

## PT PRICOL SURYA

<b>Commissioner</b>	<b>Mr. Damotharan Vijay Mohan</b>
<b>President Director</b>	<b>Mr. Niranjana Rudraswamy</b>
<b>Director</b>	<b>Mr. Krishnan Kutty Udhaya Kumar</b>
<b>Auditors</b>	<b>Syarief Basir &amp; Rekan</b> Registered Public Accountants Member of Russell Bedford International Jakarta, Indonesia
<b>Bankers</b>	ABN AMRO Bank ICICI Bank Limited Bank Internasional Indonesia Hongkong and Shanghai Banking Corporation Ltd.
<b>Registered Office</b>	KIIC Industrial Park J1, Permata Raya Lot FF-2 Karawang 41361, Indonesia

**BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENT AS AT 31st MARCH 2009 AND 2008**

We the undersigned

Name : Niranjana Rudraswamy  
Office address : KIIC Industrial Park  
J1. Permata Raya Lot FF-2  
Karawang 41361  
Domicile address : Mysore, 696, 13th cross,  
As stated in ID : TK Layout IV Stage,  
Saraswathipuram,  
Mysore – 570 009, Karnataka,  
India  
Phone No. : 021 89119471-73  
Function : President Director

Declare that:

1. We are responsible for the preparation and presentation of PT Pricol Surya financial statements

2. PT Pricol Surya financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia

3. a. All information in the PT Pricol Surya financial statements has been disclosed in a complete and truthful manner;

b. PT Pricol Surya financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;

4. We are responsible for PT Pricol Surya internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Directors  
Jakarta,  
April 15, 2009  
**Niranjana Rudraswamy**  
President Director

## INDEPENDENT AUDITOR'S REPORT

Report No : 025 / SBR / IV / 2009

**The Shareholders, Board of Commissioners and Directors  
PT Pricol Surya**

We have audited the accompanying balance sheet of PT Pricol Surya as of March 31, 2009 and 2008, and the related statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Pricol Surya as of March 31, 2009 and 2008, and the results of its operations, changes in equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in Indonesia.

April 15, 2009

**Syarief Basir, Ak., CPA, MBA**  
License of Public Accountant No.: 99.1.0567

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### Notice for readers

The accompanying financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilized to audit such financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying financial statements and the auditor's report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their applications in practice.

**BALANCE SHEET AS OF 31st MARCH 2009 AND 2008**

PARTICULARS	Notes	As of March 31, 2009 IDR '000	As of March 31, 2009 INR '000	As of March 31, 2008 IDR '000	As of March 31, 2008 INR '000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3c, 4	2.907.554	12,794	5.201.994	22,561
Account receivables	3d, 5	1.372.604	6,039	3.976.899	17,248
Other receivables		15.099	69	35.163	153
Advances	6	—	—	29.300	127
Inventories	3e, 7	4.347.812	19,131	2.829.392	12,271
Prepaid expenses	8	215.981	950	147.346	639
Prepaid taxes	3h, 15a	1.420.924	6,252	593.182	2,573
<b>Total Current Assets</b>		<b>10.279.974</b>	<b>45,235</b>	<b>12.813.276</b>	<b>55,572</b>
<b>NON CURRENT ASSETS</b>					
Properties, plants and equipments	3f, 9	36.455.386	160,404	35.447.431	153,738
Net of accumulated depreciation of Rp 4.345.028 in 2009 and Rp 2.300.892 in 2008					
Security deposit		42.867	188	46.395	201
Deferred tax assets	3h, 15d	5.347.297	23,528	2.307.293	10,007
Pre-operating expenses	3g, 10	233.416	1,027	466.832	2,025
<b>Total non current assets</b>		<b>42.078.966</b>	<b>185,147</b>	<b>38.267.951</b>	<b>165,971</b>
<b>Total Assets</b>		<b>52.358.940</b>	<b>230,382</b>	<b>51.081.227</b>	<b>221,543</b>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade payables	11	6.098.449	26,835	5.805.960	25,181
Taxes payables	15b	88.451	389	32.613	141
Accrued payables	13	502.482	2,211	529.313	2,296
Advance received	14	—	—	186.575	809
Other payables	12	158.301	697	11.611	50
Short-term bank loan	16	11.575.000	50,930	9.217.000	39,975
		18.422.683	81,062	15.783.072	68,452
<b>LONG-TERM LIABILITIES</b>					
Long-term bank loan	16	35.882.500	157,883	28.572.700	123,922
Post retirement employee benefit	17	224.326	987	111.785	485
<b>Total long-term liabilities</b>		<b>36.106.826</b>	<b>158,870</b>	<b>28.684.485</b>	<b>124,407</b>
<b>EQUITY</b>					
Share capital authorized, issued and fully paid USD 1.500 ordinary shares, with par value of IDR 10.110.000 (US\$1.000)	18	15.165.000	66,727	15.165.000	65,772
Foreign exchange difference on paid in capital		(412.500)	(1,815)	(412.500)	(1,789)
Retained earnings / (Accumulated loss)		(16.923.069)	(74,462)	(8.138.830)	(35,299)
<b>Total equity</b>		<b>(2.170.569)</b>	<b>(9,550)</b>	<b>6.613.670</b>	<b>28,684</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>52.358.940</b>	<b>230,382</b>	<b>51.081.227</b>	<b>221,543</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2009 AND 2008**

PARTICULARS	Notes	2008-2009	2008-2009	2007-2008	2007-2008
		April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Net sales	3k, 19	27.891.908	121,841	18.932.125	82,110
Cost of goods sold	3k, 20	(20.488.942)	(89,506)	(14.682.069)	(63,677)
Gross profit (loss)		7.402.966	32,335	4.250.056	18,433
Operating and administration expenses	3k, 21	(6.807.122)	(29,737)	(6.727.553)	(29,178)
Operating profit / (loss)		595.844	2,598	(2.477.497)	(10,745)
Other income / (expenses)					
Interest Income		285.772	1,248	138.313	600
Gain / (loss) foreign exchange		(10.297.987)	(44,979)	(396.771)	(1,721)
Interest Expense		(2.407.872)	(10,519)	(2.512.438)	(10,897)
Others (net)		—	—	20.385	88
		(12.420.087)	(54,250)	(2.750.511)	(11,929)
Loss before income tax		(11.824.243)	(51,652)	(5.228.008)	(22,674)
Deferred tax income	15d	3.040.004	13,280	1.348.688	5,849
Net loss		(8.784.239)	(38,373)	(3.879.320)	(16,825)

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2009 AND 2008**

	Share capital	Different of exchange rate	Retained earning / (accumulated loss)	Total equity
	In IDR '000			
Balance as of March 31, 2007	15.165.000	(412.500)	(4.259.510)	10.492.990
Net loss for the year 2007-2008	—	—	(3.879.320)	(3.879.320)
Balance as of March 31, 2008	15.165.000	(412.500)	(8.138.830)	6.613.670
Net loss for the year 2008-2009	—	—	(8.784.239)	(8.784.239)
Balance as of March 31, 2009	15.165.000	(412.500)	<b>(16.923.069)</b>	<b>(2.170.569)</b>
	In INR '000			
Balance as of March 31, 2007	66,727	(1,815)	(18,742)	46,169
Net loss for the year 2007-2008	—	—	(17,069)	(17,069)
Balance as of March 31, 2008	66,727	(1,815)	(35,811)	29,100
Net loss for the year 2008-2009	—	—	(38,373)	(38,373)
Foreign Currency Translation reserve			(278)	(278)
Balance as of March 31, 2009	66,727	(1,815)	(74,462)	(9,550)

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009 AND 2008**

PARTICULARS	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>Cash flow from (for) operating activities</b>				
Net Loss	(8.784.239)	(38,373)	(3.879.320)	(16,825)
Add (deduct) items not affecting operating cash follows:				
Depreciation	2.044.136	8,994	1.704.941	7,394
Amortization	233.416	1,027	406.355	1,762
Deferred tax income	(3.040.004)	(13,376)	(1.348.688)	(5,849)
Employee benefit	112.541	495	99.068	430
Unrealised loss (gain) on foreign exchange	9.698.180	42,722	1.177.677	5,107
Interest expense	2.407.872	10,595	2.512.438	10,896
Interest income	(285.772)	(1,257)	(138.313)	(600)
Change in working capital				
Account receivables	2.604.295	11,459	(3.988.155)	(17,297)
Other receivables	20.064	88	47.976	208
Advances	29.300	130	490.969	2,129
Inventories	(1.518.420)	(6,681)	(2.054.135)	(8,909)
Prepaid expenses	(68.635)	(302)	(59.857)	(260)
Prepaid taxes	(827.741)	(3,642)	(375.794)	(1,630)
Security deposit	3.528	16	(975)	(4)
Trade payables	319.149	1,404	4.309.122	18,689
Advance received	(186.575)	(821)	186.575	809
Other payables	121.074	533	(1.514.918)	(6,570)
Accrued payables	(26.831)	(118)	304.615	1,321
Taxes payables	55.838	246	(61.385)	(266)
Payment for corporate income tax	(96.107)	(423)	(259.874)	(1,127)
Tax refund	64.683	285	3.430.741	14,879
<b>Net cash flows provided from operating activities</b>	<b>2.879.752</b>	<b>13,000</b>	<b>989.063</b>	<b>4,290</b>
<b>Cash flow from (for) investing activities</b>				
Properties, plants and equipments acquisition	(1.496.864)	(6,586)	—	—
Construction in progress	(1.555.228)	(6,843)	(2.722.987)	(11,810)
Other assets	—	—	—	—
<b>Net cash flows used in investing activities</b>	<b>(3.052.092)</b>	<b>(13,429)</b>	<b>(2.722.987)</b>	<b>(11,810)</b>
<b>Cash flow from (for) financing activities</b>				
Payment of long-term loan	—	—	(27.816.975)	(120,644)
Receipt of bank loan	—	—	36.603.500	158,752
Interest receipt	285.772	1,257	138.313	600
Interest paid	(2.407.872)	(10,595)	(3.811.810)	(16,532)
<b>Net cash flows provided from financing activities</b>	<b>(2.122.100)</b>	<b>(9,337)</b>	<b>5.113.028</b>	<b>22,176</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2.294.440)</b>	<b>(9,767)</b>	<b>3.379.104</b>	<b>14,655</b>
Cash and cash equivalents at beginning of the year	5.201.994	22,561	1.822.890	7,906
<b>Cash and cash equivalents at the end of year</b>	<b>2.907.554</b>	<b>12,794</b>	<b>5.201.994</b>	<b>22,561</b>

The accompanying notes form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009 AND 2008 (Expressed in Thousands Indonesian Rupiah, unless otherwise stated)

### 1. General

PT PRICOL SURYA ("the Company") is a foreign direct investment company established under the framework of the Foreign Capital Investment Law No. 1/1967 as amended by Law No. 11/1970. The establishment based on Notarial Deed No. 3 dated December 1, 2005 of DR. A, Partomuan Pohan, SH., LL.M., notary public in Jakarta. This deed was approved by Ministry of Law and Human Rights of Republic Indonesia based on its decree No. C-34667 HT.01.01.TH.2005 on December 28, 2005. The Company obtained the investment approval from the Capital Investment Coordinating Board (BKPM) based on its decree No. 1141/I/PMA/2005 dated October 13, 2005.

According to Notarial Deed of Statement of Decision Meeting of the Company, dated on December 11, 2007, No. 34 of Tafieldi Nevawan, S.H., notary public in Karawang, name of Pricol Finance Limited (shareholder) changed to Pricol Holdings Limited.

In the adjustment with regulation number 40 in 2007 about the company was done by upper change in the Company's Statues with the Notary's Tafieldi Nevawan, S.H, number 32 on May 22, 2008 and was ratified by minister of justice with the instruction on No AHU-35251.AH.01.02 Tahun 2008 on June 23, 2008

The scope of activities comprises producing and marketing of instrument cluster, oil pumps and fuel sensors for Domestic and Export Market.

The Company domiciled at Karawang, West Java and its plant located at Karawang International Industrial City (KIIC) Jl. Permata Raya Lot FF - 2 Karawang Barat, Karawang, West Java, Indonesia

The Composition of the Company's Board of Commissioners and Board of Directors as of March 31, 2009 and 2008 were as follows:

Commissioner	:	Mr. Damotharan Vijay Mohan
President Director	:	Mr. Nirnanjan Rudraswamy
Director	:	Mr. Krishnan Kutty Udhaya Kumar

The number of the Company's employees as of March 31, 2009 and 2008 were 24 and 17 persons (unaudited).

The company started to commercial activity on April 11, 2007.

### 2. Adoption of revised statements of financial accounting standards (PSAK)

#### a. Standards effective in the current period

In the current year, the Company adopted the following revised PSAK which are effective for financial statements beginning on or after January 1, 2008:

#### **PSAK 16 (Revised 2007), Property, Plant and Equipment**

The revised PSAK 16 permits the use of fair value or cost model in measuring property, plant and equipment subsequent to initial recognition, and requires among other things the component approach in depreciating the asset and a review at least annually of the residual value and useful life of the asset. On initial adoption, the management has chosen to continue using the cost model.

However, management has determined that it was not practicable to estimate the effect of the component approach and the changes in residual value of the asset either retroactively or prospectively from any earlier date. Accordingly, the adoption of this standard has not resulted in a change in the prior year carrying amount of the property, plant and equipment.

**NOTES TO THE FINANCIAL STATEMENTS (Contd..)****PSAK 30 (Revised 2007), Leases**

The adoption of the revised PSAK 30 resulted in a change in accounting policy for leases. The principal change to the standard, which is the finance or operating lease classification of the arrangement depending on the transfer of substantially all the risks and rewards, had no impact on prior year financial statements. Management has determined that there are no significant operating leases on initial adoption that would have been classified as finance lease under the revised standard.

**b. Standards in issue not yet adopted****PSAK 14 (Revised 2008), Inventories**

In September 2008, the Financial Accounting Standards Board (DSAK) issued the revised accounting standard for inventories, which superseded PSAK 14, Inventories.

The principal changes to the standard include among other things the requirement to use the same cost formula for all inventories having similar nature and use to the entity, and for purchase of inventories with deferred settlement terms, the difference between the purchase price for normal credit terms and the amount paid is recognized over the period of financing.

This standard is effective for financial statements beginning on or after January 1, 2009. Earlier application is encouraged.

Management is evaluating the effect of this standard on the financial statements.

**3. Summary of significant accounting policies**

The significant accounting policies that were applied consistently in the preparation of the financial statements for the year ended March 31, 2009 and 2008 were as follows:

**a. Basis of preparation of financial statements**

The financial statements are prepared based on historical costs concept. The statements of cash flows classify changes in cash and cash equivalents on the basis of operating, investing and financing activities. To meet the definition as cash and cash equivalents, the Company does not consider any of its assets other than cash on hand; cash in bank and deposit/investment with maturity of three months or less as cash equivalents. The statements of cash flows are prepared using the indirect method.

The Company's accounts are maintained in Indonesian Rupiah currency.

**b. Foreign currency translation**

Transactions denominated in foreign currencies were converted into Rupiah at the exchange rate prevailing at the date of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies were translated into Rupiah at the exchange rate prevailing at the date.

Exchange rate gains and losses arising from transactions denominated in foreign currencies and translation of foreign currencies monetary assets and liabilities were recognized in the statements of income. Currency rate applied in March 31, 2009 and 2008 were as follows: (in fully Rupiah):

	2009	2008
Dollar America (US\$) 1	11.575,00	9.217,00
Bath Thailand (THB) 1	325,66	292,38
Rupee India (INR) 1	227,89	—

**NOTES TO THE FINANCIAL STATEMENTS (Contd..)**

**c. Cash and cash equivalent**

Cash and cash equivalent consist of cash on hand, cash in banks and time deposits with maturities of 3 (three) months or less than the date of placement and unrestricted also not limited in usage.

**d. Account receivables**

Account receivables were recorded net of allowance for bad debt. Allowance for bad debts were estimated based on a review of the collectibles of outstanding amounts. Accounts were written off as bad debt during the period in which they were determined to uncollectible.

**e. Inventory**

Finished goods, raw material and supplies, and work in process were stated at the lower of cost or net realizable value. Cost were stated by weighted average method. Cost of finished goods and work in process comprises material, labor, and appropriate attributable overhead cost.

**f. Properties, plants, and equipments**

Properties, plants and equipments are stated at cost less accumulated depreciation. Properties, plants and equipments are depreciated using the straight line method over the estimated useful life of the assets, commencing in the moth in which the assets are placed into service. The estimated useful lives of the assets are as follows:

Group	Depreciation rate	Useful lives
Building	5%	20 years
Machinaries	12,5%	8 years
Office equipments	25%	4 years
Factory equipments	25%	4 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

The cost of maintenance and repairs are charged to operation as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed. Their carrying values and the related accumulated depreciation are removed from the accounts. Any resulting gain or losses are reflected in the current operations.

**g. Pre-operating expenses**

Expenses related to the pre-operating activities are deferred and amortized since the commencement of commercial activities period using the straight-line method for 3 (three) years. Management believes that after 3 (three) years the Company will operate in full capacity

**h. Taxation**

Income tax was recognized using the tax payable method. Under this method, the provision for income tax was determined to the basis of estimated taxable income for the year.

Deferred income tax was provided using the liability method, for all temporary differences arising from differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates were used to determine deferred income.

**NOTES TO THE FINANCIAL STATEMENTS (Contd..)**

Deferred taxes assets relating to the carry forward of unused tax losses were recognized to the extent that it was probable that future taxable profit will be available against which the unused tax losses can be utilized.

**i. Post-Employment Benefit Obligation**

The Company adopts of Statement of Financial Accounting Standard (PSAK) No. 24 revised 2004 "Accounting for Employee Benefit" which it was effectively to be applied for the period after July 1, 2004.

The adoption of the PSAK was conducted to recognized post-employment benefit obligation for the retired employee in which pension, death, permanent disability and or resignation in accordance with Labor Law of No. 13/2003. The post-employment benefit obligation was calculated using projected unit credit method. In substance the employee benefits under the Labor Law No.13/2003 are defined benefit obligation.

Any actuarial gains and losses are recognized as income or expense if the net cumulative unrecognized actuarial gains and losses as the end of previous reporting period exceeded the greater of:

- a. 10% of the present value of the defined obligation at that date (before deducting plan assets); and
- b. 10 % of the fair value of any plan assets at that date.

These limits shall be calculated and applied separately for each defined benefit plan.

In substance, the post-employment benefit under the LaborLaw No.13/2003 is defined as benefit obligation.

**j. Transactions with related parties**

The Company uses Statement of Financial Accounting Standards (SAK) No. 7, "Related Party Disclosures", to maintain the transactions between the Company and its related parties. Following are considered as related parties:

- i. Company by using one or more intermediaries, control or controlled by, or under the same control (including holding companies, subsidiaries and fellow subsidiaries);
- ii. Associated Company
- iii. Individual who owns, direct or indirectly, a voting rights in reporting company and have significant influence, and close-relative family of that person (close-relative family means persons whom could be expected to influence or influenced by the person mentioned before in their transactions with the reporting company);
- iv. Main employees, who are persons that have rights and responsible in reporting company activities which consists of board of commissioners, directors and managers, also their close-relative family.
- v. Company where a substantial interest in voting rights, direct or indirect by all the persons whom mentioned in (iii) or (iv) or by every person who owns a significant influence at the company. These included all the companies owned by the board of commissioners, directors or the main stockholders from the reporting company and the companies which have the same main employee with the reporting company.

**k. Revenue and expense recognition**

Net sales represented revenue earned from the sale of the Company's products, net of return trade allowances, and value added tax. Revenue is recognized when goods are delivered to the customers. Expenses are recognized when incurred.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>4. Cash and cash equivalents</b>				
<b>Cash on hand</b>				
Rupiah	14.513	64	9.980	43
US Dollar	24.527	108	581	3
	<u>39.040</u>	<u>172</u>	<u>10.561</u>	<u>46</u>
<b>Cash in banks</b>				
<b>Rupiah</b>				
PT Bank International Indonesia	1.356.985	5,972	633.814	2,749
ABN AMRO Bank	269.852	1,187	—	—
Hongkong Shanghai Banking Corporation	48.389	213	1.032.631	4,479
Bank IndoMonex	1.465	6	—	—
	<u>1.676.691</u>	<u>7,378</u>	<u>1.666.445</u>	<u>7,228</u>
<b>US Dollar</b>				
ABN AMRO Bank	104.075	458	—	—
Hongkong Shanghai Banking Corporation	61.745	272	118.150	512
PT Bank International Indonesia	26.003	114	106.838	463
	<u>191.823</u>	<u>844</u>	<u>224.988</u>	<u>976</u>
<b>Time deposit (Rupiah)</b>				
PT Bank International Indonesia	1.000.000	4,400	3.300.000	14,311
	<u>2.907.554</u>	<u>12,794</u>	<u>5.201.994</u>	<u>22,561</u>
Interest of time deposit per annum (gross)	7,50%-13,00%		7,50%-7,75%	
<b>5. Account receivables</b>				
<b>a. By debtor</b>				
<b>Third parties:</b>				
PT Kawasaki Motor Indonesia	493.454	2,171	—	—
PT Denso Sales Indonesia	464.392	2,043	1.776.644	7,705
Tata Motor Thailand., Ltd	228.532	1,006	109.958	477
Denso International (Thailand) Co., Ltd	179.976	792	1.527.577	6,625
PT Zephyr Indonesia	6.250	28	562.720	2,441
	<u>1.372.604</u>	<u>6,039</u>	<u>3.976.899</u>	<u>17,248</u>
<b>b. By currency</b>				
Rupiah	531.643	2,339	1.776.644	7,705
US Dollar	660.985	2,908	1.360.312	5,900
Thailand Bath	179.976	792	839.943	3,643
	<u>1.372.604</u>	<u>6,039</u>	<u>3.976.899</u>	<u>17,248</u>

Based on management evaluation of the status of each debtor at end of period, management believes that no allowance for doubtful accounts is necessary.

## NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>6. Advance</b>				
Cipta Grafika	—	—	29.300	127
	—	—	29.300	127
<b>7. Inventories</b>				
Raw materials	3.866.365	17,013	1.927.445	8,359
Finished goods	416.197	1,831	466.723	2,024
Material in transit	65.250	287	435.224	1,888
	4.347.812	19,131	2.829.392	12,271
At March 31, 2009 and 2008 inventories were insured with PT Asuransi Allianz Utama Indonesia all risks of physical loss and damages and earthquake risk for total coverage of USD 627,500				
All the above inventories are used as collateral for bank loans (Note 16).				
<b>8. Prepaid expenses</b>	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
Interest	164.163	722	—	—
Insurance	37.235	164	31.869	138
Rent	14.583	64	16.667	72
Internet	—	—	77.917	338
Others	—	—	20.893	91
	215.981	950	147.346	639
<b>9. Properties, plants and equipments</b>	April 2008 to March 2009 IDR '000			
	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending
<b>Cost:</b>				
Land	13.288.380	—	—	13.288.380
Building	17.314.905	21.683	—	17.336.588
Machinery	1.494.738	1.204.910	—	2.699.648
Office equipments	2.217.625	102.527	—	2.320.152
Factory equipments	1.019.165	167.743	—	1.186.908
	35.334.813	1.496.864	—	36.831.676
Construction In Progress	2.413.510	1.555.228	—	3.968.738
Total Fixed Assets	37.748.323	3.052.092	—	40.800.414
Accumulated depreciation:				
Building	1.345.600	866.604	—	2.212.204
Machinery	166.794	329.925	—	496.719
Office equipments	633.050	577.563	—	1.210.613
Factory equipments	155.448	270.044	—	425.492
	2.300.892	2.044.136	—	4.345.028
Net book value	35.447.431			36.455.386

## NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	April 2008 to March 2009 INR '000			
	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending
<b>9. Properties, plants and equipments (Contd..)</b>				
<b>Cost:</b>				
Land	58,469	—	—	58,469
Building	76,186	95	—	76,281
Machinery	6,577	5,302	—	11,879
Office equipments	9,758	451	—	10,209
Factory equipments	4,484	738	—	5,222
	<u>155,473</u>	<u>6,586</u>	<u>—</u>	<u>162,059</u>
Construction In Progress	10,619	6,843	—	17,462
	<u>166,093</u>	<u>13,429</u>	<u>—</u>	<u>179,522</u>
Accumulated depreciation:				
Building	5,921	3,813	—	9,734
Machinery	734	1,452	—	2,186
Office equipments	2,785	2,541	—	5,327
Factory equipments	684	1,188	—	1,872
	<u>10,124</u>	<u>8,994</u>	<u>—</u>	<u>19,118</u>
Net book value	<u>155,969</u>			<u>160,404</u>
	April 2007 to March 2008 IDR '000			
	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending
<b>Cost :</b>				
Land	13.288.380	—	—	13.288.380
Building	17.040.165	274.740	—	17.314.905
Machinery	1.290.081	204.657	—	1.494.738
Office equipments	1.967.861	249.764	—	2.217.625
Factory equipments	265.227	753.938	—	1.019.165
	<u>33.851.714</u>	<u>1.483.099</u>	<u>—</u>	<u>35.334.813</u>
Construction In Progress	1.173.622	1.239.888	—	2.413.510
	<u>35.025.336</u>	<u>2.722.987</u>	<u>—</u>	<u>37.748.323</u>
Accumulated depreciation:				
Building	491.353	854.247	—	1.345.600
Machinery	—	166.794	—	166.794
Office equipments	97.354	535.696	—	633.050
Factory equipments	7.244	148.204	—	155.448
	<u>595.951</u>	<u>1.704.941</u>	<u>—</u>	<u>2.300.892</u>
Net book value	<u>34.429.385</u>			<u>35.447.431</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	Beginning	April 2007 to Addition/ Reclassification	March 2008 Disposal/ Reclassification	INR '000 Ending
<b>9. Properties, plants and equipments (Contd..)</b>				
<b>Cost:</b>				
Land	57,632	—	—	57,632
Building	73,903	1,192	—	75,095
Machinery	5,595	888	—	6,483
Office equipments	8,535	1,083	—	9,618
Factory equipments	1,150	3,270	—	4,420
	146,815	6,432	—	153,247
Construction In Progress	5,090	5,377	—	10,467
Total Fixed Assets	151,905	11,810	—	163,714
<b>Accumulated depreciation:</b>				
Building	2,131	3,705	—	5,836
Machinery	—	723	—	723
Office equipments	422	2,323	—	2,746
Factory equipments	31	643	—	674
	2,585	7,394	—	9,979
Net book value	149,320			153,738

At March 31, 2009 and 2008 property, plant and equipment were insured with PT Asuransi Allianz Utama Indonesia all risks of physical loss and damages and earthquake risk for total coverage of USD 3,424,269.

Directly acquired plant building and machineries are used as collateral for bank loans (Note 16).

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
Depreciation charges to operation is allocated as follows:				
Manufacturing expenses	599.970	2,640	314.998	1,366
Operating expenses	1.444.166	6,354	1.389.943	6,028
	2.044.136	8,994	1.704.941	7,394
<b>10. Pre-operating expenses</b>				
	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
Cost	873.187	3,842	873.187	3,787
Accumulated amortization	(466.832)	(2,054)	(233.416)	(1,012)
Transferred to material cost	(172.939)	(761)	(172.939)	(751)
	233.416	1,027	466.832	2,025

## NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>11. Trade payable</b>				
<b>a. By debtor</b>				
Third parties:				
PT Techno	144.909	639	—	—
PT Zephyr Indonesia	82.648	364	787.165	3,414
PT J-Tech Manufacturing of Indonesia	51.530	227	405.417	1,758
PT Dharma Electrindo Manufacturing	88.814	391	331.463	1,438
Other under Rp.100.000	820.029	3,608	474.537	2,058
Related parties:				
Pricol, Ltd	4.910.519	21,606	3.807.378	16,513
	<u>6.098.449</u>	<u>26,835</u>	<u>5.805.960</u>	<u>25,181</u>
<b>b. By currency</b>				
Rupiah	881.801	3,882	1.843.098	7,994
US Dollar	5.050.655	22,223	3.962.862	17,187
India Rupee	165.993	730	—	—
	<u>6.098.449</u>	<u>26,835</u>	<u>5.805.960</u>	<u>25,181</u>
<b>12. Other payables</b>				
Third parties:				
Karawang International Industries City	96.001	423	—	—
PT Kadi International	—	—	6.250	27
Others	62.300	274	5.361	23
	<u>158.301</u>	<u>697</u>	<u>11.611</u>	<u>50</u>
Related parties:				
Pricol, Ltd	—	—	—	—
	<u>158.301</u>	<u>697</u>	<u>11.611</u>	<u>50</u>
<b>13. Accrued payables</b>				
Interest	191.190	841	156.784	680
THR	115.624	511	120.636	523
Salary	61.659	271	86.210	374
Professional fee	37.000	163	27.727	120
Internet	19.419	85	—	—
Security	18.954	83	—	—
Water and electricity	12.264	54	20.923	91
Rental	11.910	52	9.840	43
Labor insurance	9.413	41	8.251	36
Communication	8.682	38	10.067	44
Overtime	8.663	38	—	—
Catering	5.844	26	—	—
Office stationary	1.860	8	1.919	8
Custom clearance	—	—	76.628	332
Travel	—	—	9.678	42
Household	—	—	650	3
	<u>502.482</u>	<u>2,211</u>	<u>529.313</u>	<u>2.296</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>14. Advance received</b>				
Tata Motor Thailand Co., Ltd	—	—	186.575	809
	—	—	186.575	809
<b>15. Taxation</b>				
<b>a. Prepaid taxes</b>				
Value added tax-in	720.047	3,168	255.860	1,110
Fiscal foreign	43.000	189	24.000	104
Income tax article 22 (Import)	657.877	2,895	313.322	1,359
	1.420.924	6,252	593.182	2,573
<b>b. Tax payables</b>				
Income tax article art 21	25.527	112	29.380	127
Income tax article art 23	1.069	5	3.233	14
Income tax article art 26	61.855	272	—	—
	88.451	389	32.613	141
<b>c. Corporate income tax calculation</b>				
Reconciliation between profit before corporate income tax as shown in the statements of income and the Company's estimated taxable profit for the year ended March 31, 2009 was as follows:				
Loss before corporate income tax	(11.824.243)	(52,027)	(5.228.008)	(22,674)
Temporary different	99.144	436	88.265	383
Permanent different	849.599	3,738	641.950	2,784
Taxable loss	(10.875.500)	(47,852)	(4.497.793)	(19,507)

The management believes that taxable losses can be utilized to compensate taxable profit in the next 5 (Five) fiscal years.

**d. Deferred tax**

Deferred income tax was provided using the liability method, for all temporary differences arising from differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates were used to determine deferred income.

Deferred tax assets relating to the carry forward of unused tax losses were recognized to the extent that it was probable that future taxable profit will be available against which the unused tax losses can be utilized.

The deferred tax effect was resulted from tax loss carry forward calculated with maximum income tax rate of 28% in 2008 and 30% in 2007 was as follows:

## NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	April 2008 to March 2009 IDR '000			
	Beginning Deferred tax asset (Liabilities)	Income	Expenses	Ending Deferred Tax asset (Liabilities)
<b>15. Taxation - continued</b>				
Fiscal loss	2.309.004	3.045.140	—	5.354.144
Depreciation	(35.246)	—	36.648	(71.894)
Employee Benefit	33.535	31.512	—	65.047
	<u>2.307.293</u>	<u>3.076.652</u>	<u>36.648</u>	<u>5.347.297</u>
	April 2008 to March 2009 INR '000			
	Beginning Deferred tax asset (Liabilities)	Income	Expenses	Ending Deferred Tax asset (Liabilities)
Fiscal loss	10,014	13,225	—	23,239
Depreciation	(153)	—	(160)	7
Employee Benefit	145	138	—	283
	<u>10,007</u>	<u>13,362</u>	<u>(160)</u>	<u>23,528</u>

Under the taxation laws of Indonesia, the Company submits tax returns on a self assessment basis. The tax authorities may assess or amend the amount of tax payables within ten years from the due date of the tax liability. Amendments to the Company's taxation obligations were recorded when an assessment was received or, if appealed against were recorded when the result of the appeal was determined.

According to the UU No 36 of 2008 regarding the income tax, corporate income tax rate for the year of 2009 is 28% and starting from 2010 will 25% of taxable income. The rate is lower than previous corporate income tax rate which used progressive rate of 30% as maximum. Due to the changing of the corporate income tax rate, deferred tax assets and liability as of December 31, 2008 was calculated using the new corporate income tax rate. Whilst for 2008 fiscal year still used the previous corporate income tax rate.

16. Bank loan	2008-2009	2008-2009	2007-2008	2007-2008
	April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Short-term loan - Working capital	11.575.000	50,930	9.217.000	39,975
Long-term loan	35.882.500	157,883	28.572.700	123,922

The Company obtained term loan facility from ICICI Bank, Singapore Branch, with credit limit of USD 3.100.000 for term loan and working capital loan facility from RBS (ABN Amro Bank) with credit limit of USD 1.000.000 for working capital loan. The working capital bears interest rate at 2,67% - 3,73% and the term loan bears interest rate at 1,30% plus 3 month LIBOR.

The two loan facilities are secured by the Company's inventories and machineries. The corporate guarantee of Pricol, Ltd is also used as collateral in case there is a default in payment.

**NOTES TO THE FINANCIAL STATEMENTS (Contd..)**

The working capital loan will be due in June 2009 and the term loan will be due in May 2013, respectively.

In the relation to the above loan facilities, the Company is required to fulfil certain covenants as stipulated in the loan agreement.

17. Post - retirement employee benefit	2008-2009	2008-2009	2007-2008	2007-2008
	April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Present value of net obligation	214.211	943	26.141	113
Funded status	214.211	943	26.141	113
Unrecognised actuarial adjustment	10.115	45	85.644	371
Obligation at March 31	224.326	987	111.785	371
Obligation at April 1	111.785	492	12.717	55
Expense recognized during the year	112.541	495	99.068	430
Obligation at March 31	224.326	987	111.785	485
Current service cost	100.138	440	93.287	405
Interest cost	12.193	54	4.678	20
Amortization actuarial adjustment	210	1	1.103	5
Total benefit expenses	112.541	495	99.068	430

An actuarial assessment of the employee liabilities as of March 31, 2009 and 2008 was conducted by actuarist from PT Ras Actuarial Consulting with the following assumptions:

	2008-2009 April-March	2007-2008 April-March
Discount rate	11%	11%
Annual salary increase	10%	10%
Retirement age	55	55
Employee	24	17

As of March 31, 2009 and 2008, the Company accrued for retirement employee benefit as required by PSAK 24. The allowance is prepared to cover post-employment benefit for pension, resignation, disability and dead as required in Labor Law No. 13, 2003. management believes that the allowance enough to cover the liability in the future. Calculation of the allowance was conducted by actuarist.

**18. Equity**

Based on deed No. 3 dated December 1, 2005 of DR. A Partomuan Pohan, S.H., the Company's authorized capital amounting to Rp15.165.000, divided into 1.500 shares with a nominal value of Rp10.110 (full amount) per share. All shares were issued and fully paid up.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

The Company's shareholders and their respective shareholdings as of March 31, 2009 and 2008 were as follows:

Shareholders	Number of share	As of March 31, 2009 and March 31, 2008			Percentage of ownership
		Nominal value		INR	
		USD	IDR		
Pricol, Ltd.	1.499	1.499.000	15.154.890	66,683	99.93%
Pricol Holdings, Ltd.	1	1.000	10.110	44	0.07%
	<u>1.500</u>	<u>1.500.000</u>	<u>15.165.000</u>	<u>66,727</u>	<u>100,00%</u>

Foreign exchange rate on paid in capital amounting to Rp412.500 represented the difference between the actual foreign exchange rate used at the date of receipt of the paid in capital and the exchange rate stated in the Company's Articles of Association.

19. Net Sales	2008-2009	2008-2009	2007-2008	2007-2008
	April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Local	18.894.096	82,534	14.646.299	63,522
Export	8.997.812	39,307	4.285.826	18,588
	<u>27.891.908</u>	<u>121,841</u>	<u>18.932.125</u>	<u>82,110</u>
<b>20. Cost of goods sold</b>				
Raw material and components				
Beginning	2.280.435	9,890	671.597	2,913
Purchase	19.075.914	83,333	13.651.381	59,206
Ending	(3.931.615)	(17,299)	(2.280.435)	(9,890)
Raw material used	<u>17.424.734</u>	<u>75,924</u>	<u>12.042.543</u>	<u>52,229</u>
Direct labor	2.008.812	8,998	2.139.906	9,281
Factory overhead	1.004.870	4,390	862.683	3,741
Production cost	<u>20.438.416</u>	<u>89,312</u>	<u>15.045.132</u>	<u>65,251</u>
Finished goods				
Beginning	466.723	2,025	103.660	450
Ending	(416.197)	(1,831)	(466.723)	(2,024)
Cost of goods sold	<u>20.488.942</u>	<u>89,506</u>	<u>14.682.069</u>	<u>63,677</u>

The Company purchased inventories from related party which were Rp8.024.785.699 and 42,21% of the total purchase for period ended March 31, 2009 and 2008, respectively (Note 22).

**NOTES TO THE FINANCIAL STATEMENTS (Contd..)**

	2008-2009 April-March IDR '000	2008-2009 April-March INR '000	2007-2008 April-March IDR '000	2007-2008 April-March INR '000
<b>20. Cost of goods sold - continued</b>				
The detail of Factory Overhead are as follows:				
Depreciation	599.970	2,621	314.998	1,366
Water and electricity	230.827	1,008	326.402	1,416
Repair & maintenance	160.652	702	190.936	828
Consumable tools	13.421	58	—	—
Travelling	—	—	29.447	128
Rental	—	—	900	4
	1.004.870	4,390	862.683	3,742
<b>21. Operating expenses</b>				
Employee cost	3.051.145	13,329	2.578.878	11,185
Depreciation	1.444.166	6,309	1.389.943	6,028
Travelling and transportation	532.323	2,325	493.721	2,141
Communication expenses	363.641	1,589	344.146	1,493
Repair & maintenance	350.721	1,532	314.448	1,364
Amortization	233.416	1,020	233.416	1,012
Freight and forwarding	214.778	938	10.938	47
Professional charge	186.494	815	329.851	1,431
Rates, taxes, and licence	125.797	550	56.608	246
Printing & stationery	87.886	384	71.937	312
Rental	60.417	264	72.983	317
Bank charge	58.871	257	50.593	219
Insurance	46.046	201	70.141	304
Miscellaneous expenses	43.663	191	53.355	231
Entertainment, advertisement & publicity	7.758	34	22.815	99
Front end fee to bank for loan	—	—	633.780	2,749
	6.807.122	29,737	6.727.553	29,178

**22. Nature and transaction with related parties**

Nature of related parties consist was as follow:

Company	Nature of related parties
Pricol Ltd.	Shareholder

The company have purchased raw materials and components from Pricol Ltd amounting to Rp8.024.785.699 and Rp6.750.082.894 for period ended March 31, 2009 and 2008, respectively. Total accounts payables to Pricol Ltd were amounting to Rp4.910.519.399 and Rp3.807.377.623 on March 31, 2009 and 2008, respectively.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

23. Assets and liabilities in foreign currency

Assets and liabilities in foreign currency as of March 31, 2009 and 2008 are as follows:

	March 31, 2009			Rupiah IDR '000
	Foreign currency (USD)	(THB)	INR '000	
<b>Assets</b>				
Cash and cash equivalents	18,691	—	952	216.350
Account Receivables	57,105	552,658	3,700	840.961
<b>Total</b>	<b>75,796</b>	<b>552,658</b>	<b>4,652</b>	<b>1.057.311</b>
<b>Liabilities</b>				
Account payables	436,342	—	22,953	5.216.648
Bank loan	4,100,000	—	208,813	47.457.500
<b>Total</b>	<b>4,536,342</b>	<b>—</b>	<b>231,766</b>	<b>52.674.148</b>
<b>March 31, 2008</b>				
	Foreign currency (USD)	(THB)	INR '000	Rupiah IDR '000
<b>Assets</b>				
Cash and cash equivalents	24,473	—	978	225.569
Account receivables	147.587	2,872,778	9,543	2.200.255
Other receivables	1,500	—	60	13.826
<b>Total</b>	<b>173.560</b>	<b>2,872,778</b>	<b>10,581</b>	<b>2.439.650</b>
<b>Liabilities</b>				
Account payables	429.951	—	17,817	3.962.862
Advance received	20,243	—	809	186.575
Accrued payables	17,010	—	680	156.784
Bank loan	4,100,000	—	163,894	37.789.700
<b>Total</b>	<b>4,567.204</b>	<b>—</b>	<b>182,570</b>	<b>42.095.921</b>

Unrealised loss on foreign exchange amounting to Rp 9.778.779.230 was charged to current operation.

## NOTES TO THE FINANCIAL STATEMENTS (Contd..)

### 24. Indonesian Economic Condition

Many countries, including Indonesia, have been experiencing adverse economic condition mainly resulting from global economic crisis. The principal consequences of which have been an extreme lack of liquidity, decreasing of economic activities and foreign exchange rates.

Recovery of the economy to a sound and stable condition is dependent on the economic policies being taken by the Government, actions which are beyond the Company control, to achieve economic recovery.

The economic impact does not influence much to the Company since the going concern of the Company is dependent on the Company's ability to obtain long term construction contracts from the customers and financial support from the shareholders..

However, as a response to the current economic condition the management of company will always try to manage all operating costs and expenditures as efficient as possible

### 25. Date of completion of preparation of the financial statements

The Company's management was responsible for the presentation and disclosures of the financial statements for the year ended March 31, 2009 which have completed on April 15, 2009.

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