be, make available and/or cause to be released to KABEH's solicitors the following on or before the expiry of the Conditional Period⁽¹⁾:-

- (a) a copy of the pre-acquisition announcement in at least one Indonesian newspaper and a copy of the announcement to PT IME's employees and each creditor in relation to the transfer of the Sale Shares from the Vendors to KABEH;
- (b) the shareholders register of PT IME reflecting its current shareholding composition, and updated shareholders register and share certificates for PT IME with regard to the proposed transfer of the Sale Shares;
- (c) the resolution of SCB and shareholders at a general meeting of SCB approving the sale of Sale Shares in the agreed terms;

APPENDIX III – SALIENT TERMS OF THE SPA (CONT'D)

- (d) spousal consent, if any, in the event that any of the Vendors is married and did not have a pre-marital arrangement on the asset distribution;
- (e) (for KABEH itself and as agent for PT IME) the certificates of incorporation, the original or certified true copies of the articles of association of SCB and PT IME, corporate seals (if any), cheque books, statutory and other books of PT IME (duly written up-to-date) (if any) the share certificates in respect of each of the Vendors;
- (f) all the financial and accounting books and records of PT IME that are available and in PT IME's possession;
- (g) (if KABEH so requires), irrevocable powers of attorney(s) (in such form as KABEH may reasonably require) executed by each of the holders of the Sale Shares in favour of KABEH to enable KABEH (pending registration of the relevant transfers) to exercise all voting and other rights attaching to the Sale Shares and to appoint proxies for this purpose;
- (h) bank statements of all bank accounts of PT IME as at the date of execution of the SPA;
- (i) a release, in a form satisfactory to KABEH, of all and any claims that any Vendor (or any member of such Vendor's group) has or may have against PT IME, duly executed by such Vendor (or the relevant member of the Vendor's group), if any; and
- (j) capitalization of the Additional Debt Sum owing by PT IME to the Vendors up to the Unconditional Date and procuring shares issued pursuant to such capitalization to form part of the Sale Shares at no additional cost or consideration to KABEH.

Note:-

- (1) Pursuant to the relevant clause of the SPA, the Conditional Period may be extended for a period of 1 month from the day following the expiry of the Conditional Period subject to KABEH having received from the Vendors, a written notice for a request for an extension of the Conditional Period, at least 14 days prior to the expiry of the Conditional Period. In the event that the Unconditional Date takes place after 31 October 2022, KABEH may notify SCB in writing of its intention to affirm the agreement or to extend the Conditional Period.

In this regard, KABEH and SCB had on 29 November 2022 and 10 February 2023 mutually agreed to extend the Conditional Period for a total period of 6 months until 30 April 2023.

4.2 Board of Directors' resolutions

(i) Vendors

The Vendors shall procure the passing of board and members resolutions of PT IME in respect of inter alia:-

- (a) (if so required by KABEH) revoking all existing authorities to bankers in respect of the operation of its bank accounts and giving authority in favour of such persons as KABEH may nominate to operate such accounts, to take effect on the Unconditional Date;
- (b) approving the registration of the share transfers duly stamped and to take effect on the Unconditional Date;

and shall deliver to KABEH duly certified copies of such resolutions.

(ii) KABEH

KABEH shall procure the passing of board and members resolutions of KABEH in respect of inter alia:-

- (a) approving the acquisition of the Sale Shares by KABEH from the Vendors.

4.3 Shareholder resolutions

(i) Vendors

The Vendors shall procure the passing in general meeting of PT IME:-

- (a) an ordinary resolution accepting the resignation of each of the directors and commissioners of PT IME from their office as directors or commissioners and to take effect on the Unconditional Date, with acknowledgements signed by each of them in a form satisfactory to KABEH to the effect that they have no claim against PT IME;
- (b) irrevocably waiving any and all rights over the Sale Shares conferred by the articles of association or other equivalent document and/or agreement of PT IME or in any other way are waived irrevocably by the persons entitled to them including without limitation, any rights of redemption, pre-emption, first refusal or transfer they may have with respect to the Sale Shares;
- (c) approving the transfer and registration of the Sale Shares from the Vendors to KABEH or its assignee(s) to take effect on the Unconditional Date;
- (d) approving the removal of the current board of directors, board of commissioners, company secretary and auditors to take effect on the Unconditional Date;
- (e) approving the appointment of at least one new director and one new commissioner to take effect on the Unconditional Date,

and shall deliver to KABEH duly certified copies of such resolutions.

(ii) KABEH

KABEH shall procure the passing in general meeting of KABEH a resolution:-

- (a) approving the acquisition of the Sale Shares by KABEH from the Vendors.

5. Right to terminate

5.1 If the Vendors' obligations specified in Section 4.1 of Appendix III of this Circular are not fully complied with by the Vendors by or on the Unconditional Date, KABEH shall be entitled (in addition to and without prejudice to all other rights or remedies available to KABEH including the right to claim damages) by written notice to the Vendors served on such date:-

- (i) to elect to terminate the SPA without liability on the part of the terminating party;
or

APPENDIX III – SALIENT TERMS OF THE SPA (CONT'D)

- (ii) to effect completion of the Parties' obligations under the SPA so far as practicable having regard to the defaults which have occurred; or
 - (iii) to fix a new date for the fulfilment or waiver of the obligations in relation to the conditions precedent set out in the SPA by the Parties in which case the foregoing provisions of this section shall apply as so deferred but provided such deferral may only occur once.
- 5.2 If the SPA is terminated in accordance with Section 5.1 of Appendix III of this Circular, SCB shall within 5 business days, reimburse to KABEH:-
 - (i) the Sale Shares Consideration free of interest;
 - (ii) any part payment of the Completion Amount made by KABEH (if any); and

any sum of monies made by KABEH in relation to PT IME failing which, such sum shall be deemed as a debt owing by SCB to KABEH and KABEH shall be entitled to charge interest on such sum in accordance with the terms of the SPA until such sum is paid in full by SCB to KABEH. Without limiting the generality of the foregoing, KABEH shall be entitled to commence recovery proceedings against the Vendors for such outstanding sums. Thereafter, neither KABEH nor the Vendors shall have any claim under the SPA of any nature whatsoever against the other party except in respect of any rights and liabilities:-

 - (i) which have accrued before termination;
 - (ii) under the surviving provisions specified in the SPA; or
 - (iii) arising in respect of any fraud or willful misconduct of the Vendors or KABEH.
- 5.3 Simultaneously with the refund of monies to KABEH, the Parties shall comply with the consequence of termination as stipulated in the SPA (save in the case where termination is due to the inability to fulfil the conditions precedents of the SPA).

PT INPOLA MITRA ELEKTRINDO

**LAPORAN KEUANGAN TANGGAL 31 DESEMBER 2021 DAN
UNTUK TAHUN YANG BERAKHIR PADA TANGGAL TERSEBUT
BESERTA LAPORAN AUDITOR INDEPENDEN**

***FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 AND
FOR THE YEAR THEN ENDED WITH INDEPENDENT AUDITOR'S REPORT***

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF PT IME FOR THE FYE 31 DECEMBER 2021 (CONT'D)

PT INPOLA MITRA ELEKTRINDO
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PT. INPOLA MITRA ELEKTRINDO

**SURAT PERNYATAAN DIREKSI TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN PERUSAHAAN PADA TANGGAL SERTA UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2021
PT INPOLA MITRA ELEKTRINDO/ DIRECTOR'S STATEMENT LETTER REGARDING THE RESPONSIBILITY FOR THE COMPANY FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2021 PT INPOLA MITRA ELEKTRINDO**

Saya yang bertanda tangan dibawah ini :

We, the undersigned :

1 Nama	Dato Ahmad Redza Bin Abdullah	1. Name
Alamat	Jl. Brigjend Katamsno No. 124 Kelurahan Sukaraja, Kecamatan Medan Maimun, Medan, Sumatera Utara 20159	Address
Nomor Telepon	+6251- 42779060	Phone Number
Jabatan	Direktur Utama / President Director	Position

Menyatakan bahwa :

Declare that :

- | | |
|---|--|
| 1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan PT Inpolo Mitra Elektrindo ; | 1. <i>Responsible for the preparation and presentation of the financial statements of PT Inpolo Mitra Elektrindo;</i> |
| 2. Laporan Keuangan PT Inpolo Mitra Elektrindo telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia. | 2. <i>The Financial statements of PT Inpolo Mitra Elektrindo been prepared and presented in accordance with Indonesian Financial Accounting Standards.</i> |
| 3. a. Semua informasi dalam laporan keuangan PT Inpolo Mitra Elektrindo telah dimuat secara lengkap dan benar; | 3. a. <i>All information in the financial statements of PT Inpolo Mitra Elektrindo have been disclosed in a complete and truthful manner;</i> |
| b. Laporan Keuangan PT Inpolo Mitra Elektrindo tidak mengandung informasi dan fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; | b. <i>The Financial Statements of PT Inpolo Mitra Elektrindo do not contain any incorrect information or material facts, nor do they omit information or material facts;</i> |
| 4. Bertanggung jawab atas sistim pengendalian internal dalam PT inpolo Mitra Elektrindo. | 4. <i>Responsible for PT Inpolo Mitra Elektrindo internal control system.</i> |

Demikian pernyataan ini dibuat dengan sebenarnya.

This is my declaration, which has been made truthfully.

Direktur Utama/ President Director



Dato' Ahmad Redza Bin Abdullah

Medan, 28 Mei 2022



**KANTOR AKUNTAN PUBLIK
JOHAN MALONDA MUSTIKA & REKAN**
Certified Public Accountants
License No. : 667/KM.1/2020

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With Offices in Jakarta, Surabaya and Bali



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LAPORAN AUDITOR INDEPENDEN

INDEPENDENT AUDITOR'S REPORT

Laporan No. 00016/3.0431/AU.1/02/1599-2/1/V/2022

Report No. 00016/3.0431/AU.1/02/1599-2/1/V/2022

Pemegang Saham, Dewan Komisaris dan Direksi

The Shareholders, Boards of Commissioners and Directors

PT INPOLA MITRA ELEKTRINDO

PT INPOLA MITRA ELEKTRINDO

Kami telah mengaudit Laporan Keuangan PT Inpolo Mitra Elektrindo (Perusahaan) terlampir, yang terdiri dari Laporan Posisi Keuangan tanggal 31 Desember 2021, serta Laporan Laba Rugi dan Penghasilan Komprehensif Lain, Laporan Perubahan Defisiensi Modal dan Laporan Arus Kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying Financial Statements of PT Inpolo Mitra Elektrindo (the Company), which comprise the Statement of Financial Position as of December 31, 2021, and the Statements of Profit or Loss and Other Comprehensive Income, Changes in Capital Deficiency and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung Jawab Manajemen atas Laporan Keuangan

Management's Responsibility for the Financial Statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar Laporan Keuangan ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan Laporan Keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of these 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.

Tanggung Jawab Auditor

Auditor's Responsibility

Tanggung jawab kami adalah untuk menyatakan suatu opini atas Laporan Keuangan ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah Laporan Keuangan bebas dari kesalahan penyajian material.

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



JOHAN MALONDA MUSTIKA & REKAN
PT INPOLA MITRA ELEKTRINDO

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam Laporan Keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam Laporan Keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar Laporan Keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian Laporan Keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, Laporan Keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, Posisi Keuangan PT Inpolo Mitra Elektrindo tanggal 31 Desember 2021, serta Kinerja Keuangan dan Arus Kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

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

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

Opinion

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the Financial Position of PT Inpolo Mitra Elektrindo as of December 31, 2021, and its Financial Performance and Cash Flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



JOHAN MALONDA MUSTIKA & REKAN
PT INPOLA MITRA ELEKTRINDO

Penekanan Suatu Hal

Laporan Keuangan terlampir disusun berdasarkan konsep kelangsungan usaha dengan anggapan bahwa Perusahaan akan melanjutkan operasinya sebagai entitas yang berkemampuan untuk mempertahankan kelangsungan usahanya. Pada tanggal 31 Desember 2021, Perusahaan telah mengalami saldo defisit sebesar (Rp 81.684.065.568) dan defisiensi modal sebesar (Rp 51.684.065.568). Keadaan tersebut menimbulkan keraguan substansial atas kemampuan Perusahaan dalam mempertahankan kelangsungan usahanya. Rencana manajemen Perusahaan untuk mengantisipasi kondisi di atas tersebut dijelaskan dalam Catatan 27 atas Laporan Keuangan. Laporan Keuangan terlampir tidak termasuk penyesuaian yang mungkin diperlukan atas kondisi tersebut.

Opini kami tidak dimodifikasikan sehubungan dengan hal tersebut.

JOHAN MALONDA MUSTIKA & REKAN
NIU-KAP license No. 867/KM.1/2020

Andoko, CPA
NRAP/Public Accountant Registration AP.1599

28 Mei 2022/May 28, 2022



Emphasis of Matter

The accompanying Financial Statements have been prepared based on the going concern concept that the Company will continue as a going concern. As of December 31, 2021, the Company had deficit of (Rp 81,684,065,568) and a capital deficiency of (Rp 51,684,065,568). This situation raises substantial doubts about the Company's ability to continue as a going concern. The Company's management's plan to anticipate the above conditions is described in Note 27 to the Financial Statements. The accompanying Financial Statements do not include adjustments that may be required for such conditions.

Our opinion is not modified in respect of this matter.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF PT IME FOR THE FYE 31 DECEMBER 2021 (CONT'D)

PT INPOLA MITRA ELEKTRINDO

LAPORAN POSISI KEUANGAN
PER 31 DESEMBER 2021 DAN 2020

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	A S E T		A S S E T S	
	Catatan/ Notes	2 0 2 1	2 0 2 0	
		Rp	Rp	
ASET LANCAR				CURRENT ASSETS
Kas dan Bank	3,5,26&27	5.739.670.357	966.827.824	Cash on Hand and In Banks
Deposito yang Dijaminkan	3,6,26&27	3.598.775.049	3.553.602.114	Guaranteed Deposits
Piutang Usaha	3,4,7,26&27	3.558.284.496	-	Trade Receivables
Piutang Lain-lain	3,4,8&27	651.382.092	651.382.092	Other Receivables
Biaya Dibayar di Muka		26.833.340	26.833.340	Prepaid Expenses
Pajak Dibayar di Muka	3&23	140.627.099	10.561.386	Prepaid Taxes
Uang Muka Retensi	9	3.260.041.872	3.260.041.872	Retention Advances
Garansi Bank	3,11&27	1.999.732.800	1.999.732.800	Bank Guarantee
Jumlah Aset Lancar		<u>18.975.347.105</u>	<u>10.468.981.428</u>	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Piutang Lain-lain	3,4,8,25&27	12.819.609.018	12.819.609.018	Other Receivables
Aset Keuangan Konsepsi	3,4,12&27	366.559.471.697	346.314.519.237	Concession Financial Assets
Aset Tetap	3,4&10	9.600.304	16.481.098	Fixed Assets
Jumlah Aset Tidak Lancar		<u>379.388.681.019</u>	<u>359.150.609.353</u>	Total Non-Current Assets
JUMLAH ASET		<u><u>388.364.028.124</u></u>	<u><u>369.619.590.781</u></u>	TOTAL ASSETS

Lihat Catatan atas Laporan Keuangan yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan ini

See accompanying Notes to Financial Statements which are an integral part of these Financial Statements

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF PT IME FOR THE FYE 31 DECEMBER 2021 (CONT'D)

PT INPOLA MITRA ELEKTRINDO

LAPORAN POSISI KEUANGAN (Lanjutan)
PER 31 DESEMBER 2021 DAN 2020

STATEMENTS OF FINANCIAL POSITION (Continued)
AS OF DECEMBER 31, 2021 AND 2020

	Catatan/ Notes	LIABILITAS DAN DEFISIENSI MODAL		LIABILITIES AND CAPITAL DEFICIENCY	
		2021	2020		
		Rp	Rp		
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES	
Utang Lain-lain	3,13,25&27	345.291.095.686	320.068.210.698	Other Payables	
Utang Retensi	3,14&27	2.805.350.061	3.663.338.977	Retention Payables	
Utang Pajak	3,4&23	6.050.385	5.865.005	Taxes Payable	
Beban Akruai	3,15&27	13.759.879.947	4.925.580.076	Accrued Expenses	
Bagian Pinjaman Bank Jangka Panjang yang Jatuh Tempo dalam Waktu Satu Tahun	3,16,26&27	42.113.727.342	41.629.695.774	Current Maturities of Long-term Bank Loan	
Jumlah Liabilitas Jangka Pendek		403.976.103.421	370.292.690.530	Total Current Liabilities	
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES	
Pinjaman Bank Jangka Panjang - setelah Dikurangi Bagian yang Jatuh Tempo dalam Waktu Satu Tahun	3,16,26&27	38.063.402.334	37.625.922.931	Long-term Bank Loan - Net of Current Maturities	
Liabilitas Pajak Tangguhan	3,4&23	7.952.043.285	3.373.385.991	Deferred Tax Liabilities	
Liabilitas Imbalan Pascakerja	3,4&24	56.544.652	23.611.465	Post-Employment Benefits Liabilities	
Jumlah Liabilitas Jangka Panjang		46.071.990.271	41.022.920.387	Total Non-Current Liabilities	
Jumlah Liabilitas		450.048.093.692	411.315.610.917	Total Liabilities	
DEFISIENSI MODAL				CAPITAL DEFICIENCY	
Modal Saham - Nilai Nominal Rp 100.000 per saham				Share Capital - Rp 100,000 par value per share	
Modal Dasar, Modal Ditempatkan dan Disetor - 300.000 saham	17	30.000.000.000	30.000.000.000	Authorized, Subscribed and Fully Paid - 300,000 shares	
Saldo Defisit		(81.684.065.568)	(71.696.020.136)	Deficit	
Jumlah Defisiensi Modal		(51.684.065.568)	(41.696.020.136)	Total Capital Deficiency	
JUMLAH LIABILITAS DAN DEFISIENSI MODAL		398.364.028.124	369.619.590.781	TOTAL LIABILITIES AND CAPITAL DEFICIENCY	

Lihat Catatan atas Laporan Keuangan yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan ini

See accompanying Notes to Financial Statements which are an integral part of these Financial Statements

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF PT IME FOR THE FYE 31 DECEMBER 2021 (CONT'D)

PT INPOLA MITRA ELEKTRINDO

LAPORAN LABA RUGI DAN PENGHASILAN
KOMPRESIF LAIN
UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL-TANGGAL 31 DESEMBER 2021 DAN 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	Catatan/ Notes	2021	2020	
		Rp	Rp	
PENDAPATAN USAHA	3 & 18	10.951.816.012	8.680.032.087	OPERATING REVENUES
BEBAN POKOK PENDAPATAN	3 & 19	(5.621.230.851)	(8.419.684.200)	COST OF REVENUES
LABA KOTOR		5.330.585.161	280.347.887	GROSS PROFIT
BEBAN UMUM DAN ADMINISTRASI	3 & 20	(5.424.504.479)	(8.757.600.150)	GENERAL AND ADMINISTRATIVE EXPENSES
BEBAN KEUANGAN	3 & 21	(23.064.721.969)	(19.002.887.999)	FINANCE COSTS
PENYISIHAN KERUGIAN PENURUNAN NILAI PIUTANG LAIN-LAIN	3,4&8	-	(448.934.948)	ALLOWANCE FOR IMPAIRMENT OF LOSSES OF OTHER RECEIVABLES
PENGHASILAN (BEBAN) LAIN-LAIN - BERSIH	3 & 22	17.749.253.149	(1.643.435.764)	OTHER INCOME (EXPENSES) - NET
RUGI SEBELUM TAKSIRAN PAJAK PENGHASILAN		(5.409.388.138)	(29.592.510.974)	LOSS BEFORE PROVISION FOR INCOME TAX
TAKSIRAN PAJAK PENGHASILAN:				PROVISION FOR INCOME TAX:
Kini		-	-	Current
Tangguhan	3,4&23	(4.576.657.294)	2.419.285.358	Deferred
RUGI BERSIH		(9.988.045.432)	(27.173.225.616)	NET LOSS
PENGHASILAN KOMPRESIF LAIN		-	-	OTHER COMPREHENSIVE INCOME
JUMLAH RUGI KOMPRESIF TAHUN BERJALAN		(9.988.045.432)	(27.173.225.616)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR

Lihat Catatan atas Laporan Keuangan yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan ini

See accompanying Notes to Financial Statements which are an integral part of these Financial Statements

PT INPOLA MITRA ELEKTRINDO

LAPORAN PERUBAHAN DEFISIENSI MODAL
UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL-TANGGAL 31 DESEMBER 2021 DAN 2020

STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	<u>Modal Saham/ Share Capital</u> Rp	<u>Saldo Defisit/ Deficit</u> Rp	<u>Jumlah/ Total</u> Rp
Saldo Per 31 Desember 2019/ <i>Balance as of December 31, 2019</i>	30.000.000.000	(44.522.794.520)	(14.522.794.520)
Jumlah Rugi Komprehensif Tahun 2020/ <i>Total Comprehensive Loss in 2020</i>	-	(27.173.225.616)	(27.173.225.616)
Saldo Per 31 Desember 2020/ <i>Balance as of December 31, 2020</i>	30.000.000.000	(71.696.020.136)	(41.696.020.136)
Jumlah Rugi Komprehensif Tahun 2021/ <i>Total Comprehensive Loss in 2021</i>	-	(9.988.045.432)	(9.988.045.432)
Saldo Per 31 Desember 2021/ <i>Balance as of December 31, 2021</i>	<u>30.000.000.000</u>	<u>(81.684.065.568)</u>	<u>(51.684.065.568)</u>

Lihat Catatan atas Laporan Keuangan yang
merupakan bagian yang tidak terpisahkan dari
Laporan Keuangan ini

See accompanying Notes to Financial Statements
which are an integral part of these
Financial Statements

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF PT IME FOR THE FYE 31 DECEMBER 2021 (CONT'D)

PT INPOLA MITRA ELEKTRINDO

**LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL-TANGGAL 31 DESEMBER 2021 DAN 2020**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

	2 0 2 1	2 0 2 0	
	Rp	Rp	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Rugi sebelum Taksiran Pajak Penghasilan	(5.409.388.138)	(29.592.510.974)	Loss before Provision for Income Tax
Penyesuaian untuk Merekonalisasi Rugi sebelum Taksiran Pajak Penghasilan menjadi Kas Bersih yang Diperoleh dari (Digunakan untuk) Aktivitas Operasi:			Adjustment to Reconcile Loss before Provision for Income Tax to Net Cash Provided by (Used in) Operating Activities:
Beban Imbalan Pasca Kerja	198.714.111	-	Post-Employment Benefits
Penyisihan Kerugian Penurunan Nilai Piutang Lain-lain	-	448.934.948	Allowance for impairment of losses of Other Receivables
Penyisihan Penurunan Nilai Aset Keuangan Konsepsi	-	19.431.894.021	Allowance for impairment of Concession Financial Assets
Rugi Selisih Kurs yang Belum Direalisasi	936.552.539	1.034.670.369	Unrealized Loss on Foreign Exchange
Beban Keuangan	23.064.721.968	-	Finance Costs
Pendapatan Bunga Bank	(66.399.900)	(85.435.679)	Interest Income
Penyusutan Aset Tetap	18.030.794	23.801.023	Depreciation of Fixed Assets
Penyesuaian Liabilitas Imbalan Pascakerja awal tahun	(23.811.465)	-	Adjustment of beginning balance of Post-Employment Benefits Liabilities
Penurunan (Peningkatan) pada:			Decrease (Increase) in:
Piutang Usaha	(3.558.284.496)	-	Trade Receivables
Pajak Dibayar di Muka	(130.065.713)	-	Prepaid Tax
Uang Muka Retensi	-	165.958.094	Retention Advances
Peningkatan (Penurunan) pada:			Increase (Decrease) in:
Utang Lain-lain	(831.691.855)	35.261.783.088	Other Payables
Beban Akruai	7.250.680	1.910.827.615	Accrued Expenses
Utang Pajak	185.380	5.865.005	Taxes Payable
Utang Retensi	(857.988.916)	(1.018.583.064)	Retensi Payables
Kas Diperoleh dan (Digunakan untuk) Aktivitas Operasi	13.346.024.890	27.589.004.446	Cash Provided by (Used in) Operating Activities
Penerimaan Bunga Bank	66.399.900	85.435.679	Receipts of Bank Interest
Pembayaran Beban Keuangan	(14.294.031.083)	-	Payment of Finance Costs
Pembayaran Pesangon	(140.169.459)	-	Benefits Payment
Kas Bersih Diperoleh dari (Digunakan untuk) Aktivitas Operasi	(1.021.775.752)	27.674.440.125	Net Cash Provided by (Used in) Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Peningkatan Aset Tetap	(11.150.000)	-	Increase in Fixed Assets
Peningkatan Aset Keuangan Konsepsi	(20.244.952.460)	(27.028.204.361)	Increase in Concession Financial Assets
Peningkatan Deposito yang Dijamin	(3.858.198)	-	Increase in Guaranteed Deposits
Kas Bersih Digunakan untuk Aktivitas Investasi	(20.259.958.658)	(27.028.204.361)	Net Cash Used in Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Peningkatan Utang Lain-lain - Pihak Berelasi	26.054.576.943	-	Increase in Other Payables - Related Party
PENINGKATAN BERSIH KAS	4.772.842.533	946.235.764	NET INCREASE (DECREASE) IN CASH
KAS DAN BANK, AWAL	966.827.824	320.592.060	CASH ON HAND AND IN BANKS, BEGINNING
KAS DAN BANK, AKHIR	5.739.670.357	966.827.824	CASH ON HAND AND IN BANKS, ENDING

Lihat Catatan atas Laporan Keuangan yang Merupakan bagian yang tidak terpisahkan dari Laporan Keuangan ini

See accompanying Notes to Financial Statements which are an integral part of these Financial Statements

PT INPOLA MITRA ELEKTRINDO

CATATAN ATAS LAPORAN KEUANGAN
31 DESEMBER 2021 DAN 2020

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. UMUM

PT Inpolo Mitra Elektrindo (Perusahaan) di dirikan berdasarkan Akta No. 48, tanggal 22 April 2008 dari Rusnaldy, S.H., Notaris Publik di Jakarta. Akta pendirian Perusahaan telah di sahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-82132.AH.01.01 Tahun 2008, tanggal 5 Nopember 2008.

Akta pendirian tersebut telah diubah beberapa kali dan terakhir dengan Akta No. 2, tanggal 16 Juli 2014 dari Mulkan Hariadi Siregar, S.H., Notaris Publik di Tanjung Balai, tentang perubahan alamat atau domisili Perusahaan dari Jakarta Pusat menjadi Kota Medan. Akta tersebut telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusannya No. AHU-06110.40.20.2014, tanggal 25 Juli 2014. Kemudian, berdasarkan Akta No. 36 tanggal 27 Pebruari 2015 dari Notaris Ivan Gelium Lantu, S.H., M.Kn tentang perubahan susunan pengurus Perusahaan.

Perusahaan berkedudukan di Komplek Katamso Vista Blok D-20, Jl. Brigjend Zein Hamid, Kelurahan Titi Kuning, Kecamatan Medan Johor, Medan, Sumatera Utara dan saat ini bergerak dalam bidang Pembangkit Listrik Tenaga Mini Hydro (PLTMH).

Perusahaan telah beroperasi secara komersial sejak Oktober 2021.

Berdasarkan Akta No. 8, tanggal 12 Nopember 2019 dari Notaris Bonardo Nasution, S.H., susunan pengurus Perusahaan adalah sebagai berikut:

Dewan Komisaris :
Komisaris Utama
Komisaris
Dewan Direksi :
Direktur Utama
Direktur

Woon Wai En
Yek Siew Liong
Dato' Ahmad Redza Bin Abdullah
Surya Sugandi

Board of Commissioners :
President Commissioner
Commissioner
Board of Directors :
President Director
Director

Rata-rata jumlah karyawan tetap Perusahaan adalah 5 dan 7 orang pada tahun 2021 dan 2020.

1. GENERAL

PT Inpolo Mitra Elektrindo (the Company) was established based on Notarial Deed No. 48, dated April 22, 2008, of Rusnaldy, S.H., Public Notary in Jakarta. The Company's deed of establishment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-82132.AH.01.01 Tahun 2008, dated November 5, 2008.

The Company's deed of establishment has been amended several times, most recently by Notarial Deed No. 2, dated July 16, 2014 of Mulkan Hariadi Siregar S.H., Public Notary in Tanjung Balai, regarding the changes of the Company's address or domicile from Central Jakarta to Medan. The amendment deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-06110.40.20.2014, dated July 25, 2014. Further, based on Notarial Deed No. 36 dated February 27, 2015 of Public Notary Ivan Gelium Lantu, SH. M.Kn regarding the changes in the Company's Boards of Commissioners and Directors.

The Company is domiciled at Komplek Katamso Vista Blok D-20, Jl. Brigjed Zein Hamid, Titi Kuning Village, Medan Johor Subdistrict, Medan, North Sumatera and currently engages in the business of Mini Hydro Power Plant.

The Company commenced commercial operations in October 2021.

Based on Notarial Deed No. 8, dated November 12, 2019 of Public Notary Bonardo Nasution, S.H., the Company's Commissioners and Directors are as follows:

The Company had 5 and 7 permanent employees in 2021 and 2020, respectively.

PT INPOLA MITRA ELEKTRINDO

CATATAN ATAS LAPORAN KEUANGAN
31 DESEMBER 2021 DAN 2020

NOTES TO FINANCIAL STATEMENTS
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- | | |
|---|---|
| <p>2. PERUBAHAN PADA PERNYATAAN STANDAR AKUNTANSI KEUANGAN (PSAK) DAN INTERPRETASI STANDAR AKUNTANSI KEUANGAN (ISAK)</p> <p>a. Standar yang Berlaku Efektif pada Tahun Berjalan</p> <p>Penerapan dari standar baru, interpretasi, amendemen dan penyesuaian tahunan yang relevan dengan operasi Perusahaan, yang berlaku efektif untuk tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2021 berikut tidak memiliki pengaruh signifikan atas kebijakan akuntansi Perusahaan serta tidak memberikan dampak yang material terhadap jumlah yang dilaporkan dalam Laporan Keuangan tahun berjalan atau tahun-tahun sebelumnya :</p> <ul style="list-style-type: none"> - Amendemen PSAK 71, Amendemen PSAK 55, Amendemen PSAK 60, Amendemen PSAK 62 dan Amendemen PSAK 73 tentang Reformasi Acuan Suku Bunga - Tahap 2 - Amendemen PSAK 73, "Sewa tentang Konsesi Sewa Terkait Covid-19 Setelah 30 Juni 2021" - PSAK 1 (Penyesuaian Tahunan 2021), "Penyajian Laporan Keuangan" - PSAK 48 (Penyesuaian Tahunan 2021), "Penurunan Nilai Aset" - ISAK 16 (Penyesuaian Tahunan 2021), "Perjanjian Konsesi Jasa" <p>b. Standar dan Interpretasi yang Telah Diterbitkan tetapi Belum Berlaku</p> <p>Standar, amendemen dan penyesuaian tahunan yang telah diterbitkan tetapi belum berlaku efektif untuk tahun buku yang dimulai pada 1 Januari 2021 adalah sebagai berikut :</p> <ul style="list-style-type: none"> - Amendemen PSAK 1, "Penyajian Laporan Keuangan tentang Klasifikasi Liabilitas sebagai Jangka Pendek atau Jangka Panjang" - Amendemen PSAK 1, "Penyajian Laporan Keuangan tentang Pengungkapan Kebijakan Akuntansi" - Amendemen PSAK 16, "Aset Tetap tentang Hasil sebelum Penggunaan yang Diintensikan" | <p>2. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDS (IFAS)</p> <p>a. Standards Effective in the Current Year</p> <p><i>The adoption of the following new standards, interpretation, amendments and annual improvements that are relevant to the Company's operations and effective for accounting period beginning on or after January 1, 2021 had no significant effect on the Company's accounting policies and had no material impact on the amounts reported in the Financial Statements in the current year or prior years :</i></p> <ul style="list-style-type: none"> - <i>Amendment to SFAS 71, Amendment to SFAS 55, Amendment to SFAS 60, Amendment to SFAS 62 and Amendment to SFAS 73 on Interest Rate Benchmark Reform - Phase 2</i> - <i>Amendment to SFAS 73, "Leases on Covid-19-related Rent Concessions Beyond 30 June 2021"</i> - <i>SFAS 1 (2021 Annual Improvement), "Presentation of Financial Statements"</i> - <i>SFAS 48 (2021 Annual Improvement), "Impairment of Assets"</i> - <i>ISAK 16 (2021 Annual Improvement), "Service Concession Arrangements."</i> <p>b. Standards and Interpretations Already Issued but Not Yet Applicable</p> <p><i>Standards, amendments and annual improvements issued but not yet effective for the financial year beginning January 1, 2021 are as follows ::</i></p> <ul style="list-style-type: none"> - <i>Amendment to SFAS 1, "Presentation of Financial Statements on Classification of Liabilities as Current or Non-current"</i> - <i>Amendment to SFAS 1, "Presentation of Financial Statements on Disclosure of Accounting Policies"</i> - <i>Amendment to SFAS 16, "Property, Plant and Equipment on Proceeds before Intended Use"</i> |
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PT INPOLA MITRA ELEKTRINDO

CATATAN ATAS LAPORAN KEUANGAN
31 DESEMBER 2021 DAN 2020

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

<p>2. PERUBAHAN PADA PERNYATAAN STANDAR AKUNTANSI KEUANGAN (PSAK) DAN INTERPRETASI STANDAR AKUNTANSI KEUANGAN (ISAK) (Lanjutan)</p> <p>b. Standar dan Interpretasi yang Telah Diterbitkan tetapi Belum Berlaku (Lanjutan)</p> <ul style="list-style-type: none"> - Amendemen PSAK 25, "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan tentang Definisi Estimasi Akuntansi" - Amendemen PSAK 46, "Pajak Penghasilan tentang Pajak Tanggahan terkait Aset dan Liabilitas yang timbul dari Transaksi Tunggal" - Amendemen PSAK 57, "Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi tentang Kontrak Memberatkan - Biaya Memenuhi Kontrak" - PSAK 71 (Penyesuaian Tahunan 2020), "Instrumen Keuangan" - PSAK 73 (Penyesuaian Tahunan 2020), "Sewa" <p>Sampai dengan tanggal penyelesaian Laporan Keuangan ini, manajemen masih mengevaluasi kemungkinan dampak dari penerapan standar baru dan amandemen tersebut di atas terhadap Laporan Keuangan Perusahaan.</p>	<p>2. CHANGES TO THE STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATIONS OF FINANCIAL ACCOUNTING STANDARDS (IFAS) (Continued)</p> <p>b. <i>Standards and Interpretations Already Issued but Not Yet Applicable (Continued)</i></p> <ul style="list-style-type: none"> - <i>Amendment to SFAS 25, "Accounting Policies, Changes in Accounting Estimates and Errors on Definition of Accounting Estimates"</i> - <i>Amendment to SFAS 46, "Income Taxes regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction"</i> - <i>Amendment to SFAS 57, "Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts - Cost of Fulfilling the Contract"</i> - <i>SFAS 71 (2020 Annual Improvement), "Financial Instruments"</i> - <i>SFAS 73 (2020 Annual Improvement), "Leases"</i> <p><i>As of the completion date of these Financial Statements, management is still evaluating the possible impact of the adoption of the above new and amendment standards on the Company's Financial Statements.</i></p>
<p>3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING</p> <p>a. Dasar Penyusunan Laporan Keuangan</p> <p>Laporan Keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan (SAK), yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan (DSAK) Ikatan Akuntan Indonesia.</p> <p>Kebijakan akuntansi yang digunakan dalam Penyusunan Laporan Keuangan tahun 2021 konsisten dengan yang digunakan dalam penyusunan Laporan Keuangan Perusahaan tahun 2020, kecuali jika dinyatakan khusus.</p> <p>Dasar pengukuran Laporan Keuangan ini adalah konsep Biaya Perolehan, kecuali beberapa akun tertentu yang disajikan dengan pengukuran lain sebagaimana dijelaskan dalam masing-masing catatan atas Laporan keuangan.</p>	<p>3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</p> <p>a. <i>Basis of Financial Statement Presentation</i></p> <p><i>The Financial Statements have been prepared in accordance with Financial Accounting Standards (FAS), which comprise the Statements and Interpretations issued by the Financial Accounting Standards Board (FASB) of the Indonesian Institute of Accountants.</i></p> <p><i>The accounting policies used in the preparation of the 2021 Financial Statements are consistent with those used in the preparation of the Company's 2020 Financial Statements, except otherwise stated.</i></p> <p><i>The measurement basis of the Financial Statements is the Historical Cost concept, except for certain accounts which are presented using other measurements as described in each related note to the Financial Statements.</i></p>

PT INPOLA MITRA ELEKTRINDO

CATATAN ATAS LAPORAN KEUANGAN
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DECEMBER 31, 2021 AND 2020

3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (Lanjutan)

a. Dasar Penyusunan Laporan Keuangan (Lanjutan)

Kecuali untuk Laporan Arus Kas, Laporan Keuangan disusun dengan dasar akrual. Laporan Arus Kas disusun dengan menggunakan metode Tidak Langsung dengan mengelompokkan arus kas dalam aktivitas operasi, investasi dan pendanaan.

b. Penjabaran Mata Uang Asing

(i) Mata Uang Fungsional dan Penyajian

Item-item yang disertakan dalam Laporan Keuangan Perusahaan diukur menggunakan mata uang yang sesuai dengan lingkungan ekonomi utama dimana Perusahaan beroperasi ("mata uang fungsional").

Laporan Keuangan disajikan dalam Rupiah ("Rp") yang merupakan mata uang fungsional Perusahaan.

(i) Transaksi dan Saldo

Transaksi dalam tahun berjalan yang menyangkut mata uang asing dijabarkan ke mata uang Rupiah dengan menggunakan kurs yang berlaku pada tanggal transaksi.

Pada tanggal Laporan Posisi Keuangan, aset dan liabilitas moneter dalam mata uang asing dijabarkan ke dalam mata uang Rupiah dengan menggunakan kurs tengah Bank Indonesia yang berlaku pada tanggal tersebut.

Keuntungan atau kerugian selisih kurs yang timbul dari transaksi dalam mata uang asing dan penjabaran aset dan liabilitas moneter dalam mata uang asing, kecuali yang memenuhi kriteria kapitalisasi, diakui dalam laba rugi.

Nilai tukar yang digunakan pada tanggal 31 Desember sebagai berikut :

	2021	2020	
	Rp	Rp	
1 Dolar Amerika Serikat (USD)	14.269,01	14.105,01	United States Dollar (USD) 1
1 Ringgit Malaysia (MYR)	3.416,10	3.491,78	Malaysian Ringgit (MYR) 1

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Financial Statement Presentation (Continued)

Except for the Statements of Cash Flows, the Financial Statements are prepared on the Accrual basis. The Statements of Cash Flows are prepared using the Indirect method by classifying cash flows into operating, investing and financing activities.

b. Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Financial Statements are presented in Rupiah ("Rp"), which is the functional currency of the Company.

(i) Transactions and Balances

Transactions in the current year involving foreign currencies are translated into Rupiah at the exchange rate prevailing at the date of the transaction.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the Bank Indonesia middle rates of exchange prevailing at that date.

Foreign exchange gains or losses resulting from transaction in foreign currency and the translation of monetary assets and liabilities denominated in foreign currencies, except those that meet the capitalization criteria, are recognized in the profit or loss.

As of December 31, the exchange rates used were as follows :

PT INPOLA MITRA ELEKTRINDO

**CATATAN ATAS LAPORAN KEUANGAN
31 DESEMBER 2021 DAN 2020**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(Lanjutan)**

c. Piutang

Piutang pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, kecuali jika efek diskontonya tidak material, setelah dikurangi penyisihan piutang ragu-ragu.

Penyisihan piutang ragu-ragu diukur berdasarkan kerugian kredit ekspektasian dengan melakukan penilaian atas kolektibilitas saldo secara individual atau kolektif sepanjang umur piutang usaha menggunakan pendekatan yang disederhanakan dengan mempertimbangkan informasi yang bersifat perkiraan masa depan yang dilakukan setiap akhir periode pelaporan. Piutang ragu-ragu dihapus pada saat piutang tersebut tidak akan tertagih.

d. Transaksi dengan Pihak Berelasi

Perusahaan melakukan transaksi dengan pihak-pihak berelasi, sebagaimana didefinisikan dalam PSAK 7, "Pengungkapan Pihak-Pihak Berelasi". Transaksi dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak ketiga. PSAK ini mensyaratkan pengungkapan hubungan, transaksi dan saldo pihak-pihak berelasi, termasuk komitmen dalam Laporan Keuangan.

Seluruh transaksi dengan pihak-pihak berelasi, baik yang dilakukan dengan atau tidak dengan tingkat harga dan persyaratan normal sebagaimana dilakukan dengan pihak lain, telah diungkapkan dalam Catatan atas Laporan Keuangan.

e. Pengakuan Pendapatan dan Beban

Pendapatan dari kontrak dengan pelanggan diakui dengan mengacu pada setiap kewajiban pelaksanaan masing-masing yang dijanjikan dalam kontrak dengan pelanggan ketika atau saat Perusahaan mengalihkan pengendalian atas barang atau jasa yang dijanjikan dalam suatu kontrak dan pelanggan memperoleh pengendalian atas barang atau jasa.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

c. Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, except where the effect of discounting would be immaterial, less provision for doubtful receivables.

Provision for doubtful receivables are measured based on expected credit losses by reviewing the collectibility of individual or collective balances in a lifetime of trade receivables using simplified approach with considering the forward-looking information at the end of each reporting period. Doubtful receivables are written-off during the period in which they are determined to be not collectible.

d. Related Party Transactions

The Company has transactions with related parties, as defined in SFAS 7, "Related Party Disclosures". Transactions are conducted based on terms agreed by both parties, which might not be similar to transactions conducted with third parties. This SFAS requires the disclosure of related party relationships, transactions and outstanding balances, including commitments, in the Financial Statements.

All transactions with related parties, which have been made either under normal terms and conditions as those given to third parties or otherwise, have been disclosed in the related Notes to the Financial Statements.

e. Revenue and Expense Recognition

Revenue from contract with customers is recognized by reference to each distinct performance obligation promised in the contract with customers when or as the Company transfer control of the goods or services promised in the contract and the customer obtains control of the goods or services.

PT INPOLA MITRA ELEKTRINDO

CATATAN ATAS LAPORAN KEUANGAN
31 DESEMBER 2021 DAN 2020

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

**3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(Lanjutan)**

**e. Pengakuan Pendapatan dan Beban
(Lanjutan)**

Pendapatan dari kontrak dengan pelanggan diukur pada harga transaksinya, yang merupakan jumlah imbalan yang diharapkan menjadi hak Perusahaan dalam proses pengalihan barang atau jasa yang dijanjikan kepada pelanggan, setelah dikurangi pajak pertambahan nilai. Harga transaksi dialokasikan untuk setiap barang atau jasa masing-masing yang dijanjikan dalam kontrak. Tergantung pada ketentuan kontrak, pendapatan diakui ketika kewajiban pelaksanaan dipenuhi, yang mungkin pada waktu tertentu atau sepanjang waktu.

Pembayaran harga transaksi berbeda untuk setiap kontrak. Aset kontrak diakui ketika jumlah penerimaan dari pelanggan kurang dari saldo kewajiban pelaksanaan yang telah dipenuhi. Liabilitas kontrak diakui ketika jumlah penerimaan dari pelanggan lebih dari saldo kewajiban pelaksanaan yang telah dipenuhi. Jumlah imbalan yang dijanjikan dalam kontrak mencakup jumlah imbalan variabel berupa klaim mutu atau susut. Perusahaan menggunakan metode jumlah yang paling mungkin dalam mengestimasi jumlah imbalan variabel yang diakui.

Berdasarkan Perjanjian Jual Beli Tenaga Listrik dengan PT PLN (lihat Catatan 30), Perusahaan memberikan dua jasa terpisah yakni jasa pembangunan pembangkit tenaga listrik (pembangkit) dan jasa pengoperasian dan pemeliharaan pembangkit.

Untuk jasa pembangunan pembangkit berdasarkan perjanjian konsesi jasa diakui berdasarkan persentase penyelesaian dari pekerjaan yang dilakukan sesuai dengan PSAK 72. Pendapatan yang berkaitan dengan jasa pengoperasian dan pemeliharaan pembangkit diakui pada periode dimana jasa telah diberikan oleh Perusahaan. Perusahaan juga memperhitungkan kewajiban kontraktual untuk memelihara atau memulihkan infrastruktur selama pengoperasian, jika ada, sesuai dengan PSAK 57, "Provisi, Liabilitas Kontinjensi dan Aset Kontinjensi".

Beban diakui pada saat terjadinya berdasarkan atas basis Akrual.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

**e. Revenue and Expense Recognition
(Continued)**

Revenue from contract with customers is measured at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, net of value added tax. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms in the contract, revenue is recognized when the performance obligation is satisfied, which may be at a point in time or over time.

Payment of the transaction price is different for each contracts. A contract asset is recognized once the consideration paid by customer is less than the balance of performance obligation which has been satisfied. A contract liability is recognized once the consideration paid by customer is more than the balance of performance obligation which has been satisfied. The consideration promised in a contract includes a variable consideration amount which is quality and weight decreases claims. The Company uses the most likely amount model in recognizing the amount of variable consideration.

Based on the Power Purchase Agreement with PT PLN (see Note 30), the Company provides two separate services covering construction of power plant and operation and maintenance of power plant.

For power plant construction services under service concession arrangement is recognized based on the percentage of completion of the project in accordance with SFAS 72. Revenue in relation with power plant operation and maintenance is recognized in the period in which the services are provided by the Company. The Company also accounts for the contractual obligations to maintain or restore the infrastructures during the power plant operations in accordance with SFAS No.57, "Provisions, Contingent Liabilities and Contingent Assets".

Expenses are recognized as incurred using the Accrual basis.

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3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (Lanjutan)

f. Perjanjian Konsesi Jasa

Perusahaan menerapkan ISAK 16, "Perjanjian Konsesi Jasa", serta ISAK 22, "Perjanjian Konsesi Jasa: Pengungkapan".

ISAK 16 memberikan panduan akuntansi untuk operator atas perjanjian konsesi jasa publik ke swasta, dimana ISAK ini berlaku untuk:

- (1) infrastruktur yang dibangun oleh operator atau diperoleh operator dari pihak ketiga untuk tujuan perjanjian jasa; dan
- (2) infrastruktur yang telah ada yang operator diberikan akses oleh pemberi konsesi untuk tujuan perjanjian jasa.

Infrastruktur termasuk dalam ruang lingkup ISAK 16 jika kondisi berikut berlaku:

- (a) pemberi konsesi mengendalikan atau mengatur jasa apa yang harus diberikan oleh operator dengan infrastruktur, kepada siapa jasa harus diberikan, dan berapa harganya; dan
- (b) pemberi konsesi mengendalikan – melalui kepemilikan, hak manfaat, atau bentuk lain – atas setiap kepentingan residu signifikan dalam infrastruktur pada akhir masa perjanjian.

Untuk tujuan kondisi (a), pemberi konsesi tidak perlu sepenuhnya mengendalikan harga. Kondisi (a) terpenuhi cukup dengan harga diatur oleh pemberi konsesi, oleh kontrak atau regulator, misalnya dengan mekanisme pembatasan. Namun, kondisi tersebut diterapkan pada substansi perjanjian.

Untuk tujuan kondisi (b), pengendalian oleh pemberi konsesi atas kepentingan residu signifikan membatasi kemampuan operator untuk menjual atau menjaminkan infrastruktur dan memberi pemberi konsesi hak berkelanjutan atas penggunaan sepanjang periode perjanjian. Kepentingan residu dalam infrastruktur merupakan estimasi nilai kini atas infrastruktur seolah-olah sudah sampai pada umur dan dalam kondisi yang diperkirakan pada akhir periode perjanjian.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Service Concession Arrangements

The Company adopted IFAS 16, "Service Concession Arrangements" and IFAS 22, "Service Concession Arrangements: Disclosures".

IFAS 16 gives guidance on the accounting by operators for public-to-private service concession arrangements, where this IFAS applies to:

- (1) infrastructure that the operator constructs or acquires from a third party for the purpose of the service arrangement; and
- (2) existing infrastructure to which the grantor gives the operator access for the purpose of the service arrangement

Infrastructure is within the scope of IFAS 16 when the following conditions apply:

- (a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- (b) the grantor controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

For the purpose of condition (a), the grantor does not need to have complete control of the price. It is sufficient for the price to be regulated by the grantor, contract or regulator, for example by a capping mechanism. However, the condition shall be applied to the substance of the agreement.

For the purpose of condition (b), the grantor's control over any significant residual interest should both restrict the operator's practical ability to sell or pledge the infrastructure and give the grantor a continuing right of use throughout the period of the arrangement. The residual interest in the infrastructure is the estimated current value of the infrastructure as if it were already of the age and in the condition expected at the end of the period of the arrangement.

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f. Perjanjian Konsesi Jasa (Lanjutan)

Operator mencatat pendapatan dan biaya yang terkait dengan jasa konstruksi atau peningkatan kemampuan sesuai dengan PSAK 72.

Jika operator melakukan jasa konstruksi atau peningkatan kemampuan, maka imbalan yang diterima atau dapat diterima operator diakui pada nilai wajar. Imbalan dapat berupa hak atas: (a) aset keuangan; atau (b) aset tak berwujud.

Operator mengakui aset keuangan sejauh operator memiliki hak kontraktual tanpa syarat untuk menerima kas atau aset keuangan lain dari atau atas diskresi pemberi konsesi untuk jasa konstruksi; pemberi konsesi memiliki sedikit, jika ada, diskresi untuk menghindari pembayaran, biasanya karena perjanjian dapat dipaksakan secara hukum.

Operator mengakui aset tak berwujud sejauh operator menerima hak (lisensi) untuk membebaskan pengguna jasa publik.

Perusahaan menggunakan model Aset Keuangan untuk pencatatan akuntansi atas transaksi perjanjian konsesi jasa.

Infrastruktur dalam ruang lingkup ISAK 16 ini tidak diakui sebagai aset tetap operator karena perjanjian jasa kontraktual tidak memberikan hak kepada operator untuk mengendalikan penggunaan infrastruktur jasa publik.

ISAK 22 mengatur bahwa pada setiap periode, operator dan pemberi konsesi mengungkapkan hal berikut:

- (a) deskripsi perjanjian;
- (b) persyaratan signifikan dari perjanjian yang dapat mempengaruhi jumlah, waktu, dan kepastian arus kas masa depan (misalnya masa konsesi, tanggal penentuan ulang harga dan dasar penentuan ulang harga atau negosiasi ulang);

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Service Concession Arrangements (Continued)

The operator shall account for revenue and costs relating to construction or upgrade services, in accordance with SFAS 72.

If the operator provides construction or upgrade services the consideration received or receivable by the operator shall be recognized at its fair value. The consideration may be rights to: (a) a financial asset, or (b) an intangible asset.

The operator shall recognize a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law.

The operator shall recognize an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

The Company applies the Financial Asset model as the accounting treatment for the service concession arrangements transactions.

Infrastructure within the scope of IFAS 16 shall not be recognized as fixed assets of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator.

IFAS 22 regulates that an operator and a grantor shall disclose the following in each period:

- (a) a description of the arrangement;*
- (b) significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (e.g. the period of the concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined);*

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f. Perjanjian Konsesi Jasa (Lanjutan)

(c) sifat dan tingkat (misalnya jumlah, jangka waktu atau nilai yang sesuai) dari:

- (i) hak menggunakan aset tertentu;
- (ii) kewajiban untuk menyediakan atau hak yang diperkirakan dalam penyediaan jasa;
- (iii) kewajiban untuk memperoleh atau membangun aset tetap;
- (iv) kewajiban untuk memberikan atau hak untuk menerima aset tertentu pada akhir masa konsesi;
- (v) opsi pembaruan dan penghentian; dan
- (vi) hak dan kewajiban lain (misalnya perbaikan utama).

(d) Perubahan dalam perjanjian yang terjadi selama periode berjalan ; dan

(e) Pengklasifikasian perjanjian konsesi jasa.

Operator mengungkapkan jumlah pendapatan dan laba atau rugi yang diakui selama periode atau pertukaran jasa konstruksi dengan aset keuangan atau aset takberwujud.

Biaya pinjaman yang dapat diatribusikan pada perjanjian diakui sebagai beban pada periode terjadinya biaya pinjaman tersebut.

g. Taksiran Pajak Penghasilan

Beban pajak penghasilan terdiri dari Pajak Penghasilan Kini dan Pajak Penghasilan Tangguhan.

Pajak penghasilan kini ditentukan berdasarkan laba kena pajak dalam periode yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku.

Aset dan liabilitas pajak tangguhan diakui atas konsekuensi pajak periode mendatang yang timbul dari perbedaan jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dan aset pajak tangguhan diakui untuk perbedaan temporer yang boleh dikurangkan, sepanjang besar kemungkinan dapat dimanfaatkan untuk mengurangi laba kena pajak pada masa datang.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Service Concession Arrangements (Continued)

(c) the nature and extent (e.g. quantity, time period or amount as appropriate) of:

- (i) rights to use specified assets;
- (ii) obligations to provide or rights to expect provision of services;
- (iii) obligations to acquire or build items of fixed assets;
- (iv) obligations to deliver or rights to receive specified assets at the end of the concession period;
- (v) renewal and termination options; and
- (vi) other rights and obligations (e.g. major overhauls)

(d) changes in the arrangement occurring during the period; and

(e) how the service arrangement has been classified.

An operator shall disclose the amount of revenue and profits or losses recognized in the period on exchanging construction services for a financial asset or an intangible asset.

Borrowing costs attributable to the arrangement shall be recognized as expenses in the period in which they are incurred.

g. Provision for Income Tax

The income tax expense comprises Current and Deferred Income Tax.

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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences, to the extent that it is probable that they can be utilized to decrease the taxable income in future periods.

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g. Taksiran Pajak Penghasilan (Lanjutan)

Pajak tangguhan diukur dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal Laporan Posisi Keuangan. Pajak tangguhan dibebankan atau dikreditkan dalam Laporan Laba Rugi dan Penghasilan Komprehensif Lain, kecuali pajak tangguhan yang berhubungan dengan transaksi yang dibebankan atau dikreditkan langsung ke ekuitas.

Aset pajak tangguhan harus saling menghapus dengan liabilitas pajak tangguhan sebagaimana halnya dengan penyajian aset dan liabilitas pajak kini.

h. Provisi

Provisi diakui jika Perusahaan memiliki kewajiban kini (baik secara hukum maupun bersifat konstruktif) sebagai akibat peristiwa masa lalu dimana ada kemungkinan bahwa untuk penyelesaian kewajiban tersebut diperlukan arus keluar sumber daya yang mengandung manfaat ekonomi dan total kewajiban tersebut dapat diestimasi secara andal.

Provisi ditelaah pada setiap akhir periode pelaporan dan disesuaikan untuk mencerminkan estimasi kini terbaik. Jika tidak lagi terdapat kemungkinan arus keluar sumber daya yang mengandung manfaat ekonomi untuk menyelesaikan kewajiban tersebut, provisi dibatalkan.

i. Pengukuran Nilai Wajar

Pengungkapan Nilai Wajar untuk instrumen keuangan disajikan dalam Catatan 25.

Seluruh aset dan liabilitas, baik yang diukur pada nilai wajar, atau dimana nilai wajar aset atau liabilitas tersebut diungkapkan, dikategorikan dalam hirarki nilai wajar, berdasarkan level input terendah yang signifikan terhadap keseluruhan pengukuran, sebagai berikut :

- Level 1 - harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Provision for Income Tax (Continued)

Deferred tax is measured at the tax rates that have been enacted or substantively enacted at Statement of Financial Position dates. Deferred tax is charged or credited to the Statements of Profit or Loss and Other Comprehensive Income, except, when it relates to the items charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the same manner the current tax assets and liabilities are presented.

h. Provisions

Provisions are 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.

Provisions are reviewed at each end of 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 obligation, the provision is reversed.

i. Fair Value Measurement

Fair value related disclosures for financial instruments are disclosed in Note 25.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

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i. Pengukuran Nilai Wajar (Lanjutan)

- Level 2 - teknik penilaian dimana level input terendah yang signifikan terhadap pengukuran nilai wajar dapat diobservasi, baik secara langsung maupun tidak langsung;
- Level 3 - teknik penilaian dimana level input terendah yang signifikan terhadap pengukuran nilai wajar tidak dapat diobservasi.

j. Instrumen Keuangan

Instrumen keuangan adalah setiap kontrak yang menambah nilai aset keuangan entitas dan liabilitas keuangan atau instrumen ekuitas entitas lain.

Aset Keuangan

Perusahaan mengklasifikasikan aset keuangannya ke dalam kategori pengukuran berikut :

- (i) Aset keuangan yang diukur pada biaya perolehan diamortisasi
- (ii) Aset keuangan yang diukur pada nilai wajar melalui penghasilan komprehensif lain
- (iii) Aset keuangan yang diukur pada nilai wajar melalui laba rugi

Klasifikasi tergantung pada model bisnis Perusahaan untuk mengelola aset keuangan dan ketentuan kontraktual dari arus kas.

Pada pengakuan awal, Perusahaan mengukur aset keuangan pada nilai wajar ditambah, dalam hal aset keuangan tidak diukur pada nilai wajar melalui laba rugi, biaya transaksi yang dapat diatribusikan secara langsung dengan perolehan aset keuangan tersebut. Biaya transaksi aset keuangan yang diukur pada nilai wajar melalui laba rugi dibebankan dalam laba rugi.

Pengukuran aset keuangan selanjutnya tergantung pada model bisnis Perusahaan untuk mengelola aset keuangan dan karakteristik arus kas aset keuangan tersebut.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fair Value Measurement (Continued)

- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

j. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

The Company classifies its financial assets in the following measurement categories :

- (i) Financial assets to be measured at amortized cost
- (ii) Financial assets to be measured at fair value through other comprehensive income
- (iii) Financial assets to be measured at fair value through profit or loss

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the financial assets and the cash flow characteristics of the financial assets.

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j. Instrumen Keuangan (Lanjutan)

Pembelian dan penjualan reguler aset keuangan diakui pada tanggal perdagangan, yaitu tanggal dimana Perusahaan berkomitmen untuk membeli atau menjual aset.

Pada tanggal 31 Desember 2021 dan 2020, Perusahaan hanya memiliki aset keuangan yang diukur pada biaya perolehan diamortisasi.

Aset Keuangan Diukur pada Biaya Perolehan Diamortisasi

Aset Keuangan Diukur pada Biaya Perolehan Diamortisasi adalah aset keuangan yang dikelola dalam model bisnis yang bertujuan untuk memiliki aset keuangan dalam rangka mendapatkan arus kas kontraktual dimana arus kas tersebut semata-mata merupakan pembayaran pokok dan bunga dari jumlah pokok terutang, yang diukur pada biaya perolehan diamortisasi. Penghasilan bunga dari aset keuangan tersebut disajikan dalam laba rugi dengan menggunakan metode suku bunga efektif.

Pada tanggal 31 Desember 2021 dan 2020, aset keuangan Perusahaan yang diukur pada biaya perolehan diamortisasi terdiri dari kas dan bank, deposito dijaminan, piutang usaha, piutang lain-lain dan aset keuangan konsesi

Liabilitas Keuangan

Perusahaan mengklasifikasikan liabilitas keuangannya dalam dua kategori yaitu :

- (i) Liabilitas keuangan yang diukur kemudian pada nilai wajar melalui laba rugi, dan
- (ii) Liabilitas keuangan yang diukur pada biaya perolehan diamortisasi

Pada tanggal 31 Desember 2021 dan 2020, Perusahaan yang memiliki liabilitas keuangan yang diukur pada biaya perolehan diamortisasi yang terdiri pinjaman bank, utang lain-lain, utang retensi dan beban akrual.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial Instruments (Continued)

Regular way purchases and sales of financial assets are recognized on trade date, ie the date on which the Company commits to purchase or sell the asset.

As at 31 December 2021 and 2020, the Company only had financial assets at amortized cost.

Financial Assets at Amortized Cost

Financial Assets at Amortized Cost are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding, measured at amortized cost. Interest income from these financial assets is recorded in the profit or loss using the effective interest rate method.

As at 31 December 2021 and 2020, the Company's financial asset measured at amortized costs comprised of cash on hand and in banks, guaranteed deposits, trade receivables, other receivables and concession financial assets.

Financial Liabilities

The Company classifies its financial liabilities into two categories, ie :

- (i) Financial liabilities to be measured subsequently at fair value through profit or loss, and
- (ii) Financial liabilities measured at amortized cost

As at 31 December 2021 and 2020, the Company only had financial liabilities measured at amortized cost, which comprised of bank loan, other payables, retention payables and accrued expenses.

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(Lanjutan)**

j. Instrumen Keuangan (Lanjutan)

Liabilitas Keuangan (Lanjutan)

Setelah pengakuan awal sebesar nilai wajarnya ditambah biaya transaksi, Perusahaan mencatat liabilitas keuangan sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, jika dampak diskontonya signifikan.

Keuntungan dan Kerugian Aset dan Liabilitas Keuangan

Untuk aset keuangan atau liabilitas keuangan yang diukur pada nilai wajar, keuntungan dan kerugian akan dicatat dalam laba rugi atau penghasilan komprehensif lain. Untuk investasi dalam instrumen ekuitas yang tidak dimiliki untuk diperdagangkan, akan tergantung apakah Perusahaan telah melakukan pemilihan yang tidak dapat dibatalkan pada saat pengakuan awal untuk memperhitungkan investasi dalam instrumen ekuitas pada nilai wajar melalui penghasilan komprehensif lain.

Saling Hapus Instrumen Keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika, dan hanya jika, Perusahaan saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

Reklasifikasi Aset dan Liabilitas Keuangan

Perusahaan mereklasifikasi seluruh aset keuangan yang terpengaruh, jika dan hanya jika, Perusahaan mengubah model bisnis untuk pengelolaan aset keuangan tersebut. Sedangkan liabilitas keuangan tidak direklasifikasi.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

j. Financial Instruments (Continued)

Financial Liabilities (Continued)

After initial recognition, which is at fair value plus transaction costs, the Company measures all financial liabilities at amortized cost using effective interest rate method, if the impact of discounting is significant.

Gains and Losses of Financial Assets and Financial Liabilities

For financial assets or financial liabilities measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the investments in equity instruments at fair value through other comprehensive income.

Offsetting of Financial Instruments

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

Reclassifications of Financial Assets and Liabilities

The Company reclassifies all affected financial assets when, and only when, the Company changes its business model for managing financial assets. While, any financial liabilities shall not be reclassified.

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(Lanjutan)

j. Instrumen Keuangan (Lanjutan)

Penurunan Nilai Aset Keuangan

Perusahaan melakukan penilaian masa depan atas kerugian kredit ekspektasian terkait dengan aset keuangannya yang dicatat pada biaya perolehan diamortisasi dan nilai wajar melalui penghasilan komprehensif lain. Metode penurunan nilai yang diterapkan tergantung pada apakah terdapat peningkatan risiko kredit yang signifikan.

Untuk piutang usaha, Perusahaan menerapkan pendekatan yang disederhanakan untuk mengukur kerugian kredit ekspektasian yang disyaratkan oleh PSAK 71 yang mengharuskan penggunaan provisi kerugian kredit ekspektasian sepanjang umur untuk semua piutang usaha. Untuk aset keuangan lainnya, di luar piutang usaha, Perusahaan menerapkan pendekatan umum untuk mengukur kerugian kredit ekspektasian.

Perusahaan mengakui kerugian kredit ekspektasian (atau pemulihan kerugian kredit) dalam laba rugi, sebagai keuntungan atau kerugian penurunan nilai dan disajikan sebagai item baris terpisah dalam laporan laba rugi.

Penghentian Pengakuan Aset dan Liabilitas Keuangan

Aset keuangan dihentikan pengakuannya ketika hak untuk menerima arus kas dari aset keuangan telah berakhir atau telah dialihkan dan Perusahaan telah mengalihkan secara substansial seluruh risiko dan manfaat atas aset keuangan. Sedangkan liabilitas keuangan dihentikan pengakuannya jika, dan hanya jika liabilitas keuangan tersebut berakhir, yaitu ketika kewajiban yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kedaluwarsa.

Laba atau rugi yang timbul dari penghentian pengakuan aset dan liabilitas keuangan diakui secara langsung dalam laporan laba rugi dan disajikan sebagai "Penghasilan (Beban) Lain-Lain - Bersih"

3. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

j. Financial Instruments (Continued)

Impairment of Financial Asset Value

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment method applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach to measure the expected credit losses prescribed by SFAS 71 which requires the use of lifetime expected credit loss provision of all trade receivables. While for other financial assets, out of trade receivables, the Company applies the general approach to measure the expected credit losses.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) and are presented as separate line item in the profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of the assets. While for financial liabilities will be derecognized when, and only when, it is extinguished - ie when the obligation specified in the contract is discharged or cancelled or expires.

Any gain or loss arising on derecognition of financial assets and liabilities is recognized directly in profit or loss and presented as "Other Income (Expense) - Net"

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4. SUMBER KETIDAKPASTIAN ESTIMASI DAN PERTIMBANGAN AKUNTANSI YANG PENTING

Penyusunan Laporan Keuangan Perusahaan mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontinjensi, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material di periode yang akan datang terhadap nilai tercatat aset atau liabilitas yang terkait.

Estimasi dan pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Perusahaan yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam Laporan Keuangan:

(i) Klasifikasi Aset dan Liabilitas Keuangan

Perusahaan menentukan klasifikasi aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan menilai apakah aset dan liabilitas tersebut memenuhi definisi yang ditetapkan dalam PSAK 71. Aset keuangan dan liabilitas keuangan dicatat sesuai dengan kebijakan akuntansi Perusahaan sebagaimana diungkapkan dalam Catatan 3.

(ii) Mata Uang Fungsional

Mata uang fungsional Perusahaan adalah mata uang lingkungan ekonomi utama dimana masing-masing entitas beroperasi. Mata uang tersebut adalah yang paling mempengaruhi harga jual barang dan jasa dan mata uang dari negara yang kekuatan persaingan dan peraturannya sebagian besar menentukan harga jual barang dan jasa entitas dan merupakan mata uang yang mana dana dari aktivitas pendanaan dihasilkan.

(iii) Perjanjian Konsesi Jasa

Perusahaan telah melakukan ikatan perjanjian konsesi jasa untuk melakukan instalasi, pengoperasian dan pemeliharaan Pembangkit Listrik Tenaga Mini Hydro (PLTMH). Perusahaan telah melakukan evaluasi berdasarkan ketentuan dan persyaratan dari perjanjian, untuk menentukan apakah perjanjian konsesi jasa tersebut dicatat dengan menggunakan model aset keuangan atau model aset tak berwujud.

4. SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes in future periods that require material adjustment to the carrying amounts of the related assets or liabilities.

The following estimations and 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:

(i) Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and liabilities by judging if they meet the definition set forth in SFAS 71. Accordingly, the financial assets and liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note.3.

(ii) Functional Currency

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

(iii) Service Concession Arrangements

The Company has entered into a service concession arrangements for the installation, operation and maintenance of Mini Hydro Power Plant (PLTMH). The Company has evaluated based on the terms and conditions of the arrangement, whether the service concession arrangement is accounted for using financial assets model or intangible asset model.

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4. SUMBER KETIDAKPASTIAN ESTIMASI DAN PERTIMBANGAN AKUNTANSI YANG PENTING (Lanjutan)

(iii) Perjanjian Konsesi Jasa (Lanjutan)

Pihak manajemen menilai, berdasarkan ketentuan dan persyaratan dari perjanjian, bahwa perusahaan memiliki hak kontraktual tanpa syarat untuk menerima kas atau aset keuangan lain dari atau atas diskresi pemberi konsesi untuk jasa konstruksi, sehingga dengan demikian pencatatan akuntansi atas perjanjian konsesi jasa dilakukan berdasarkan model aset keuangan.

(iv) Aset Pajak Tangguhan

Aset Pajak Tangguhan diakui atas seluruh rugi fiskal yang belum digunakan sepanjang besar kemungkinan bahwa penghasilan kena pajak akan tersedia sehingga rugi fiskal tersebut dapat digunakan. Estimasi oleh manajemen diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak serta strategi perencanaan pajak masa depan.

(v). Taksiran Pajak Penghasilan

Penentuan provisi perpajakan memerlukan pertimbangan signifikan, yang mana keputusan final atas provisi perpajakan tersebut bisa berbeda dari jumlah yang tercatat. Adapun pengakuan aset pajak tangguhan tergantung pada harapan dan estimasi terhadap tersedianya laba kena pajak masa depan (Catatan 23).

5. KAS DAN BANK

Rincian per 31 Desember sebagai berikut:

	2021
	Rp
K a s	73.272.199
B a n k	
PT Bank Negara Indonesia (Persero) Tbk	5.666.333.081
Bank of China (Malaysia) Berhad	65.077
Jumlah Bank	5.666.398.158
Jumlah	5.739.670.367

4. SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

(iii) Service Concession Arrangements (Continued)

The management judged that based on the terms and conditions of the arrangement, the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction service, thus the accounting for the concession service arrangements is under the financial assets model.

(iv) Deferred Tax Assets

Deferred Tax Assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management's estimation is required to determine the amount of deferred tax assets can be recognized, based on the likely timing and the level of future tax profits along with the future tax planning strategies.

(v) Provision for Income Tax

Determination of a tax provision needs significant judgments, in which the final assessment of the tax provision could differ from the carrying amount. Whilst the recognition of deferred tax assets depends on the expectation and estimates of availability of future taxable income (Note 23).

5. CASH AND BANK

The details as of December 31 are as follows :

	2021	2020
	Rp	Rp
Cash on Hand		43.062.029
Cash in Banks		
PT Bank Negara Indonesia (Persero) Tbk	5.666.333.081	923.524.888
Bank of China (Malaysia) Berhad	65.077	241.107
Total Cash in Banks	5.666.398.158	923.765.795
Total	5.739.670.367	966.827.824

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6. DEPOSITO YANG DIJAMINKAN

Akun ini merupakan Deposito Berjangka yang ditempatkan di Bank of China (Malaysia) Berhad dengan saldo masing-masing sebesar Rp 3.598.775.049 dan Rp 3.553.602.114 per 31 Desember 2021 dan 2020.

Deposito pada Bank of China (Malaysia) Berhad digunakan sebagai jaminan atas pinjaman kepada Bank of China (Malaysia) Berhad.

Deposito pada tanggal 31 Desember 2021 akan jatuh tempo pada bulan Januari 2022, dengan tingkat suku bunga masing-masing sebesar 0,1% dan 0,05% per tahun pada tahun 2021 and 2020.

6. GUARANTEED DEPOSIT

This account represent a Time Deposit placed in Bank of China (Malaysia) Berhad with the balance as of December 31, 2021 and 2020 amounting to Rp 3,598,775,049 and Rp 3,553,602,114, respectively.

Deposits in Bank of China (Malaysia) Berhad are used as collateral for loans to Bank of China (Malaysia) Berhad.

The time deposit as of December 31, 2021 would mature in January 2022, earning interest at 0.1% and 0.05% per annum in 2021 and 2020.

7. PIUTANG USAHA

Akun ini merupakan piutang usaha dari PT Perusahaan Listrik Negara (Persero) (PLN) dengan saldo per 31 Desember 2021 sebesar Rp 3.558.284.496.

Analisa Umur Piutang 31 Desember 2021 adalah sebagai berikut :

Lancar dan Tidak Mengalami
Penurunan Nilai

Rp 3.558.284.496

Neither Past Due Not Impaired

Berdasarkan evaluasi manajemen terhadap kolektibilitas saldo piutang usaha per 31 Desember 2021, manajemen berpendapat bahwa seluruh piutang usaha dapat ditagih.

7. TRADE RECEIVABLES

This account represents trade receivables from PT Perusahaan Listrik Negara (Persero) (PLN) with the balance as of December 31, 2021 amounting to Rp 3,558,284,496.

The Ageing Analysis of Trade Receivables as of December 31, 2021 are as follows :

Based on management's review of the collectability status of trade receivables as of December 31, 2021, management believes that all trade receivables are collectible.

8. PIUTANG LAIN-LAIN

Rincian per 31 Desember sebagai berikut:

	2021
	Rp
Piutang Lain-Lain Jangka Pendek	
Pihak Ketiga	
Karyawan	1.099.933.039
Lain-lain	651.382.092
Dikurangi: Penyisihan Kerugian	
Penurunan Nilai	<u>(1.099.933.039)</u>
Jumlah	<u>651.382.092</u>
Piutang Lain-lain Jangka Panjang	
Pihak Berelasi	
Tiopan H. Marpaung	12.519.609.018
Subari Rudy	150.000.000
Parulian Marpaung	<u>150.000.000</u>
Jumlah	<u>12.819.609.018</u>

Piutang di atas tidak dikenakan bunga.

8. OTHER RECEIVABLES

The details as of December 31 are as follows:

	2020
	Rp
Other Receivables - Short Term	
Third Parties	
Employee Receivables	1.099.933.039
Others	651.382.092
Less: Allowance for Impairment	
Losses	<u>(1.099.933.039)</u>
Total	<u>651.382.092</u>
Other Receivables - Long Term	
Related Parties	
Tiopan H. Marpaung	12.519.609.018
Subari Rudy	150.000.000
Parulian Marpaung	<u>150.000.000</u>
Total	<u>12.819.609.018</u>

The above receivables bear no interest.

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9. UANG MUKA RETENSI

Rincian per 31 Desember sebagai berikut:

	<u>2021</u>
	Rp
PT Hayyan Jaya Internasional	1.681.882.441
PT Karya Sakti Sejahtera	1.508.584.086
CV Satria	69.575.345
Jumlah	<u><u>3.260.041.872</u></u>

9. RETENTION ADVANCES

The details as of December 31 are as follows:

	<u>2020</u>	
	Rp	
PT Hayyan Jaya Internasional	1.681.882.441	PT Hayyan Jaya Internasional
PT Karya Sakti Sejahtera	1.508.584.086	PT Karya Sakti Sejahtera
CV Satria	69.575.345	CV Satria
Total	<u><u>3.260.041.872</u></u>	Total

10. GARANSI BANK

Akun ini merupakan garansi bank yang ditempatkan pada PT Bank Negara Indonesia (Persero) Tbk yang akan jatuh tempo tanggal 30 Desember 2022 dengan saldo per 31 Desember 2021 dan 2020 masing-masing adalah sebesar Rp 1.999.732.800.

Garansi bank merupakan jaminan atas Perjanjian Pembelian Tenaga Listrik (Power Purchase Agreement (PPA)) dengan PT Perusahaan Listrik Negara (Persero).

10. BANK GUARANTEE

This account represents a bank guarantee placed in PT Bank Negara Indonesia (Persero) Tbk to expire on December 30, 2022 with the balance as of December 31, 2021 and 2020 amounting to Rp 1,999,732,800, each.

The bank guarantee represents the guarantee related to the Power Purchase Agreement (PPA) with PT Perusahaan Listrik Negara (Persero).

11. ASET KEUANGAN KONSESI

Akun ini merupakan saldo piutang dari PT Perusahaan Listrik Negara (Persero) Tbk yang berkaitan dengan Perjanjian Konsepsi Jasa (Perjanjian Jual Beli Tenaga Listrik antara PT PLN dengan Perusahaan) selama masa pembangunan pembangkit tenaga listrik dengan rincian per 31 Desember sebagai berikut :

	<u>2021</u>
	Rp
Aset Keuangan Konsepsi, Saldo Awal	370.778.284.701
Tagihan ke PT PLN	(4.218.813.004)
Penyisihan Penurunan Nilai	-
Aset Keuangan Konsepsi	<u><u>-</u></u>
Aset Keuangan Konsepsi, Saldo Akhir	<u><u>366.559.471.697</u></u>

11. CONCESSION FINANCIAL ASSETS

This account represents the balance of receivables from PT Perusahaan Listrik Negara (Persero) Tbk in relation to the Service Concession Arrangements (Power Purchase Agreement between PT PLN and the Company) during the power plant construction with The details as of December 31, are as follows: :

	<u>2020</u>
	Rp
Aset Keuangan Konsepsi, Saldo Awal	365.746.413.258
Tagihan ke PT PLN	-
Penyisihan Penurunan Nilai	(19.431.894.021)
Aset Keuangan Konsepsi	<u><u>346.314.519.237</u></u>

Concession Financial Assets,
Beginning Balance
Billing to PT PLN
Allowance for Impairment of
Concession Financial Assets
Concession Financial Assets,
Ending Balance

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12. UTANG LAIN-LAIN

Rincian per 31 Desember sebagai berikut:

	<u>2021</u>
	Rp
Pihak Berelasi	
Sarawak Cable Berhad	340.349.014.055
Pihak Ketiga	
CV Satria	1.203.891.702
PT Karya Sakti Sejahtera	906.992.423
PT Alam Daya Makmur	879.421.970
PT Dewata Bulugading Perkasa	852.130.082
BNE Hydro Consult	758.634.031
Lain-lain (masing-masing Saldo dibawah 500 juta)	-
	<u>341.011.423</u>
Jumlah	<u>345.291.095.686</u>

12. OTHER PAYABLES

The details as of December 31, are as follows:

	<u>2020</u>	
	Rp	
		<i>Related Party</i>
	314.284.437.112	<i>Sarawak Cable Berhad</i>
		<i>Third Parties</i>
	1.969.693.657	<i>CV Satria</i>
	906.992.423	<i>PT Karya Sakti Sejahtera</i>
	879.421.970	<i>PT Alam Daya Makmur</i>
	852.130.082	<i>PT Dewata Bulugading Perkasa</i>
	824.524.031	<i>BNE Hydro Consult</i>
	-	<i>Others (Accounts with balances below Rp 500 million, each)</i>
	<u>341.011.423</u>	
Total	<u>320.068.210.688</u>	Total

13. UTANG RETENSI

Rincian per 31 Desember sebagai berikut:

	<u>2021</u>
	Rp
PT Karya Sakti Sejahtera	2.238.778.620
CV Satria	163.272.051
PT Hayyan Jaya Internasional	403.299.390
	<u>2.805.350.061</u>
Jumlah	<u>2.805.350.061</u>

13. RETENTION PAYABLES

The details as of December 31 are as follows:

	<u>2020</u>	
	Rp	
PT Karya Sakti Sejahtera	2.238.778.620	<i>PT Karya Sakti Sejahtera</i>
CV Satria	1.021.260.967	<i>CV Satria</i>
PT Hayyan Jaya Internasional	403.299.390	<i>PT Hayyan Jaya Internasional</i>
	<u>3.663.338.977</u>	
Total	<u>3.663.338.977</u>	Total

14. BEBAN AKRUAL

Rincian per 31 Desember sebagai berikut:

	<u>2021</u>
	Rp
Denda bank	7.668.254.438
Bunga Bank	6.074.777.447
Lain-lain	16.848.062
	<u>13.759.879.947</u>
Jumlah	<u>13.759.879.947</u>

14. ACCRUED EXPENSES

The details as of December 31 are as follows:

	<u>2020</u>	
	Rp	
	-	<i>Bank Penalty</i>
	4.915.982.694	<i>Bank Interest</i>
	9.597.382	<i>Others</i>
	<u>4.925.580.076</u>	
Total	<u>4.925.580.076</u>	Total

15. PINJAMAN BANK

Rincian per 31 Desember sebagai berikut:

	<u>2021</u>
	Rp
Bagian yang Jatuh Tempo Dalam Waktu Satu Tahun	
Bank of China (Malaysia) Berhad	42.113.727.342
Setelah Dikurangi Bagian yang Jatuh Tempo Dalam Waktu Satu Tahun	
Bank of China (Malaysia) Berhad	38.063.402.334
	<u>38.063.402.334</u>

15. BANK LOAN

The details as of December 31 are as follows:

	<u>2020</u>	
	Rp	
		<i>Current Maturities of Long-term Bank Loan</i>
	41.629.695.774	<i>Bank of China (Malaysia) Berhad</i>
		<i>Long-term Bank Loan - Net of Current Maturities</i>
	37.625.922.931	<i>Bank of China (Malaysia) Berhad</i>
	<u>37.625.922.931</u>	

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15. PINJAMAN BANK (Lanjutan)

Perusahaan memperoleh fasilitas pinjaman berjangka dari Bank of China (Malaysia) Berhad dengan total plafond kredit sebesar USD 13.000.000 yang akan jatuh tempo pada tanggal sesuai dengan perjanjian bank.

Atas fasilitas kredit yang diperoleh dijamin dengan akta-akta jaminan fidusia, surat instruksi yang tidak dapat ditarik kembali, perjanjian pengelolaan rekening escrow dan deposito tetap sesuai dengan ketentuan dalam perjanjian kredit.

15. BANK LOAN (Continued)

The Company obtained a term loan facility from Bank of China (Malaysia) Berhad with a maximum limit of USD 13,000,000, which will fall due at the date in accordance with the provisions of the loan agreement.

The credit facility obtained is secured by fiduciary security deeds, irrevocable letter of instruction, escrow account management agreement and fixed deposit in accordance with the provisions of the loan agreement.

16. MODAL SAHAM

Susunan pemegang dan kepemilikan saham per 31 Desember 2021 dan 2020 adalah sebagai berikut:

16. SHARE CAPITAL

The details of share ownership as of December 31, 2021 and 2020 are as follows:

Nama Pemegang Saham	Ditempatkan dan Disetor Penuh/ Subscribed and Fully Paid		Jumlah Amount	Name Shareholder
	Saham/ Shares			
Sarawak Cable Berhad	235.000	Lembar	23.500.000.000	Sarawak Cable Berhad
Tn. Ir. Tiopan Hasudungan Marpaung	62.000	Lembar	6.200.000.000	Mr. Ir. Tiopan Hasudungan Marpaung
Tn. Parulian Marpaung, SE.	1.500	Lembar	150.000.000	Mr. Parulian Marpaung, SE.
Tn. Subari	1.500	Lembar	150.000.000	Mr. Subari
Jumlah	300.000	Lembar	30.000.000.000	Total

17. PENDAPATAN

Rinciannya sebagai berikut:

	2021 Rp
Pendapatan Jasa Konstruksi *)	5.795.489.008
Penjualan Listrik	5.158.327.004
Jumlah	10.951.816.012

*) Pendapatan jasa konstruksi atas kegiatan pembangunan pembangkit tenaga listrik berkaitan dengan perjanjian konsesi jasa (Perjanjian Jual Beli Tenaga Listrik antara PT PLN dengan Perusahaan)

17. REVENUES

The details are as follows:

	2020 Rp	
Construction Service Revenues *)	6.680.032.067	
Sales of Electricity	-	
Total	6.680.032.067	

*) Construction service revenues from power plant construction works in relation to the service concession arrangements (Power Purchase Agreement between PT PLN and the Company)

18. BEBAN POKOK PENDAPATAN

Akun ini merupakan beban jasa konstruksi atas kegiatan pembangunan pembangkit tenaga listrik yang berkaitan dengan perjanjian konsesi jasa (Perjanjian Jual Beli Tenaga Listrik antara PT PLN dengan Perusahaan) masing-masing sebesar Rp 5.621.230.851 dan Rp 8.419.684.200 pada tahun 2021 dan 2020.

18. COST OF REVENUES

This account represents construction service cost from power plant construction works in relation to service concession arrangements (Power Purchase Agreement between PT PLN and the Company) amounting to Rp 5,621,230,851 and Rp 8,419,684,200 in 2021 and 2020, respectively.

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19. BEBAN UMUM DAN ADMINISTRASI

Rinciannya sebagai berikut:

	2021
	Rp
Jasa Manajemen	1.753.988.782
Gaji dan Tunjangan	1.436.213.342
Perjalanan Dinas	422.170.502
Jasa Konsultan	399.966.738
Utilitas	290.055.072
Imbalan Pascakerja	196.714.111
Donasi dan Pergaulian	185.784.952
Sewa	165.306.500
Perizinan	136.997.234
BPJS Ketenagakerjaan	120.755.271
Rumah Tangga Kantor	81.807.900
BPJS Kesehatan	54.373.000
Transportasi dan Bahan Bakar Minyak	52.972.928
Pemeliharaan dan Perbaikan	24.873.500
Penyusutan Aset Tetap	18.030.794
Alat-alat Kantor, Fotokopi dan Cetak	10.308.580
Pos, Perangko dan Material	4.940.003
Lain-lain	49.225.270
Jumlah	5.424.504.479

19. GENERAL AND ADMINISTRATIVE EXPENSES

The details are as follows:

	2020	
	Rp	
Management Fees	5.575.756.649	Management Fees
Salaries and Allowances	994.302.033	Salaries and Allowances
Traveling	475.485.150	Traveling
Consultant Fees	802.255.000	Consultant Fees
Utilities	162.246.305	Utilities
Post-Employment Benefits	-	Post-Employment Benefits
Donation and Entertainment	120.600.000	Donation and Entertainment
Rentals	174.799.997	Rentals
Licenses and Permits	215.556.192	Licenses and Permits
BPJS - Labor	81.906.782	BPJS - Labor
Household Expenses	5.954.200	Household Expenses
BPJS - Medical	37.518.000	BPJS - Medical
Transportation and Fuel	53.594.174	Transportation and Fuel
Maintenance and Repairs	27.344.800	Maintenance and Repairs
Depreciation of Equipment	23.801.023	Depreciation of Equipment
Office Supplies, Photocopying and Printing	4.809.380	Office Supplies, Photocopying and Printing
Postage, Stamps and Stamp Duty	1.670.465	Postage, Stamps and Stamp Duty
Others	-	Others
Total	8.757.600.150	Total

20. BEBAN KEUANGAN

Akun ini merupakan beban bunga dan biaya pinjaman bank selama tahun 2021 dan 2020 masing-masing sebesar Rp 23.064.721.969 dan Rp 19.002.887.999.

20. FINANCE COSTS

This account represents interest expenses and bank charges amounting to Rp 23,064,721,969 and Rp 19,002,887,999 and in 2021 and 2020, respectively.

21. PENGHASILAN (BEBAN) LAIN-LAIN-BERSIH

Rinciannya sebagai berikut:

	2021
	Rp
Penghasilan Lain-lain	
Pendapatan Bunga Jasa Konstruksi*)	18.668.276.456
Pendapatan Bunga Bank	66.399.900
Lainnya	-
Jumlah	18.734.676.356
Beban Lain-lain	
Rugi Selisih Kurs	(936.289.905)
Administrasi Bank	(43.816.764)
Penyialihan Penurunan Nilai	
Aset Keuangan Konsepsi	-
Lainnya	(5.216.536)
Jumlah	(985.423.207)
Jumlah Penghasilan (Beban) Lain-lain - Bersih	17.749.253.149

21. OTHER INCOME (EXPENSES)-NET

The details are as follows:

	2020	
	Rp	
Other Income		Other Income
Construction Services Interest Income*)	18.348.172.274	Construction Services Interest Income*)
Bank Interest Income	85.435.679	Bank Interest Income
Others	514.019.547	Others
Total	19.947.627.500	Total
Other Expenses		Other Expenses
Loss on Foreign Exchange	(1.035.377.538)	Loss on Foreign Exchange
Bank Administration	(4.996.777)	Bank Administration
Allowance for Impairment of		Allowance for Impairment of
Concession Financial Assets	(19.431.894.021)	Concession Financial Assets
Others	(116.792.928)	Others
Total	(20.591.063.264)	Total
Total Other Income (Expenses) - Net	(1.643.435.764)	Total Other Income (Expenses) - Net

*) merupakan penghasilan yang berkaitan dengan perjanjian konsesi jasa (Perjanjian Jual Beli Tenaga Listrik antara PT PLN dengan Perusahaan).

*) represents income in relation to service concession arrangements (Power Purchase Agreement between PT PLN and the Company).

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22. PERPAJAKAN

Pajak Dibayar di Muka

Rincian per 31 Desember sebagai berikut:

	2021 Rp
Pajak Penghasilan Pasal 22	140.627.099
Pajak Penghasilan Pasal 21	-
Jumlah	140.627.099

Utang Pajak

Akun ini merupakan Utang Pajak Penghasilan Pasal 21 dengan saldo per 31 Desember 2021 dan 2020 masing-masing sebesar Rp 6.050.385 dan Rp 5.865.005.

Pajak Kini

Rekonsiliasi antara rugi komersial sebelum taksiran pajak penghasilan dengan taksiran rugi fiskal untuk tahun-tahun 2021 dan 2020 sebagai berikut:

	2021 Rp
Laba (Rugi) sebelum Pajak Penghasilan	(5.409.388.138)
Beda Tetap:	
Beban Bunga dan Biaya Pinjaman	23.064.721.969
Penyisihan Kerugian Penurunan Nilai	
Piutang Lain-lain	-
Donasi dan Pergaulan	185.784.952
Biaya Lainnya	28.828.003
Pendapatan Bunga Bank	(66.399.900)
Jumlah Beda Tetap	23.212.935.024
Beda Waktu:	
Beban Pokok Pendapatan	5.621.230.851
Pendapatan Bunga Jasa Konstruksi	(18.668.276.456)
Pemulihan Aset Keuangan	
Konsesi	4.218.813.004
Pendapatan Usaha	(5.795.489.008)
Pembayaran Pesangon	(140.169.459)
Beban Imbalan Pasca Kerja	196.714.111
Penyesuaian Imbalan Pasca Kerja	(23.611.465)
Penyisihan Penurunan Nilai	
Aset Keuangan Konsesi	-
Jumlah Beda Waktu	(14.590.788.422)
Rugi Fiskal Tahun Berjalan	3.212.758.464
Rugi Fiskal Tahun - Tahun Lalu yang Masih Bisa Dikompensasi	(42.691.204.096)
Akumulasi Rugi Fiskal	(39.478.445.632)

22. TAXATION

Prepaid Tax

The details as of December 31 are as follows:

	2021 Rp	
	-	Income Tax Article 21
	10.561.386	Income Tax Article 22
Total	10.561.386	

Taxes Payable

This account represents Income Tax Article 21 payable with the balance as of December 31, 2021 and 2020 amounting to Rp 6,050,385 and Rp 5,865,005, respectively.

Current Tax

The reconciliation between commercial loss before provision for income tax and estimated fiscal loss for the years 2021 and 2020 is as follows:

	2021 Rp	
	(29.592.510.974)	Profit (Loss) before Income Tax
Permanent Differences:		
Interest Expenses and Bank Charges	19.002.887.999	Interest Expenses and Bank Charges
Allowance for Impairment of losses of Other Receivables	448.934.948	Allowance for Impairment of losses of Other Receivables
Donation and Entertainment	120.600.000	Donation and Entertainment
Other Expenses	118.792.928	Other Expenses
Interest Income	(85.435.679)	Interest Income
Total Permanent Differences	19.605.780.196	
Timing Differences:		
Cost of Revenues	8.419.684.200	Cost of Revenues
Construction Services Interest Income	(18.348.172.274)	Construction Services Interest Income
Recovery of Concession Financial Assets	-	Recovery of Concession Financial Assets
Operating Revenues	(8.680.032.087)	Operating Revenues
Benefits Payment	-	Benefits Payment
Post-Employment Benefits	-	Post-Employment Benefits
Adjustment of Post-Employment Benefits	-	Adjustment of Post-Employment Benefits
Allowance for Impairment of Concession Financial Assets	19.431.894.021	Allowance for Impairment of Concession Financial Assets
Total Timing Differences	823.373.860	
Fiscal Loss for the Year	(9.163.356.918)	Fiscal Loss for the Year
Fiscal Loss in Previous Years Still Compensable	(36.536.378.895)	Fiscal Loss in Previous Years Still Compensable
Accumulated Fiscal Losses	(45.699.735.813)	Accumulated Fiscal Losses

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22. PERPAJAKAN (Lanjutan)

Pada tanggal 31 Maret 2020, Pemerintah menerbitkan Peraturan Pemerintah Pengganti Undang-Undang Republik Indonesia Nomor 1 Tahun 2020 yang menetapkan, antara lain, penurunan tarif pajak penghasilan wajib pajak badan dalam negeri dan bentuk usaha tetap dari semula 25% menjadi 22% untuk tahun pajak 2020 dan 2021 dan 20% mulai tahun pajak 2022 dan seterusnya.

Berdasarkan Undang-Undang No.7/2021 yang berlaku efektif pada tanggal 29 Oktober 2021, pemerintah telah membatalkan rencananya untuk menurunkan tarif pajak penghasilan badan menjadi 20% untuk tahun 2022, sehingga tarif pajak penghasilan badan yang berlaku untuk tahun 2022 dan selanjutnya tetap sebesar 22%.

Pajak Tangguhan

Perhitungan taksiran pajak penghasilan tangguhan sebagai berikut:

	2021	2020
	Rp	Rp
Pengaruh Bada Waktu pada Tarif Pajak:		
Beban Pokok Pendapatan	1.236.670.787	1.852.330.524
Rugi Fiskal	(1.368.683.841)	1.543.022.547
Pendapatan Bunga Jasa Konstruksi	(4.107.020.820)	(4.036.597.900)
Pendapatan Usaha	(1.275.007.582)	(1.909.607.059)
Pemulihan Aset Keuangan Konsesi	928.138.861	-
Pembayaran Pesangon	(30.837.281)	-
Beban Imbalan Pasca Kerja	43.277.104	-
Penyisihan Penurunan Nilai	-	-
Aset Keuangan Konsesi	-	4.275.016.685
Penyesuaian	(5.194.522)	695.120.561
Jumlah	(4.578.657.294)	2.419.285.358

Pengaruh pajak atas beda waktu antara pelaporan komersial dan pajak adalah sebagai berikut:

	31 Desember 2020 December 31, 2020	Dikreditkan (Dibebankan) ke Laporan Laba Rugi/ Credited (Charged) to Profit and Loss	Dibebankan ke Penghasilan Komprehensif Lain/ Charged to Other Comprehensive Income	Penyesuaian/ Adjustment	31 Desember 2021/ December 31, 2021	
	Rp	Rp	Rp	Rp	Rp	
Aset Pajak Tangguhan						Deferred Tax Assets
- Rugi Fiskal	10.052.941.878	(1.368.683.841)	-	-	8.685.258.037	- Fiscal Loss
- Penyisihan Penurunan Nilai Aset Keuangan Konsesi	7.885.058.056	-	-	-	7.885.058.056	- Allowance for Impairment of Concession Financial Assets
- Pemulihan Aset Keuangan Konsesi	-	928.138.861	-	-	928.138.861	- Recovery of Concession Financial Assets
- Imbalan Pasca Kerja	5.194.522	12.439.823	-	(5.194.522)	12.439.823	- Post-Employment Benefits
- Pendapatan Usaha	(64.601.918.217)	(1.275.007.582)	-	-	(65.876.923.799)	- Operating Revenue
- Beban Pokok Pendapatan	52.743.961.646	1.736.670.787	-	-	53.980.032.433	- Cost of Revenue
- Pendapatan Bunga Jasa Konstruksi	(19.458.026.876)	(4.107.020.820)	-	-	(23.565.047.696)	- Construction Services Interest Income
Jumlah	(3.373.385.991)	(4.573.462.772)	-	(5.194.522)	(7.952.043.285)	Total

22. TAXATION (Continued)

On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction to the tax rates for corporate income tax payers and permanent establishments entities from previously 25% to become 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards.

Pursuant to Law No.7/2021, which became effective on 29 October 2021, the government has revoked its plan to reduce the corporate income tax rate to 20% for 2022, thus the applicable corporate income tax rate for 2022 and onward remain at 22%.

Deferred Tax

The computation of estimated deferred income tax is as follows:

	2021	2020
	Rp	Rp
Pengaruh Bada Waktu pada Tarif Pajak:		
Beban Pokok Pendapatan	1.236.670.787	1.852.330.524
Rugi Fiskal	(1.368.683.841)	1.543.022.547
Pendapatan Bunga Jasa Konstruksi	(4.107.020.820)	(4.036.597.900)
Pendapatan Usaha	(1.275.007.582)	(1.909.607.059)
Pemulihan Aset Keuangan Konsesi	928.138.861	-
Pembayaran Pesangon	(30.837.281)	-
Beban Imbalan Pasca Kerja	43.277.104	-
Penyisihan Penurunan Nilai	-	-
Aset Keuangan Konsesi	-	4.275.016.685
Penyesuaian	(5.194.522)	695.120.561
Jumlah	(4.578.657.294)	2.419.285.358

The significant effects of timing differences between the commercial and fiscal tax reporting are as follows:

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22. PERPAJAKAN (Lanjutan)

22. TAXATION (Continued)

Pajak Tangguhan (Lanjutan)

Deferred Tax (Continued)

	31 Desember 2019 December 31, 2019	Dikreditkan (Dibebankan) ke Laporan Laba Rugi/ Credited (Charged) to Profit and Loss	Dibebankan ke Penghasilan Komprehensif Lain/ Charged to Other Comprehensive Income	Penyesuaian/ Adjustment	31 Desember 2020/ December 31, 2020	
	Rp	Rp	Rp	Rp	Rp	
Ases Pajak Tangguhan						Deferred Tax Assets
- Rugi Fiskal	9.671.499.241	1.543.022.547	-	(1.160.579.910)	10.053.941.878	- Fiscal Loss
- Penyisihan Perurunan Nilai						- Allowance for Impairment of Concession Financial Assets
- Aset Keuangan Konsepsi	4.102.320.876	4.275.016.685	-	(482.278.505)	7.885.059.056	- Concession Financial Assets
- Imbalan Pascakerja	5.902.866		-	(708.344)	5.194.522	- Post-Employment Benefits
- Pendapatan Usaha	(71.241.260.407)	(1.909.607.058)	-	8.548.951.249	(64.601.916.217)	- Operating Revenues
- Beban Pukok Pendapatan	29.194.353.548	1.652.330.524	-	(8.303.322.426)	62.743.381.646	- Cost of Revenues
- Pendapatan Bunga Jasa Konstruksi	(17.525.487.473)	(4.036.597.900)	-	2.103.058.497	(19.459.026.876)	- Construction Services Interest Income
Jumlah	(5.792.671.349)	1.724.184.797	-	695.120.561	(3.373.285.991)	Total

Berdasarkan Undang-undang Perpajakan yang berlaku di Indonesia, laba atau kerugian Perusahaan serta rekonsiliasi perhitungan perpajakannya dilakukan sendiri oleh wajib pajak dalam SPT Tahunan (self assessment system). Direktorat Jendral Pajak (DJP) dapat melakukan pemeriksaan, menetapkan atau mengubah kewajiban pajak Perusahaan dalam batas waktu 5 (lima) tahun sejak saat terutangnya pajak.

Based on the prevailing Indonesian Taxation Laws, the Company's commercial income or loss and its tax reconciliation are based on the taxpayer's self assessment in its annual tax return. The tax authorities may assess or amend taxes within 5 (five) years after the date such tax becomes due.

23. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Dalam kegiatan usahanya, Perusahaan mengadakan transaksi dengan pihak berelasi.

In its regular conduct of business, the Company has engaged in transactions with certain related parties.

a. Sifat Hubungan dan Transaksi dengan Pihak Berelasi

a. The Nature of Relationship and Transactions with Related Parties

Pihak Berelasi/ Related Parties	Sifat Hubungan/ Nature of Relationship	Transaksi yang Signifikan/ Significant Transactions
Tiopan H. Marpaung	Pemegang Saham/ Shareholder	- Piutang Lain-lain/ Other Receivables
Subari Rudy	Pemegang Saham/ Shareholder	- Piutang Lain-lain/ Other Receivables
Parulian Marpaung	Pemegang Saham/ Shareholder	- Piutang Lain-lain/ Other Receivables
Sarawak Cable Berhad	Pemegang Saham Utama/ Major Shareholder	- Utang Lain-lain/ Other Payables

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23. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan) **23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**

b. Saldo Signifikan dengan Pihak Berelasi **b. Significant Balances with Related Parties**

	31 Desember 2021	31 Desember 2020	
	Rp	Rp	
Piutang Lain-lain			Other Receivables
Tiopan H. Marpaung	12.519.609.018	12.519.609.018	Tiopan H. Marpaung
Subari Rudy	150.000.000	150.000.000	Subari Rudy
Parulian Marpaung	150.000.000	150.000.000	Parulian Marpaung
Utang Lain-lain			Other Payables
Sarawak Cable Berhad	340.349.014.055	314.294.437.112	Sarawak Cable Berhad

24. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING **24. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

Aset dan liabilitas moneter dalam mata uang asing yang dimiliki Perusahaan pada tanggal 31 Desember sebagai berikut:

The Company's monetary assets and liabilities denominated in foreign currencies as of December 31, are as follows:

2 0 2 1			
	USD	MYR	Ekuivalen Rupiah/ Rupiah Equivalent
A S E T			
Kas dan Bank	-	19	65.077
Deposito yang Dijaminkan	252.209	-	3.596.775.049
Jumlah Aset	252.209	19	3.596.840.126
L I A B I L I T A S			
Pinjaman Bank	5.618.969	-	80.177.129.676
Beban Akrua	963.138	-	13.743.031.885
Jumlah Liabilitas Bersih	6.582.107	-	93.920.161.561
Jumlah Liabilitas Bersih	(6.329.898)	19	(90.321.321.435)
2 0 2 0			
	USD	MYR	Ekuivalen Rupiah/ Rupiah Equivalent
A S E T			
Kas dan Bank	2.369	69	33.658.826
Deposito yang Dijaminkan	251.939	-	3.553.602.114
Jumlah Aset	254.308	69	3.587.260.940
L I A B I L I T A S			
Pinjaman Bank	5.618.969	-	79.255.616.705
Jumlah Liabilitas	5.618.969	-	79.255.616.705
Jumlah Liabilitas Bersih	(5.364.661)	69	(75.668.357.765)

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25. KEBIJAKAN MANAJEMEN RISIKO KEUANGAN DAN RISIKO PERMODALAN

Manajemen Risiko Keuangan

Instrumen keuangan pokok Perusahaan terdiri dari kas dan bank, deposito yang dijaminan, piutang usaha, piutang lain-lain, garansi bank, aset keuangan konsesi, utang lain-lain, utang retensi, pinjaman bank dan beban akrual.

Perusahaan beroperasi di dalam negeri dan menghadapi berbagai risiko keuangan, termasuk risiko pasar, risiko kredit dan risiko likuiditas. Dana Perusahaan dan/serta eksposur suku bunga dikelola oleh fungsi keuangan Perusahaan sesuai dengan kerangka kebijakan yang ada. Kerangka tersebut memaparkan risiko pada Perusahaan serta langkah-langkah yang akan diambil untuk mengelola risiko. Direksi Perusahaan menetapkan dan memantau kebijakan ini.

Risiko Pasar

Risiko pasar adalah risiko nilai wajar arus kas masa depan suatu instrumen keuangan akan berfluktuasi karena perubahan harga pasar, yang terdiri dari:

a. Risiko Tingkat Suku Bunga

Risiko suku bunga adalah risiko dimana nilai wajar atau arus kas masa datang dari suatu instrumen keuangan akan berfluktuasi akibat perubahan suku bunga pasar. Perusahaan dihadapkan pada berbagai risiko terkait dengan fluktuasi suku bunga pasar terutama terkait dengan perjanjian konsesi jasa dan saldo pinjaman bank dengan suku bunga mengambang.

Saat ini Perusahaan tidak mempunyai kebijakan formal lindung nilai atas risiko tingkat suku bunga.

Pada tanggal 31 Desember 2021, berdasarkan simulasi yang rasional, jika tingkat suku bunga dari transaksi jasa konstruksi yang berkaitan dengan perjanjian konsesi jasa lebih tinggi/lebih rendah 100 basis poin, dengan asumsi variabel lainnya tidak mengalami perubahan, maka laba setelah pajak untuk tahun yang berakhir pada tanggal 31 Desember 2021 akan lebih rendah/tinggi sebesar lebih kurang Rp 801 juta dan (lebih kurang Rp 793 juta pada tahun 2020), terutama akibat beban bunga bank dan pendapatan bunga jasa konstruksi yang berkaitan dengan perjanjian konsesi jasa dengan tingkat bunga mengambang yang lebih tinggi/lebih rendah.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT POLICIES

Financial Risk Management

The Company's principal financial instruments consist of cash on hand and in banks, guaranteed deposits, trade receivables, other receivables, bank guarantee, concession financial assets, other payables, retention payables, bank loan and accrued expenses.

The Company operates locally and is exposed to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's funding and exposure to interest rate risk are managed by the Company's treasury function in accordance with the existing policy frameworks. The frameworks lay out the Company's risks and steps needed to be taken to manage these risks. The Company's Board of Directors sets and monitors these policies.

Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market prices, consisting of:

a. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to possible risks associated with fluctuations in market interest rates particularly related to service concession arrangements and its bank loans with floating interest rates.

The Company currently has no formal policy for hedging interest rate risk.

As of December 31, 2021, based on a sensible simulation, had the interest rates of construction services transactions related to service concession arrangements been 100 basis points higher/lower, with other variables held constant, the Company's net income after tax for the year ended December 31, 2021 would have been lower/higher at an approximate amount of Rp 801 million and (at an approximate amount of Rp 793 million in 2020), mainly due to the higher/lower bank loan interest and interest income related to construction services transactions derived from service concession arrangements with floating rates.

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**25. KEBIJAKAN MANAJEMEN RISIKO KEUANGAN
DAN RISIKO PERMODALAN (Lanjutan)**

Manajemen Risiko Keuangan (Lanjutan)

Risiko Pasar (Lanjutan)

b. Risiko Mata Uang

Mata uang fungsional dan pelaporan perusahaan adalah Rupiah. Perusahaan dapat menghadapi risiko nilai tukar mata uang asing terutama karena kas dan bank, deposito berjangka, utang lain-lain serta pinjaman bank yang didenominasi dalam mata uang asing.

Perusahaan saat ini tidak memiliki kebijakan formal untuk lindung nilai risiko mata uang.

Aset dan liabilitas moneter bersih dalam mata uang asing disajikan pada Catatan 26.

Mata uang asing yang paling banyak digunakan Perusahaan adalah USD. Pada tanggal 31 Desember 2021, berdasarkan simulasi yang rasional jika nilai tukar Rupiah terhadap USD melemah/menguat sebesar 1%, dengan asumsi variabel lainnya tidak mengalami perubahan, maka laba setelah pajak untuk tahun yang berakhir pada tanggal 31 Desember 2021 akan lebih rendah/lebih tinggi sebesar lebih kurang Rp 903 juta (lebih kurang Rp 806 juta pada tahun 2020) terutama sebagai akibat dari kerugian/keuntungan selisih kurs atas penjabaran kas dan bank, deposito yang dijamin, beban akrual dan pinjaman bank dalam USD.

Risiko Kredit

Risiko kredit adalah risiko bahwa Perusahaan akan mengalami kerugian yang timbul dari pelanggan, klien atau pihak lawan yang gagal memenuhi liabilitas kontraktual mereka.

Tujuan Perusahaan adalah untuk mencapai pertumbuhan pendapatan yang berkelanjutan dengan meminimalkan kerugian yang dapat terjadi karena meningkatnya eksposur risiko kredit. Perusahaan mulai beroperasi secara komersial sejak bulan Oktober 2021. PT PLN, yang merupakan pelanggan tunggal Perusahaan, memberikan kontribusi 100% dari jumlah pendapatan bersih. Manajemen berkeyakinan bahwa risiko kredit terbatas karena risiko kegagalan kredit PLN adalah rendah dimana Perusahaan telah secara legal terikat dalam perjanjian dengan PLN untuk penjualan listrik.

**25. FINANCIAL AND CAPITAL RISK MANAGEMENT
POLICIES (Continued)**

Financial Risk Management (Continued)

Market Risk (Continued)

b. Currency Risk

The Company's functional and reporting currency is Indonesian Rupiah. The Company is exposed to foreign currency exchange rate risk primarily due to its cash and bank, time deposit, other payables and bank loan denominated in foreign currencies.

The Company currently has no formal policy for hedging currency risk.

Net monetary assets and liabilities denominated in foreign currencies are presented in Note 26.

The major foreign currency used by Company is USD. As of December 31, 2021 based on a sensible simulation, had the exchange value of Indonesian Rupiah to USD weakened/strengthened by 1%, with other variables held constant, the Company's income after tax for the year ended December 31, 2021 would have been lower/higher at an approximate amount of Rp 903 million (at an approximate amount of Rp 806 million in 2020), mainly due to the loss/gain on foreign exchange difference in the translation of the Company's monetary assets and liabilities in the form of cash on hand and in banks, guaranteed deposits, accrued expenses and bank loans denominated in USD.

Credit Risk

Credit risk is the risk that the Company will incur a loss arising from its customers, clients or counterparties that fail to discharge their contractual obligations.

The Company's objective is to seek continual revenue growth while minimizing losses incurred due to increase of credit risk exposure. The Company commenced its commercial operation in October 2021. PT PLN, the only customer of the Company, gives contribution of 100% of the Company's net revenue. Management believes that the credit risk is limited because the credit default of PLN is low, since the Company has legally binding agreement with PLN for electricity sales transaction.

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25. KEBIJAKAN MANAJEMEN RISIKO KEUANGAN DAN RISIKO PERMODALAN (Lanjutan)

Manajemen Risiko Keuangan (Lanjutan)

Risiko Likuiditas

Risiko likuiditas adalah risiko dimana posisi arus kas Perusahaan menunjukkan pendapatan jangka pendek tidak cukup untuk menutupi pengeluaran jangka pendek.

Perusahaan mengelola profil likuiditasnya untuk membiayai belanja modal dan melunasi utang yang jatuh tempo dengan menyediakan dana kas yang cukup, serta ketersediaan pendanaan melalui kecukupan jumlah fasilitas kredit yang diterima.

Analisis aset dan liabilitas keuangan Perusahaan per 31 Desember 2021 berdasarkan jatuh tempo dari tanggal Posisi Keuangan sampai dengan tanggal jatuh tempo diungkapkan dalam tabel adalah arus kas kontraktual yang tidak didiskontokan sebagai berikut:

	Dibawah 1 Tahun/ Below 1 Year Rp	1-2 Tahun/ 1-2 Years Rp	2-5 Tahun/ 2-5 Years Rp	Lobih dari 5 Tahun/ More than 5 Years Rp	Jumlah Total Rp		
Aset						Assets	
Kas dan Bank	5.739.670.357	-	-	-	5.739.670.357	Cash on Hand and in Banks	
Deposito yang Dijaminkan	3.598.775.049	-	-	-	3.598.775.049	Guaranteed Deposits	
Piutang Lain-Lain	651.382.092	12.819.608.018	-	-	13.470.990.110	Other Receivables	
Garansi Bank	1.999.732.800	-	-	-	1.999.732.800	Bank Guarantees	
Aset Keuangan						Concession Financial	
Konsep	-	368.559.471.697	-	-	368.559.471.697	Assets	
Jumlah Aset	11.989.560.298	379.379.080.715	-	-	391.368.641.013	Total Assets	
Liabilitas						Liabilities	
Utang Lain-Lain	345.291.095.696	-	-	-	345.291.095.696	Other Payables	
Beban Akumulasi	13.759.879.947	-	-	-	13.759.879.947	Accrued Expenses	
Pinjaman Bank	42.113.727.342	38.063.402.334	-	-	80.177.129.676	Bank Loan	
Utang Retensi	2.805.350.061	-	-	-	2.805.350.061	Retention Payables	
Jumlah Liabilitas	403.970.053.036	38.063.402.334	-	-	442.033.455.370	Total Liabilities	
Jumlah Bersih	(391.980.492.738)	341.315.678.381	-	-	(50.664.814.357)	Total Net	

Manajemen Risiko Permodalan

Dalam mengelola permodalannya, Perusahaan senantiasa mempertahankan kelangsungan usaha serta memaksimalkan manfaat bagi pemegang saham dan pemangku kepentingan lainnya.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT POLICIES (Continued)

Financial Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company's cash flow position shows that the short-term revenue is not sufficient to cover the short-term expenditure.

The Company manages its liquidity profile to finance capital expenditures and settle its maturing payables by preparing sufficient cash and availability of funds through sufficient credit facilities obtained.

Analysis of the Company's financial assets and liabilities as of December 31, 2021 based on maturity groupings from the Statement of Financial Position date to the contractual maturity date disclosed in the table is the contractual undiscounted cash flows as follows:

Capital Risk Management

In managing its capital, the Company always maintains its ability to continue as a going concern and to maximize benefits for the shareholders and other stakeholders.

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25. KEBIJAKAN MANAJEMEN RISIKO KEUANGAN DAN RISIKO PERMODALAN (Lanjutan)

Manajemen Risiko Permodalan (Lanjutan)

Perusahaan secara aktif dan rutin menelaah dan mengelola permodalannya untuk memastikan struktur modal dan pengembalian yang optimal bagi pemegang saham, dengan mempertimbangkan efisiensi penggunaan modal berdasarkan arus kas operasi dan belanja modal, serta mempertimbangkan kebutuhan modal di masa yang akan datang.

Estimasi Nilai Wajar Instrumen Keuangan

Nilai wajar aset dan liabilitas keuangan diestimasi untuk keperluan pengakuan dan pengukuran atau untuk keperluan pengungkapan.

Nilai wajar aset dan liabilitas keuangan disajikan dalam jumlah di mana instrumen tersebut dapat dipertukarkan dalam transaksi kini antara pihak-pihak yang berkeinginan, bukan dalam penjualan akibat kesulitan keuangan atau likuidasi yang dipaksakan.

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk setiap kelompok instrumen keuangan yang praktis untuk memperkirakan nilai tersebut:

- (1) Kas dan Bank, Deposito yang Dijaminkan, Piutang Usaha, Piutang Lain-lain dan Garansi Bank merupakan aset keuangan jangka pendek yang akan jatuh tempo dalam waktu 12 bulan atau kurang sehingga nilai tercatat aset keuangan tersebut telah mencerminkan nilai wajarnya.
- (2) Utang Lain-lain, Utang Retensi dan Beban AkruaI merupakan liabilitas keuangan jangka pendek yang akan jatuh tempo dalam waktu 12 bulan atau kurang sehingga nilai tercatat liabilitas keuangan tersebut telah mencerminkan nilai wajarnya.
- (3) Aset Keuangan Konsesi merupakan aset keuangan jangka panjang yang timbul berkaitan dengan perjanjian konsesi jasa (Perjanjian Jual Beli Tenaga Listrik antara PT PLN dengan Perusahaan) dengan suku bunga yang disesuaikan dengan pergerakan suku bunga pasar sehingga nilai tercatat aset keuangan ini telah mendekati nilai wajarnya.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT POLICIES (Continued)

Capital Risk Management (Continued)

The Company actively and regularly reviews and manages its capital to ensure optimal returns to shareholders, taking into consideration the efficient use of capital based on operating cash flow and capital expenditures, as well as considering the future capital requirements.

Estimated Fair Value of Financial Instruments

The fair value of financial assets and liabilities is estimated for recognition and measurement purposes or for disclosure purposes.

The fair values of financial assets and liabilities are presented at the amounts in which such instruments could be exchanged in current transactions between willing parties, not in sales due to financial difficulties or forced liquidation.

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

- (1) *Cash on Hand and in Banks, Guaranteed Deposits, Trade Receivables, Other Receivables and Bank Guarantee were classified as short-term financial assets to mature within 12 months or less; thus the carrying values of the financial assets reflected their fair values.*
- (2) *Other Payables, Retention Payables and Accrued Expenses were classified as short-term financial liabilities to mature within 12 months or less; thus the carrying values of the financial liabilities reflected their fair values.*
- (3) *Concession Financial Assets were classified as long-term financial assets derived in relation to service concession arrangements (Power Purchase Agreement between PT PLN and the Company) with interest rates adjusted to the movements of market interest rates, thus the carrying values of the financial assets approximated the fair value.*

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25. KEBIJAKAN MANAJEMEN RISIKO KEUANGAN DAN RISIKO PERMODALAN (Lanjutan)

Estimasi Nilai Wajar Instrumen Keuangan (Lanjutan)

(4) Pinjaman Bank Jangka Panjang merupakan pinjaman yang memiliki suku bunga variabel dan tetap yang disesuaikan dengan pergerakan suku bunga pasar atau tingkat suku bunga yang dapat ditinjau secara berkala sehingga nilai tercatat liabilitas keuangan tersebut telah mendekati nilai wajarnya.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT POLICIES (Continued)

Estimated Fair Value of Financial Instruments (Continued)

(4) Long-term Bank Loan was a borrowing with floating and fixed interest rates adjusted to the movements of market interest rates, or with a periodically reviewable interest rate thus the carrying value of the financial liability approximated the fair value.

26. INFORMASI TAMBAHAN UNTUK LAPORAN ARUS KAS

a. Aktivitas Non Kas yang signifikan :

	2021 Rp
Rugi (Laba) Selesai Kurs dari:	
- Pinjaman Bank	921.510.971
- Deposito yang Dijamin	(41.316.737)
- Beban Akrua	56.358.305

b. Perubahan liabilitas yang timbul dari aktivitas pendanaan:

	31 Desember 2020/ December 31, 2020		31 Desember 2021/ December 31, 2021	
	Rp	Rp	Rp	Rp
Pinjaman Bank Jangka Panjang	79.255.618.705	-	80.177.129.678	Long-term Bank Loan
Utang Lain-lain-Pihak Berelasi	314.294.437.112	26.054.576.943	340.349.014.055	Other Payables-Related Party
Jumlah	393.550.055.817	26.054.576.943	420.526.143.731	

	31 Desember 2019/ December 31, 2019		31 Desember 2020/ December 31, 2020	
	Rp	Rp	Rp	Rp
Pinjaman Bank Jangka Panjang	78.109.348.553	-	79.255.618.705	Long-term Bank Loan
Utang Lain-lain-Pihak Berelasi	279.131.787.372	35.162.649.740	314.294.437.112	Other Payables-Related Party
Jumlah	357.241.135.925	35.162.649.740	393.550.055.817	

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27. KONDISI KEUANGAN PERUSAHAAN SAAT INI

Pada tanggal 31 Desember 2021, Perusahaan mengakui saldo defisit sebesar Rp 81.684.065.568 dan defisiensi modal sebesar Rp 51.684.065.568

Kerugian Perusahaan disebabkan karena sebelumnya Perusahaan masih belum memiliki pendapatan dari aktivitas usaha utamanya karena perusahaan masih dalam tahap pengembangan dan semua aktivitasnya masih terfokus pada pengembangan PLTMH. Perusahaan baru beroperasi secara komersial sejak Oktober 2021 sehingga pendapatan yang diterima belum mampu menutupi biaya operasional. Perusahaan telah merencanakan untuk menerapkan beberapa strategi seperti:

a. Perusahaan akan melakukan efisiensi biaya.

b. Para pemegang saham akan mendukung secara moril dan materil untuk kelangsungan usaha Perusahaan, sehingga Perusahaan dapat terus beroperasi dan memenuhi kewajiban-kewajiban yang ada selama dua belas bulan.

Manajemen Perusahaan akan terus memantau untuk memastikan perencanaan tersebut diimplementasikan dan akan membuat penyesuaian yang diperlukan.

Manajemen Perusahaan berkeyakinan dengan adanya upaya yang konsisten dari Manajemen dan staf Perusahaan, implementasi dari perencanaan akan dapat tercapai untuk menjaga keberlangsungan usaha Perusahaan.

Pada tanggal 31 Desember 2021, Serawak Cable Berhad, pemegang saham utama Perusahaan, telah memberikan pinjaman kepada Perusahaan sebesar Rp 340.349.014.055 (Catatan 12).

28. PERJANJIAN PENTING

Perusahaan melakukan ikatan kerjasama dengan PT Perusahaan Listrik Negara (Persero) wilayah II Sumatera Utara (PLN) berdasarkan Perjanjian Jual Beli Tenaga Listrik yang ditandatangani kedua belah pihak tanggal 23 September 2010.

27. FINANCIAL CONDITION OF THE COMPANY

As of December 31, 2021, the Company recognized a deficit of Rp 81,684,065,568 and capital deficiency of Rp 51,684,065,568.

The Company's losses were primarily due to the fact that previously the Company still did not have income from its main business activities because the company was still in the development stage and all of its activities were still focused on developing PLTMH. The company has only been operating commercially since October 2021 so that the income received has not been able to cover operational costs. The Company has been planning to implement several strategies such as:

a. The Company will perform cost efficiency.

b. The shareholders will support morally and materially for the sustainability of the Company, enabling the Company to continue operating and fulfill its existing obligations over twelve months.

The Company's management will continue to monitor to ensure the plan is implemented and will make the necessary adjustments.

The Company's management believes in the consistent efforts of the Company's management and staff that the implementation of the plan will be achieved to maintain the Company's sustainability.

As of December 31, 2021, Serawak Cable Berhad, the Company's major shareholder, has given a loan to the Company amounting to Rp 340,349,014,055 (Note 12).

28. SIGNIFICANT AGREEMENT

The Company has entered into a cooperation with PT Perusahaan Listrik Negara (Persero) North Sumatera Region II (PLN) based on the Power Purchase Agreement signed by both parties on September 23, 2010.

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28. PERJANJIAN PENTING (Lanjutan)

Adapun beberapa hal pokok yang diatur dalam Perjanjian tersebut adalah sebagai berikut:

- a. Bahwa dalam rangka diversifikasi energi dan memenuhi kebutuhan beban di daerah Sumatera Utara, PLN memerlukan tambahan pasokan tenaga listrik dan bermaksud untuk membeli tenaga listrik dari Perusahaan.
- b. Perusahaan menyetujui untuk memasok tenaga listrik yang dihasilkan PLTM Lae Kombih 3 dengan kapasitas netto 8 MW (2 x 4.000 Kw) yang terletak di Sungai Lae Kombih Desa Mahala Kecamatan Tinada, Kabupaten Pakpak Bharat, Provinsi Sumatera Utara, dan akan melakukan desain, pendanaan, pembangunan, serta memiliki dan mengoperasikan pembangkit tersebut.
- c. Perusahaan bersedia untuk menjual dan menyerahkan tenaga listrik kepada PLN yang bersedia untuk membeli dan menerima penyerahan tenaga listrik yang dijual dan dihasilkan dari PLTM Lae Kombih 3 milik Perusahaan.
- d. Pembelian tenaga listrik dilakukan berdasarkan jumlah energi listrik (kWh) yang dihasilkan oleh Perusahaan kepada PLN.
- e. Perusahaan harus mempertahankan ketersediaan tenaga listrik rata-rata sebesar (8.000 x 8.760 x 65%) atau setara dengan Capacity Factor sebesar 65%, selama jangka waktu pengoperasian.
- f. Perjanjian ini berlaku sejak Financing Date sampai dengan 20 tahun setelah COD (Commercial Operating Date) unit, kecuali apabila terjadi pemutusan awal sesuai dengan ketentuan yang diatur dalam Perjanjian ini dengan masa berlaku dapat diperpanjang berdasarkan persetujuan tertulis para pihak.
- g. Perusahaan menyampaikan jaminan pelaksanaan kepada PLN dalam bentuk Bank Garansi.

28. SIGNIFICANT AGREEMENT (Continued)

Several significant matters regulated in the Agreement are as follows:

- a. For the purpose of diversification of energy and in meeting the needs of power supply in North Sumatera, PLN requires additional electrical power supply and intended to purchase electricity from the Company.
- b. The Company agreed to supply electric power generated by PLTM Lae Kombih 3 with a net capacity of 8 MW (2 x 4,000 kW) located in the Lae Kombih River, Mahala Village, Tinada Subdistrict, Pakpak Bharat District, North Sumatera Province, and to undertake the design, financing, construction and own and operate the power plant.
- c. The Company is willing to sell and deliver the electricity power to PLN that is willing to purchase and accept the delivery of the electricity power sold and generated from PLTM of Lae Kombih 3 owned by the Company.
- d. The power purchase is based on the amount of electricity (kWh) generated by the Company to PLN.
- e. The Company has to maintain the availability of electricity at the average of (8,000 x 8,760 x 65%) or in equivalent to 65% of the Capacity Factor during the operations period.
- f. This Agreement is valid from the Financing Date up to 20 years after the COD (Commercial Operating Date) unit, unless there is an early termination in accordance with the provisions as regulated in the Agreement with the validity periods that may be extended based on a written agreement of both parties.
- g. The Company gives Bank Guarantee as implementation guarantee to PLN.

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28. PERJANJIAN PENTING (Lanjutan)

Adapun beberapa hal pokok yang diatur dalam Perjanjian tersebut adalah sebagai berikut:

- a. Bahwa dalam rangka diversifikasi energi dan memenuhi kebutuhan beban di daerah Sumatera Utara, PLN memerlukan tambahan pasokan tenaga listrik dan bermaksud untuk membeli tenaga listrik dari Perusahaan.
- b. Perusahaan menyetujui untuk memasok tenaga listrik yang dihasilkan PLTM Lae Kombih 3 dengan kapasitas netto 8 MW (2 x 4.000 Kw) yang terletak di Sungai Lae Kombih Desa Mahala Kecamatan Tinada, Kabupaten Pakpak Bharat, Provinsi Sumatera Utara, dan akan melakukan desain, pendanaan, pembangunan, serta memiliki dan mengoperasikan pembangkit tersebut.
- c. Perusahaan bersedia untuk menjual dan menyerahkan tenaga listrik kepada PLN yang bersedia untuk membeli dan menerima penyerahan tenaga listrik yang dijual dan dihasilkan dari PLTM Lae Kombih 3 milik Perusahaan.
- d. Pembelian tenaga listrik dilakukan berdasarkan jumlah energi listrik (kWh) yang dihasilkan oleh Perusahaan kepada PLN.
- e. Perusahaan harus mempertahankan ketersediaan tenaga listrik rata-rata sebesar (8.000 x 8.760 x 65%) atau setara dengan Capacity Factor sebesar 65%, selama jangka waktu pengoperasian.
- f. Perjanjian ini berlaku sejak Financing Date sampai dengan 20 tahun setelah COD (Commercial Operating Date) unit, kecuali apabila terjadi pemutusan awal sesuai dengan ketentuan yang diatur dalam Perjanjian ini dengan masa berlaku dapat diperpanjang berdasarkan persetujuan tertulis para pihak.
- g. Perusahaan menyampaikan jaminan pelaksanaan kepada PLN dalam bentuk Bank Garansi.

28. SIGNIFICANT AGREEMENT (Continued)

Several significant matters regulated in the Agreement are as follows:

- a. For the purpose of diversification of energy and meeting the needs of power supply in North Sumatera, PLN requires additional electrical power supply and intended to purchase electricity from the Company.
- b. The Company agreed to supply electric power generated by PLTM Lae Kombih 3 with a net capacity of 8 MW (2 x 4,000 kW) located in the Lae Kombih River, Mahala Village, Tinada Subdistrict, Pakpak Bharat District, North Sumatera Province, and to undertake the design, financing, construction and own and operate the power plant.
- c. The Company is willing to sell and deliver the electricity power to PLN that is willing to purchase and accept the delivery of the electricity power sold and generated from PLTM of Lae Kombih 3 owned by the Company.
- d. The power purchase is based on the amount of electricity (kWh) generated by the Company to PLN.
- e. The Company has to maintain the availability of electricity at the average of (8,000 x 8,760 x 65%) or in equivalent to 65% of the Capacity Factor during the operations period.
- f. This Agreement is valid from the Financing Date up to 20 years after the COD (Commercial Operating Date) unit, unless there is an early termination in accordance with the provisions as regulated in the Agreement with the validity periods that may be extended based on a written agreement of both parties.
- g. The Company gives Bank Guarantee as implementation guarantee to PLN.

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28. PERJANJIAN PENTING (Lanjutan)

- h. Perusahaan dengan PLN sepakat bahwa harga beli tenaga listrik sesuai dengan perjanjian ini adalah sesuai dengan Surat Keputusan Penunjukan (SKP) No. 006.K/SKP/PPPTL/2010 tanggal 21 Juni 2010 sebesar Rp 787,2 per kWh belum termasuk PPN dengan staging sebagai berikut:
- i. Tahun ke 1 s/d tahun ke 5 sebesar Rp 878 per kWh belum termasuk PPN
- ii. Tahun ke 6 s/d tahun ke 20 sebesar Rp 714,32 per kWh belum termasuk PPN.
- i. Penyesuaian harga beli tenaga listrik hanya dapat dilakukan apabila terdapat perubahan Peraturan Perundang-undangan atau Peraturan Pemerintah termasuk namun tidak terbatas mengenai perpajakan, retribusi air dan atau retribusi lainnya yang secara langsung mempengaruhi pelaksanaan Proyek.

Berdasarkan Surat No.0685/KIT.01.01/B08000000/2021 tanggal 26 Februari 2021, PT PLN (Persero) Wilayah Sumatera Utara menyetujui perpanjangan waktu pencapaian COD sampai dengan tanggal 30 Juli 2021 dengan ketentuan Perusahaan mengganti Jaminan Pelaksanaan Tahap II dengan Jaminan Pelaksanaan yang dikeluarkan oleh Bank Umum (tidak termasuk Bank Perkreditan Rakyat) atau Bank Asing yang beroperasi di Indonesia/mempunyai perwakilan di Indonesia dan bukan diterbitkan oleh Perusahaan Asuransi dengan nilai sebesar Rp 1.999.732.800 dengan masa berlaku sekurang-kurangnya sampai dengan tanggal 28 Februari 2022.

Berdasarkan Berita Acara Commercial Operation Date (COD) PLTM LAE KOMBI 3 Kapasitas 2 x 4 MW Milik PT Inpolo Mitra Elektrindo Nomor : .BA/HKM.02.01/C08000000/2021 tanggal 12 Oktober 2021, pihak PT PLN dan PT Inpolo Mitra Elektrindo telah sepakat menetapkan tanggal 12 Oktober 2021 sebagai tanggal dimulainya Commercial Operation Date (COD) PLTM LAE KOMBIH 3 kapasitas 2 x 4 MW.

29. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab terhadap penyusunan Laporan Keuangan Perusahaan yang diselesaikan pada tanggal 28 Mei 2022.

28. SIGNIFICANT AGREEMENT (Continued)

- h. The Company and PLN agreed that the power purchase price in accordance with this Agreement will be based on Appointment Letter (SKP) No. 006.K/SKP/PPPTL/2010 dated June 21, 2010 amounting to Rp 787.2 per kWh excluding VAT with staging as follows:
- i. First year to fifth year amounting to Rp 878 per kWh excluding VAT
- ii. Sixth year to twentieth year amounting to Rp 714.32 per kWh excluding VAT.
- i. The power purchase price can only be adjusted if there are changes of Laws or Government Regulations, including but not limited to taxation, water retributions and or other retributions that directly affect the implementation of the Project.

Based on the Letter No.0685/KIT.01.01/B08000000/2021 dated February 26, 2022, PT PLN (Persero) North Sumatera District agreed to approve the extension application of the COD achievement period until July 30, 2021 with the provision that the Company replaced the Implementation Guarantee Phase II with the Implementation Guarantee released by Public Bank (not included Bank Perkreditan Rakyat) or Foreign Bank operating in Indonesia/has representative in Indonesia and not that released by Insurance Company with the amount of Rp 1,999,732,800 with the validity periods until February 28, 2022.

Based on the Minutes of Commercial Operation Date (COD) of PLTM LAE KOMBI 3 Capacity 2 x 4 MW owned by PT Inpolo Mitra Elektrindo No: .BA/HKM.02.01/C08000000/2021 dated October 12, 2021, PT PLN and PT Inpolo Mitra Elektrindo have decided October 12, 2021 as the commencement date for the Commercial Operation Date (COD) of PLTM LAE KOMBIH 3 with a capacity of 2 x 4 MW.

29. COMPLETION OF THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of the Financial Statements which were completed on May 28, 2022.



PT. INPOLA MITRA ELEKTRINDO

Date: 5 April 2023

The Board of Directors
KEJURUTERAAN ASASTERA BERHAD
18, Jalan Radin Bagus 9
Bandar Baru Sri Petaling
57000 Kuala Lumpur.

Dear Sir/Madam,

PROPOSED ACQUISITION BY KAB ENERGY HOLDINGS SDN BHD ("KABEH"), A WHOLLY-OWNED SUBSIDIARY OF KEJURUTERAAN ASASTERA BERHAD ("KAB"), OF 100% EQUITY INTEREST IN PT INPOLA MITRA ELEKTRINDO ("PT IME") ("PROPOSED ACQUISITION")

On behalf of the Board of Commissioners of PT IME ("Board") and Management, we wish to report that after due inquiries in relation to PT IME during the period between 31 December 2021, being the date on which the latest audited financial statements of PT IME had been made up, and up to this date, being a date not earlier than 14 days prior to the date of the circular to the shareholders of KAB in relation to the Proposed Acquisition ("Circular"), that:

- (i) in the opinion of our Board and Management, the business of PT IME has been satisfactorily maintained;
- (ii) in the opinion of our Board and Management, no circumstances have arisen since the latest audited financial statements of PT IME which have adversely affected the activities or the value of assets of PT IME;
- (iii) the current assets of PT IME appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by PT IME;
- (v) the Board and Management are not aware of any default or any known event that could give rise to a default situation in respect of payment of either interest and/or principal sums in relation to any borrowings in PT IME since the latest audited financial statements of PT IME; and
- (vi) there have been no material changes in the published reserves or any unusual factors affecting the financial performance of PT IME since the latest audited financial statements of PT IME.

Yours faithfully
For and on behalf of the Board
PT INPOLA MITRA ELEKTRINDO


YEK SIEW LIONG
COMMISSIONER


L. JOSEPH NIXON
ACTING CHIEF EXECUTIVE OFFICER

Komplek Katamso Vista Blok D-20 Jl. Brigjend. Zein Hamid Kelurahan Titi Kuning Kecamatan Medan Johor
Medan – Indonesia 20159
Telp. 061 – 42779060



Report on policies on foreign investment, repatriation of profits and tax implications in Indonesia

KAB ENERGY HOLDINGS SDN. BHD.

6 March 2023



PRIVATE AND
CONFIDENTIAL

Date: 6 March 2023
To: KAB ENERGY HOLDINGS SDN. BHD.
Attention: Kelly Hoon
CFO

RE: Report on policies on foreign investment, repatriation of profits
and tax implications in Indonesia

Dear Kelly,

We refer to your email on 20 February 2023 regarding the provision of legal and tax services concerning the proposed acquisition by KAB Energy Holding Sdn. Bhd. (“Company”) of equity interest in PT Inpolo Mitra Elektrindo (“Target Company”) (“Proposed Acquisition”).

We thank you for engaging DFDL on this matter and are pleased to set out our advice below.

1. Introduction

- 1.1 We act as Indonesian legal and tax advisers to the Company in relation to the Proposed Acquisition and in particular, we have been instructed to provide an updated report on the policies on foreign investments, taxation and repatriation of profits of Indonesia in connection with the Proposed Acquisition (“Report”).
- 1.2 This Report has been prepared by us solely for the purposes of inclusion in the Company’s announcement and circular to shareholders to be issued by the Company to seek its shareholders’ approval for the Proposed Acquisition.

2. Assumptions and Qualifications

- 2.1 This Report relates only to the laws of general application in Indonesia as at the date of this Report and we have made no investigation of, and do not express any views on, the application of the laws of any other country other than Indonesia.
- 2.2 In reporting on the matters set out in this Report, we also express no opinion as to any subsequent change in the relevant laws of Indonesia, which comes into effect after the date hereof. As such, we shall have no obligation to update this Report from time to time to reflect any such change to relevant laws of Indonesia.
- 2.3 This Report does not address, or purport to address in any detail, items and matters dealt with in any report made by any accountants, valuers, quantity surveyors or other advisers or experts (if any) in connection with the Proposed Acquisition. This Report only relates to the legal and tax aspects and does not apply by implication to other matters and, in particular, does not include the commercial aspects involving the Proposed Acquisition and the adequacy of the steps and verification taken.



- 2.4 The statements made in this Report with regard to taxation are general in nature and are based on certain aspects of the tax laws of Indonesia and guidelines issued by the relevant authorities in Indonesia in force as at the date of this Report and subject to any changes in relevant tax laws and guidelines, or in the interpretation of the law or guidelines, occurring after such date, which changes could be made on a retrospective basis. The statements made in this Report are also not regarded as advice on the tax position of any person or on any tax implications arising from the Proposed Acquisition. Further, the statements made in this Report do not purport to be a comprehensive or exhaustive description of all the tax considerations which may be relevant to the Proposed Acquisition and do not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. As such, the shareholders of the Company are advised to consult their own tax advisers on the tax consequences of the Proposed Acquisition.
- 2.5 This Report is furnished to the Company by us as Indonesian legal and tax advisers in connection with the Proposed Acquisition and is solely for the Company’s benefit. This Report is not to be used, quoted or otherwise referred to for any other purpose, save that a copy of this Report is permitted to be disclosed to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and Securities Commission Malaysia and to be enclosed in the Circular. This Report also does not constitute a recommendation to any shareholders of the Company as to how any shareholder of the Company should vote in respect of the Proposed Acquisition.
- 2.6 In providing this Report, we have assumed the accuracy, validity and completeness of the background facts/circumstances set out in this Report and that there are no facts material to our Report herein which we are unaware. We also express no findings or opinion in this Report about factual matters.

3. Background

We understand the background and facts as follows:

- a. KAB Energy Holding Sdn. Bhd. (“**Company**”) is a company registered in Malaysia and a resident in Malaysia for tax purposes;
- b. PT Inpola Mitra Elektrindo (“**Target Company**”) is a non-listed company registered in Indonesia and a resident in Indonesia for tax purposes;
- c. The Target Company will be acquired and become a wholly owned subsidiary of the Company;
- d. Post-acquisition, the Company will be receiving repatriation of the Target Company’s profits as dividends.

You have requested DFDL to provide report on the policies on foreign investments, taxation and repatriation of profits of Indonesia in connection with the Proposed Acquisition (“**Report**”).

4. Report

Policies on Foreign Investment in Indonesia



- 4.1 Foreign investment must be in the form of a limited liability company based on Indonesian law and domiciled within the territory of the Republic of Indonesia. Foreign investment (*penanaman modal asing*, or “PMA”) is mainly regulated under the Law No. 25 of 2007 on Investment as lastly amended by the Government Regulation in lieu of Law No. 2 of 2022 on Job Creation (“**Capital Investment Law**”).

When an Indonesia company has one or more foreign shareholder(s) then it shall be constituted as a PMA company and must adhere the provisions governing foreign investment under the Capital Investment Law and its implementing regulations.

- 4.2 A PMA company must engage in certain areas of business lines based on the Business Field Standard Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or “KBLI”)¹ that is classifying scopes of business lines under 5 digits of numerical code. The description of the business activities are stipulated in the PMA company’s constitutive documents, including but not limited in its: (i) articles of association and deed of establishment; (ii) primary business number (NIB); (iii) tax licenses; and (iv) other relevant business permits.

- 4.3 A PMA company can only engage in business lines that are open for foreign investment. All business lines are open for capital investment activities, except for the business lines:

- a. That is declared closed for capital investment, such as:
 - Business lines that cannot be operated as business lines as stipulated in the Capital Investment Law; and
 - Industry of alcoholic beverage, industry of beverage containing alcohol: Wine and industry of malt containing beverage,
- b. For activities that can only be carried out by the Central Government.

- 4.4 The list of:

- a. Priority business lines;
- b. Business lines allocated for or require partnerships with cooperatives and micro, small and medium enterprises;
- c. Business lines with certain requirements, such as:
 - i. Investment requirements for domestic investors;
 - ii. Investment requirements with restrictions on foreign capital ownership;
 - iii. Investment requirements with special permits; or
 - iv. Other investment requirements are business fields that are restricted and closely monitored and regulated in separate laws and regulations in the field of control and supervision of alcoholic beverages.
- d. Business lines that are not included in letter a, letter b, and letter c (i.e., they can be engaged by all capital investors),

are stipulated under Presidential Regulation No. 10 of 2021 on Capital Investment Business Lines as lastly amended by Presidential Regulation No. 49 of 2021 (“**PR 49/2021**”).

Exemption on the Applicability of Foreign Capital Ownership Limitation

- 4.5 Based on the PR 49/2021, investment requirements with restrictions on foreign capital ownership do not apply to investments or a company that have obtained approval for certain business lines

¹ KBLI is issued from time to time by Statistics Central Agency of Republic of Indonesia. The current applicable KBLI is KBLI 2020 which was issued on 15 September 2020.



prior to the promulgation of the PR 49/2021, which is 25 May 2021, unless that the new provisions are more favourable for them.

- 4.6 On restrictions of foreign capital ownership, PR 49/2021 also provides that a company which business lines have investment requirements with restrictions on foreign capital ownership, and will conduct change of foreign capital ownership due to acquisition, the limits of foreign capital ownership in the target company is as stated in its business license.

Business licences – OSS RBA licencing regime

- 4.7 In third quarter of 2021, Indonesian government has implemented new capital investment regime by adopting a risk based licencing scheme pursuant to Government Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing ("GR 5/2021") and launching a risk-based assessment OSS ("OSS RBA"). Under GR 5/2021, each business line will have its own risk level (from low to high risk) which will determine the applicable business licencing requirement for such business line. Please note business licences that have been issued prior to the introduction of OSS RBA shall remain valid.

Repatriation of Profits as Dividends.

- 4.8 In accordance with the Law No. 40 of 2007 concerning Limited Liability Company as amended by the Government Regulation in lieu of Law No. 2 of 2022 on Job Creation ("Company Law"), the Net Profit² of a company may be distributed to the shareholders as dividend after the mandatory reserve fund as required by applicable law has been allocated.
- 4.9 In general, under the Company Law, a company with a positive retained earnings (profit) is required to set aside a certain amount of the Net Profit of each financial year for reserve fund. Allocation of the Net Profit is conducted until the reserve fund reaches minimum 20% (twenty percent) of the total issued and paid-up capital of the company.
- 4.10 The utilization of the net profit, including with regards to the reserve fund allocation amount and distribution of dividend shall be approved by the shareholders in the annual general meeting of shareholders of the company ("GMS").

The GMS may decide that part or all of the Net Profit will be used for dividends distribution to the shareholders, reserves fund, and/or other distributions such as *tantiem* for members of the Board of Directors and Board of Commissioners, as well as bonuses for employees.

The GMS in adopting its resolutions must pay attention to the interests of the company and fairness.

Interim Dividends

- 4.11 The Company Law allows the distribution of interim dividends before the end of the book year, subject to the fulfilment of following terms and conditions:
- a. it will not cause the total net worth of the company becoming smaller than the total issued and paid-up capital plus mandatory reserves;

² "Net Profit" means the profit for the current year after deducting taxes.



- b. it will not interfere or cause the company to be unable to fulfill its obligations to its creditors or interfere with the company's activities;
 - c. it is determined/decided based on the decision of the board of directors after obtaining the approval of the board of commissioners;
 - d. in the event that after the end of the book year the company suffers a loss, the interim dividend that has been distributed must be returned by the shareholders to the company; and
 - e. the board of directors and the board of commissioners are jointly and severally liable for the company's losses, in the event that the shareholders cannot return the interim dividend.
- 4.12 Under the Capital Investment Law, investors are granted with the rights to transfer and repatriate in foreign currencies for profits, bank interest, dividends, and other, subject to the condition that it shall be exercised in accordance with provisions of laws and regulations.

Tax implications on payments of dividends.

Income Tax

- 4.13 Under article 9 of Indonesian Income Tax Law³, repatriation of profits as dividends by an Indonesian company to its shareholders will not be considered deductible expenses for corporate income tax purposes.
- 4.14 Under article 26 of Income Tax Law, dividend payments by an Indonesian company to its foreign shareholders will be subject to a withholding tax of 20%, assuming the foreign shareholders do not have a permanent establishment (“PE”) in Indonesia.
- 4.15 If the foreign shareholders are residents of a country with an effective double tax agreement (“DTA”) with Indonesia, the withholding tax rate for dividends may be reduced.
- 4.16 The DTA between Indonesia and Malaysia provides that where a resident of Indonesia pays dividends to a resident of Malaysia, and the recipient is the beneficial owner of the dividends, the tax charged shall not exceed 15%⁴ of the gross amount of the dividends.
- 4.17 Therefore, payment of dividends by the Target Company to the Company will be subject to 15% withholding tax assuming the Company meets the requirements under the DTA.
- 4.18 The withholding tax on dividends is required to be withheld by the Indonesian company when the distribution of dividends is approved by the shareholders in the general meeting of shareholders of the company (“GMS”).
- 4.19 However, if the dividends are paid before the approval at the GMS, the withholding tax on dividends is required to be withheld when the dividends are paid.
- 4.20 A withholding tax slip must be issued by the Indonesian company and provided to the shareholders receiving the dividends.

³ Law of Republic of Indonesia Number 7 of 1983 of Income Tax as lastly amended with Government Regulation in lieu of Law No. 2 of 2022 on Job Creation (“Income Tax Law”).

⁴ Article 10 (2) DTA between Indonesia and Malaysia.



- 4.21 The Indonesian Company must pay the withholding tax to the Government of Indonesia by the 10th of the following month after the dividends are announced or paid. The tax filing must be complete by the 20th day of the same month.
- 4.22 To obtain the benefits under the DTA, the resident of Malaysia is required to complete a DGT Form³ and attached with a certificate of residence ("COR") issued by Malaysian tax authorities.
- 4.23 The DGT Form attached with COR is required to be delivered to the Indonesian company.

Value Added Tax ("VAT")

- 4.24 Under the Indonesian VAT Law⁶, payments of dividends will not be subject to VAT in Indonesia.

We trust that the above is of assistance to you. Please contact us if you have any questions.

Yours faithfully,

DFDL

³ Link to download DGT Form: <https://www.pajak.go.id/id/form-dgt>

⁶ Law of Republic of Indonesia Number 8 of 1983 concerning Value Added Tax and Sales Tax on Luxury Goods, as amended with Government Regulation in lieu of Law No. 2 of 2022 on Job Creation ("VAT Law")

APPENDIX VII – EXPERT’S REPORT ON THE FAIRNESS OF THE COMPLETION AMOUNT FOR THE PROPOSED ACQUISITION



Kantor Jasa Penilai Publik
Nirboyo Adiputro, Dewi Apriyanti & Rekan
Bidang Jasa : Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja : Negara Republik Indonesia
Izin Usaha KJPP No : 2.09.0018

**LAPORAN PENDAPAT KEWAJARAN (FAIRNESS OPINION)
ATAS RENCANA AKUISISI OLEH KAB ENERGY HOLDINGS
Sdn. Bhd., YANG MERUPAKAN ANAK PERUSAHAAN YANG
DIMILIKI SELURUHNYA OLEH KEJURUTERAAN ASASTERA
BERHAD, ATAS 100% KEPEMILIKAN PT INPOLA MITRA
ELEKTRINDO DENGAN NILAI TRANSAKSI SEBESAR
MYR75.000.000**

***FAIRNESS OPINION REPORT OF THE PROPOSED
ACQUISITION BY KAB ENERGY HOLDINGS Sdn Bhd, A
WHOLLY-OWNED SUBSIDIARY OF KEJURUTERAAN
ASASTERA BERHAD, OF 100% EQUITY INTEREST IN PT
INPOLA MITRA ELEKTRINDO WITH THE TRANSACTION
VALUE AT THE AMOUNT OF
MYR75.000.000***

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Pondoharjo (PS), Semarang (P)
Sidoarjo (PS), Bekasi (P)

APPENDIX VII – EXPERT’S REPORT ON THE FAIRNESS OF THE COMPLETION AMOUNT FOR THE PROPOSED ACQUISITION (CONT’D)



Kantor Jasa Penilai Publik
Nirboyo Adiputro, Dewl Apriyanti & Rekan
 Bidang Jasa : Penilaian Properti, Bisnis & Konsultansi
 Wilayah Kerja : Negara Republik Indonesia
 Izin Usaha KIPP No: 2.09.0018

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APPENDIX VII – EXPERT’S REPORT ON THE FAIRNESS OF THE COMPLETION AMOUNT FOR THE PROPOSED ACQUISITION (CONT’D)



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Nirboyo Adiputro, Dewi Apriyanti & Rekan
Bidang Jasa : Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja : Negara Republik Indonesia
Izin Usaha KJPP No : 2.09.0018

Jakarta, 20 Maret 2023

Kepada
KEJURUTERAAN ASASTERA BERHAD
No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 W.P. Kuala Lumpur
Malaysia

File No: 00217/2.0018-00/BS/05/0148/1/
III/2023

Laporan Pendapat Kewajaran (*Fairness Opinion*) Atas Rencana Akuisisi Oleh KAB Energy Holdings Sdn. Bhd., Yang Merupakan Anak Perusahaan Yang Dimiliki Seluruhnya Oleh Kejuruteraan Asastera Berhad, Atas 100% Kepemilikan PT Inpola Mitra Elektrindo Dengan Nilai Transaksi Sebesar MYR75.000.000

Dengan hormat,

Berdasarkan permintaan dari Kejuruteraan Asastera Berhad (“KAB”) untuk memberikan pendapat atas Rencana Akuisisi Oleh KAB Energy Holdings Sdn. Bhd. (“KABEH”), Yang Merupakan Anak Perusahaan Yang Dimiliki Seluruhnya Oleh Kejuruteraan Asastera Berhad, Atas 100% Kepemilikan PT Inpola Mitra Elektrindo (“IME”) Dengan Nilai Transaksi Sebesar MYR75.000.000 yang tertuang dalam:

- Surat Penawaran No. 0145/NDR-NA/Prop/III/23 tanggal 1 Maret 2023 dari KJPP Nirboyo Adiputro, Dewi Apriyanti & Rekan yang telah disetujui.

Dengan ini kami menyatakan bahwa kami telah melakukan investigasi dan penilaian atas kewajaran rencana transaksi di atas, serta menyampaikan laporan ini untuk keperluan pengguna laporan.

Identifikasi Status Penilai

- Penilaian ini dilaksanakan oleh Penilai Publik Drs. Nirboyo Adiputro, MAPPI (Cert.) yang merupakan Rekan pada KJPP Nirboyo Adiputro, Dewi Apriyanti & Rekan (“KJPP NDR”) dengan Izin Penilai No. PB-1.09.00148 dan sudah memiliki izin dari Kementerian Keuangan Republik Indonesia.

KAB - Fairness Opinion

Jakarta, 20 March 2023

To
KEJURUTERAAN ASASTERA BERHAD
No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 W.P. Kuala Lumpur
Malaysia

File No: 00217/2.0018-00/BS/05/0148/1/
III/2023

Fairness Opinion Report Of The Proposed Acquisition By KAB Energy Holdings Sdn Bhd, A Wholly-Owned Subsidiary Of Kejuruteraan Asastera Berhad, Of 100% Equity Interest In PT Inpola Mitra Elektrindo With The Transaction Value At The Amount Of MYR75.000.000

Dear Sir/Madam

Based on a request from Kejuruteraan Asastera Berhad (“KAB”) to provide an opinion of The Fairness Of Proposed Acquisition By KAB Energy Holdings Sdn Bhd (“KABEH”), A Wholly-Owned Subsidiary Of Kejuruteraan Asastera Berhad, Of 100% Equity Interest In PT Inpola Mitra Elektrindo (“IME”) With The Transaction Value At The Amount Of MYR75.000.000 as set forth in:

- Proposal No. 0145/NDR-NA/Prop/III/23 dated 1 March 2023 from KJPP Nirboyo Adiputro, Dewi Apriyanti & Rekan which have been approved.

We hereby declare that we have carried out an investigation and a valuation of the fairness of the proposed transaction that we have mentioned above, and also submitted this report for the needs of the report user.

Identification Of Valuer Status

- This valuation is carried out by Public Valuer Drs. Nirboyo Adiputro, MAPPI (Cert.) who is a Partner in KJPP Nirboyo Adiputro, Dewi Apriyanti & Rekan (“KJPP NDR”) with Valuer License No. PB-1.09.00148 and have a license from the Ministry of Finance Republic of Indonesia.

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Kantor Jasa Penilai Publik
Nirboyo Adiputro, Dewi Apriyanti & Rekan
Bidang Jasa : Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja : Negara Republik Indonesia
Izin Usaha KJPP No : 2.09.0018

- Penilai dalam posisi untuk memberikan penilaian objektif dan tidak memihak.
 - Penilai tidak mempunyai benturan kepentingan atau potensi benturan kepentingan dengan subjek dan/atau objek penilaian.
 - Penilai tidak memiliki keterlibatan material terkait dengan objek penilaian.
 - Penilai memiliki kompetensi untuk melakukan penilaian dan kami tidak menggunakan bantuan tenaga ahli dari luar KJPP NDR dalam melaksanakan penilaian ini.
- *Valuer is in a position to provide an objective and unbiased valuation.*
 - *Valuer does not have any conflict of interest or any potential conflict of interest with the subject and/or object of the valuation.*
 - *Valuer does not have any material involvement related to the object of the valuation.*
 - *Valuer does have the competence to conduct the valuation and we do not use any assistance from experts outside KJPP NDR to carry out this valuation.*

Identifikasi Pemberi Tugas Dan Pengguna Laporan

- **Identitas Pemberi Tugas**
Nama: Kejuruteraan Asastera Berhad
Alamat: No. 18, Jalan Radin Bagus 9,
Bandar Baru Seri Petaling 57000
W.P. Kuala Lumpur, Malaysia
Bidang usaha: *electrical & mechanical engineering*
Telepon/faks: +603-90553812
Email: kellyhoon@asastera.com
Contact person: Mr. Kelly Hoon
- **Pengguna Laporan:** Kejuruteraan Asastera Berhad

Identifikasi Objek Penilaian

Objek penilaian adalah pendapat kewajaran rencana akuisisi oleh KABEH, yang merupakan anak perusahaan yang dimiliki seluruhnya oleh KAB atas 100% kepemilikan IME dengan nilai transaksi sebesar MYR75.000.000.

Selanjutnya dalam laporan ini rencana transaksi di atas akan disebut sebagai "Rencana Transaksi".

Jenis Mata Uang Yang Digunakan

Rencana Transaksi akan dilakukan dengan menggunakan mata uang Ringgit Malaysia (MYR).

Identification Of Client And Report User

- **Client**
Name: Kejuruteraan Asastera Berhad
Address: No. 18, Jalan Radin Bagus 9,
Bandar Baru Seri Petaling 57000
W.P. Kuala Lumpur, Malaysia
Business field: *electrical & mechanical engineering*
Telephone/fax: +603-90553812
Email: kellyhoon@asastera.com
Contact person: Mr. Kelly Hoon
- **Report User:** Kejuruteraan Asastera Berhad

Identification Of Valuation Object

Valuation object is the fairness of proposed acquisition by KABEH, a wholly-owned subsidiary of KAB, of 100% equity interest of IME with the transaction value at the amount of MYR75.000.000.

Furthermore in this report the Proposed Transaction that we have mentioned above will be referred as "The Proposed Transaction".

Type Of Currency Used

The Proposed Transaction will be carried out in Malaysia Ringgit (MYR).