

PT PRICOL SURYA

Commissioner	Mr. Damotharan Vijay Mohan
President Director	Mr. Niranjan Rudraswamy
Director	Mr. Krishnan Kutty Udhaya Kumar
Auditors	Syarief Basir & Rekan Registered Public Accountants Member of Russell Bedford International Jakarta, Indonesia
Bankers	Bank Internasional Indonesia Hongkong and Shanghai Banking Corporation Ltd. ICICI Bank Limited
Registered Office	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 2008 AND 2007

We the undersigned

Name : Niranjan 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 statement.

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, 2008

Niranjan Rudraswamy
President Director



INDEPENDENT AUDITOR'S REPORT

Report No : 035 / SBR / IV / 2008

**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, 2008 and 2007, 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, 2008 and 2007, 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, 2008

Tarkosunaryo, Ak., CPA
License of Public Accountant No.: 06.1.0983

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 2008 AND 2007

PARTICULARS	Notes	As of March 31, 2008 IDR '000	As of March 31, 2008 INR '000	As of March 31, 2007 IDR '000	As of March 31, 2007 INR '000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2c, 3	5.201.994	22,561	1.822.890	8,686
Account receivables	2d, 4	3.976.899	17,248	—	—
Other receivables		35.163	153	81.723	389
Advances	5	29.300	127	520.269	2,479
Inventories	2e, 6	2.829.392	12,271	775.257	3,694
Prepaid expenses	7	147.346	639	87.489	417
Prepaid taxes	2h, 14a	593.182	2,573	3.388.255	16,145
Total Current Assets		12.813.276	55,572	6.675.883	31,811
NON CURRENT ASSETS					
Properties, plants and equipments Net of accumulated depreciation of IDR 2.300.892 in 2008 and IDR 595.951 in 2007	2f, 8	35.447.431	153,738	34.429.385	164,059
Security deposit		46.395	201	45.420	216
Deferred tax assets	2h, 14d	2.307.293	10,007	958.605	4,568
Pre-operating expenses	2g, 9	466.832	2,025	873.187	4,161
Total non current assets		38.267.951	165,971	36.306.597	173,004
Total Assets		51.081.227	221,543	42.982.480	204,815
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade payables	10	5.805.960	25,181	1.515.201	7,220
Taxes payables	14b	32.613	141	93.998	448
Accrued payables	12	529.313	2,296	1.524.070	7,262
Advance received	13	186.575	809	—	—
Other payables	11	11.611	50	1.526.529	7,274
Short-term bank loan	15	9.217.000	39,975	—	—
		15.783.072	68,452	4.659.798	22,204
LONG-TERM LIABILITIES					
Long-term loan		—	—	27.816.975	132,550
Long-term bank loan	15	28.572.700	123,922	—	—
Post retirement employee benefit	16	111.785	485	12.717	61
Total long-term liabilities		28.684.485	124,407	27.829.692	132,611
EQUITY					
Share capital authorized, issued and fully paid USD 1.500 ordinary shares, with par value of IDR 10.110.000 (US\$1.000)	17	15.165.000	65,772	15.165.000	72,262
Foreign exchange difference on paid in capital		(412.500)	(1,789)	(412.500)	(1,966)
Retained earnings / (Accumulated loss)		(8.138.830)	(35,299)	(4.259.510)	(20,297)
Total equity		6.613.670	28,684	10.492.990	50,000
TOTAL LIABILITIES AND EQUITY		51.081.227	221,543	42.982.480	204,815

The accompanying notes form an integral part of these financial statements

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2008 AND 2007

PARTICULARS	Notes	2007-2008	2007-2008	2006-2007	2006-2007
		April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Net sales	2k, 18	18.932.125	82,110	—	—
Cost of goods sold	2k, 19	(14.682.069)	(63,677)	—	—
Gross profit (loss)		4.250.056	18,433	—	—
Operating and administration expenses	2k, 20	(6.727.553)	(29,178)	(3.782.056)	(18,022)
Operating loss		(2.477.497)	(10,745)	(3.782.056)	(18,022)
Other income / (expenses)					
Interest Income		138.313	600	1.110	5
Gain / (loss) foreign exchange		(396.771)	(1,721)	27.171	129
Interest Expense		(2.512.438)	(10,897)	(1.456.156)	(6,939)
Others (net)		20.385	88	—	—
Loss before income tax		(2.750.511)	(11,929)	(1.427.876)	(6,805)
Deferred tax income	14d	(5.228.008)	(22,674)	(5.209.932)	(24,826)
Net loss		1.348.688	5,849	956.150	4,556
		(3.879.320)	(16,825)	(4.253.782)	(20,270)

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2008 AND 2007

	Share capital	Different of exchange rate	Retained earning / (accumulated loss)	Total equity
	In IDR '000			
Balance as of March 31, 2006	15.165.000	(412.500)	(5.728)	14.746.772
Net loss for the year 2006-2007	—	—	(4.253.782)	(4.253.782)
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
	In INR '000			
Balance as of March 31, 2006	65,772	(1,789)	(25)	63,958
Net loss for the year 2006-2007	—	—	(18,449)	(18,449)
Balance as of March 31, 2007	65,772	(1,789)	(18,474)	45,509
Net loss for the year 2007-2008	—	—	(16,825)	(16,825)
Balance as of March 31, 2008	65,772	(1,789)	(35,299)	28,684

The accompanying notes form an integral part of these financial statements



STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008 AND 2007

PARTICULARS	2007-2008	2007-2008	2006-2007	2006-2007
	April-March IDR '000	April-March INR '000	April-March IDR '000	April-March INR '000
Cash flow from (for) operating activities				
Net Loss	(3.879.320)	(16,825)	(4.253.782)	(20,270)
Add (deduct) items not affecting operating cash follows:				
Depreciation	1.704.941	7,394	595.951	2,840
Amortization	406.355	1,762	—	—
Deferred tax income	(1.348.688)	(5,849)	(956.150)	(4,556)
Employee benefit	99.068	430	12.717	61
Unrealised loss (gain) on foreign exchange	1.177.677	5,108	—	—
Interest expense	2.512.438	10,897	1.456.156	6,939
Interest income	(138.313)	(600)	(1.110)	(5)
Change in working capital				
Account receivables	(3.988.155)	(17,297)	—	—
Other receivables	47.976	208	(21.139)	(101)
Advances	490.969	2,129	(520.269)	(2,479)
Inventories	(2.054.135)	(8,909)	(775.257)	(3,694)
Prepaid expenses	(59.857)	(260)	(87.489)	(417)
Prepaid taxes	(375.794)	(1,630)	(1.742.606)	(8,304)
Security deposit	(975)	(4)	(45.420)	(216)
Trade payables	4.309.122	18,689	1.515.201	7,220
Advance received	186.575	809	—	—
Other payables	(1.514.918)	(6,570)	(1.706.664)	(8,132)
Accrued payables	304.615	1,321	67.914	324
Taxes payables	(61.385)	(266)	32.365	154
Payment for corporate income tax	(259.874)	(1,127)	(77.448)	(369)
Tax refund	3.430.741	14,879	—	—
Net cash flows provided from operating activities	989.063	4,290	(6.507.030)	(31,007)
Cash flow from (for) investing activities				
Properties, plants and equipments acquisition	(2.722.987)	(11,810)	(15.451.348)	(73,627)
Construction in progress	—	—	—	—
Other assets	—	—	(873.187)	(873,187)
Net cash flows used in investing activities	(2.722.987)	(11,810)	(16.324.535)	(946,814)
Cash flow from (for) financing activities				
Payment of long-term loan	(27.816.975)	(120,644)	24.527.289	116,875
Receipt of bank loan	36.603.500	158,752	—	—
Interest receipt	138.313	600	—	—
Interest paid	(3.811.810)	(16,532)	1.110	5
Net cash flows provided from financing activities	5.113.028	22,176	24.528.399	116,880
Net increase (decrease) in cash and cash equivalents	3.379.104	14,655	1.696.834	8,086
Cash and cash equivalents at beginning of the year	1.822.890	7,906	126.056	601
Cash and cash equivalents at the end of year	5.201.994	22,561	1.822.890	8,686

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008 AND 2007

(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.

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, 2008 and 2007 were as follows:

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

The number of the company's employees as of March 31, 2008 and 2007 were 17 and 20 persons.

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

2. 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, 2008 and 2007 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, 2008 and 2007 were as follows: (in fully Rupiah):

	2008	2007
Dollar America (US\$) 1	9.217,00	9.118,00
Bath Thailand (THB) 1	292,38	260,41

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 the FIFO 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 usefull life of the assets, commencing in the month in which the assets are placed into service. The estimated usefull 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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

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 Labor Law 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.

3. Cash and cash equivalents

	2007-2008		2006-2007	
	April-March		April-March	
	IDR '000	INR '000	IDR '000	INR '000
Cash on hand				
Rupiah	9.980	43	11.951	57
US Dollar	581	3	16.850	80
	<u>10.561</u>	<u>46</u>	<u>28.801</u>	<u>137</u>
Cash in banks				
Rupiah				
Hongkong Shanghai Banking Corporation	1.032.631	4,479	152.602	727
PT Bank International Indonesia	633.814	2,749	168.520	803
	<u>1.666.445</u>	<u>7,228</u>	<u>321.122</u>	<u>1,530</u>
US Dollar				
Hongkong Shanghai Banking Corporation	118.150	512	1.459.291	6,954
PT Bank International Indonesia	106.838	463	13.676	65
	<u>224.988</u>	<u>976</u>	<u>1.472.967</u>	<u>7,019</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

3. Cash and cash equivalents (Contd..)

	2007-2008 April-March		2006-2007 April-March	
	IDR '000	INR '000	IDR '000	INR '000
Time deposit (Rupiah)				
PT Bank International Indonesia	3.300.000	14,312	—	—
	<u>5.201.994</u>	<u>22,561</u>	<u>1.822.890</u>	<u>8,686</u>
Interest of time deposit per annum (gross)	7,50% - 7,75%			

4. Account receivables

a. By debtor

Third parties:

PT Denso Sales Indonesia	1.776.644	7,705	—	—
Denso International (Thailand) Co., Ltd	1.527.577	6,625	—	—
PT Zephyr Indonesia	562.720	2,441	—	—
Tata Motor Thailand., Ltd	109.958	477	—	—
	<u>3.976.899</u>	<u>17,248</u>	<u>—</u>	<u>—</u>

b. By currency

Rupiah	1.776.644	7,705	—	—
US Dollar	1.360.312	5,900	—	—
Thailand Bath	839.943	3,643	—	—
	<u>3.976.899</u>	<u>17,248</u>	<u>—</u>	<u>—</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.

5. Advance

LDS Test and Measurement., Ltd	—	—	520.269	2,479
Cipta Grafika	29.300	127	—	—
	<u>29.300</u>	<u>127</u>	<u>520.269</u>	<u>2,479</u>

6. Inventories

Raw materials	1.927.445	8,359	671.597	3,200
Finished goods	466.723	2,024	103.660	494
Material in transit	435.224	1,888	—	—
	<u>2.829.392</u>	<u>12,271</u>	<u>775.257</u>	<u>3,694</u>

At March 31, 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 15).

7. Prepaid expenses

Internet	77.917	338	—	—
Insurance	31.869	138	58.518	279
Rent	16.667	72	20.833	99
Others	20.893	91	8.138	39
	<u>147.346</u>	<u>639</u>	<u>87.489</u>	<u>417</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

8. Properties, plants and equipments

	(In IDR '000) April 2007 to March 2008				(In INR '000) April 2007 to March 2008			
	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending
Cost:								
Land	13.288.380	—	—	13.288.380	57,633	—	—	57,633
Building	17.040.165	274.740	—	17.314.905	73,905	1,192	—	75,096
Machinery	1.290.081	204.657	—	1.494.738	5,595	888	—	6,483
Office equipments	1.967.861	249.764	—	2.217.625	8,535	1,083	—	9,618
Factory equipments	265.227	753.938	—	1.019.165	1,150	3,270	—	4,420
	33.851.714	1.483.099	—	35.334.813	146,818	6,432	—	153,250
Construction In Progress	1.173.622	1.239.888	—	2.413.510	5,090	5,377	—	10,468
Total Fixed Assets	35.025.336	2.722.987	—	37.748.323	151,908	11,810	—	163,717
Accumulated depreciation:								
Building	491.353	854.247	—	1.345.600	2,131	3,705	—	5,836
Machinery	—	166.794	—	166.794	—	723	—	723
Office equipments	97.354	535.696	—	633.050	422	2,323	—	2,746
Factory equipments	7.244	148.204	—	155.448	31	643	—	674
	595.951	1.704.941	—	2.300.892	2,585	7,394	—	9,979
Net book value	34.429.385			35.447.431	149,323			153,738

	(In IDR '000) April 2006 to March 2007				(In INR '000) April 2006 to March 2007			
	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending	Beginning	Addition/ Reclassification	Disposal/ Reclassification	Ending
Cost:								
Land	13.288.380	—	—	13.288.380	63,320	—	—	63,320
Building	—	17.040.165	—	17.040.165	—	81,198	—	81,198
Machinery	—	1.290.081	—	1.290.081	—	6,147	—	6,147
Office equipments	—	1.967.861	—	1.967.861	—	9,377	—	9,377
Factory equipments	—	265.227	—	265.227	—	1,264	—	1,264
	13288.380	20.563.334	—	33.851.714	63,320	97,986	—	161,306
Construction In Progress	5.834.436	11.994.334	(16.655.148)	1.173.622	27,802	57,154	(79,363)	5,592
Total Fixed Assets	19.122.816	32.557.668	(16.655.148)	35.025.336	91,122	155,140	(79,363)	166,899
Accumulated depreciation:								
Building	—	491.353	—	491.353	—	2,341	—	2,341
Office equipments	—	97.354	—	97.354	—	464	—	464
Factory equipments	—	7.244	—	7.244	—	35	—	35
	—	595.951	—	595.951	—	2,840	—	2,840
Net book value	19.122.816			34.429.385	91,122			164,059

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

8. Properties, plants and equipments - continued

At March 31, 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 15).

Depreciation charges to operation is allocated as follows:	2007-08 April-March		2006-07 April-March	
	IDR '000	INR '000	IDR '000	INR '000
Manufacturing expenses	314.998	1,366	—	—
Operating expenses	1.389.943	6,028	595.951	2,840
	<u>1.704.941</u>	<u>7,394</u>	<u>595.951</u>	<u>2,840</u>

9. Pre-operating expenses

Cost	873.187	3,787	873.187	4,161
Accumulated amortization	(233.416)	(1,012)	—	—
Transferred to material cost	(172.739)	(749)	—	—
	<u>466.832</u>	<u>2,026</u>	<u>873.187</u>	<u>4,161</u>

10. Trade payable

a. By debtor

Third parties:

PT Zephyr Indonesia	787.165	3,414	—	—
PT J-Tech Manufacturing of Indonesia	405.417	1,758	—	—
PT Dharma Electrindo Manufacturing	331.463	1,438	—	—
Other under Rp.100.000	474.537	2,058	—	—

Related parties:

Pricol, Ltd	3.807.378	16,513	1.515.201	7,220
	<u>5.805.960</u>	<u>25,181</u>	<u>1.515.201</u>	<u>7,220</u>

b. By currency

Rupiah	1.843.098	7,994	—	—
US Dollar	3.962.862	17,187	1.515.201	7,220
	<u>5.805.960</u>	<u>25,181</u>	<u>1.515.201</u>	<u>7,220</u>

11. Other payables

Third parties:

PT Kadi International	6.250	27	451.172	2,150
Others	5.361	23	103.900	495

Related parties:

Pricol, Ltd	—	—	971.457	4,629
	<u>11.611</u>	<u>50</u>	<u>1.526.529</u>	<u>7,274</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2007-08		2006-07	
	April-March		April-March	
	IDR '000	INR '000	IDR '000	INR '000
12. Accrued payables				
Interest	156.784	680	1.456.156	6,939
THR	120.636	523	—	—
Salary	86.210	374	17.100	81
Custom clearance	76.628	332	—	—
Profesional fee	27.727	120	—	—
Water and electricity	20.923	91	17.000	81
Communication	10.067	44	10.850	52
Rental	9.840	43	—	—
Travel	9.678	42	—	—
Labor insurance	8.251	36	—	—
Office stationary	1.919	8	1.964	9
Household	650	3	11.500	55
Catering	—	—	9.500	45
	<u>529.313</u>	<u>2,296</u>	<u>1.524.070</u>	<u>7,262</u>
13. Advance received				
Tata Motor Thailand Co., Ltd	186.575	809	—	—
	<u>186.575</u>	<u>809</u>	<u>—</u>	<u>—</u>
14. Taxation				
a. Prepaid taxes				
Value added tax-in	255.860	1,110	3.310.807	15,776
Fiscal foreign	24.000	104	7.000	33
Income tax article 22 (Import)	313.322	1,359	70.448	336
	<u>593.182</u>	<u>2,573</u>	<u>3.388.255</u>	<u>16,145</u>
b. Tax payables				
Income tax article art 21	29.380	127	32.207	153
Income tax article art 23	3.233	14	61.791	294
	<u>32.613</u>	<u>141</u>	<u>93.998</u>	<u>448</u>
c. Corporate income tax calculation				
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, 2008 was as follows:				
Loss before corporate income tax	(5.228.008)	(22,674)	(5.209.932)	(24,826)
Temporary different	88.265	383	(3.535)	(17)
Permanent different	641.950	2,784	2.022.765	9,639
Taxable loss	<u>(4.497.793)</u>	<u>(19,507)</u>	<u>(3.190.702)</u>	<u>(15,204)</u>

On January 18, 2008, the Company received tax refund from tax office amounting to IDR 3.430.741.211 for 2007 tax period based on decision of tax authorities No:KEP-0039.PPN/WPJ.07/KP.0303/2008.

The company's corporate income tax obligation for 2007 still being examined by tax authority. The result not yet received.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

14. Taxation (Contd..)

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 30% was as follows:

	April 2007 to March 2008 (In IDR '000)			
	Beginning Deffered tax asset (Liabilities)	Income	Expenses	Ending Deffered tax asset (Liabilities)
Fiscal loss	959.666	1.349.338	—	2.309.004
Depreciation	(4.876)	—	(30.370)	(35.246)
Employee Benefit	3.815	29.720	—	33.535
	<u>958.605</u>	<u>1.379.058</u>	<u>(30.370)</u>	<u>2.307.293</u>

	April 2007 to March 2008 (In INR '000)			
Fiscal loss	4,162	5,852	—	10,014
Depreciation	(21)	—	(132)	(153)
Employee Benefit	17	129	—	145
	<u>4,158</u>	<u>5,981</u>	<u>(132)</u>	<u>10,007</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.

15. Bank loan	2007-08 April-March		2006-07 April-March	
	IDR '000	INR '000	IDR '000	INR '000
Short-term loan				
Working capital	9.217.000	39,975	—	—
Long-term loan	<u>28.572.700</u>	<u>123,922</u>	<u>—</u>	<u>—</u>

The Company obtained term loan and working capital loan facility from ICICI Bank, Singapore Branch, with credit limit of USD 3.100.000 for term loan and USD 1.000.000 for working capital loan. The working capital bears interest rate at 1,10% plus 3 month LIBOR 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.

The working capital loan and the term loan will be due in August 2008 and 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

	2007-08		2006-07	
	April-March		April-March	
	IDR '000	INR '000	IDR '000	INR '000
16. Post – retirement employee benefit				
Present value of net obligation	26.141	113	42.528	203
Funded status	26.141	113	42.528	203
Unrecognised actuarial adjustment	85.644	371	(29.811)	(142)
Obligation at March 31	111.785	485	12.717	61
Obligation at April 1	12.717	55	—	—
Expense recognized during the year	99.068	430	12.717	61
Obligation at March 31	111.785	485	12.717	61
Current service cost	93.287	405	12.717	61
Interest cost	4.678	20	—	—
Amortization actuarial adjustment	1.103	5	—	—
Total benefit expenses	99.068	430	12.717	61

An actuarial assessment of the employee liabilities as of March 31, 2008 and 2007 was conducted by actuarist from PT Rynest International with the following assumptions:

	2007-2008	2006-2007
	April-March	April-March
Discount rate	11%	11%
Annual salary increase	10%	10%
Retirement age	55	55
Employee	17	20

As of March 31, 2008 and 2007, 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.

17. Equity

Based on deed No. 3 dated December 1, 2005 of DR. A Partomuan Pohan, S.H., the Company's authorized capital amounting to IDR 15.165.000, divided into 1.500 shares with a nominal value of IDR 10.110 (full amount) per share. All shares were issued and fully paid up.

The Company's shareholders and their respective shareholdings as of March 31, 2008 and 2007 were as follows:

	Number of share	April 2007 to March 2008			Percentage of ownership
		USD	IDR '000	INR '000	
Shareholders					
Pricol Ltd.	1.499	1.499.000	15.154.890	67,862	99.93%
Pricol Holdings Ltd.	1	1.000	10.110	45	0.07%
	1.500	1.500.000	15.165.000	67,907	100.00%

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

17. Equity (Contd..)

	Number of share	April 2006 to March 2007			Percentage of ownership
		Nominal value			
		USD	IDR '000	INR '000	
Pricol Ltd.	1.499	1.499.000	15.154.890	67,862	99.93%
Pricol Finance Ltd.	1	1.000	10.110	45	0.07%
	<u>1.500</u>	<u>1.500.000</u>	<u>15.165.000</u>	<u>67,907</u>	<u>100.00%</u>

Foreign exchange rate on paid in capital amounting to IDR 412.500 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.

18. Net Sales

	2007-08		2006-07	
	April-March		April-March	
	IDR '000	INR '000	IDR '000	INR '000
Local	14.646.299	63,522	—	—
Export	4.285.826	18,588	—	—
	<u>18.932.125</u>	<u>82,110</u>	<u>—</u>	<u>—</u>

19. Cost of goods sold

Raw material and components				
Beginning	671.597	2,913	—	—
Purchase	13.651.381	59,207	671.697	3,201
Ending	(2.280.435)	(9,890)	(671.597)	(3,200)
Raw material used	<u>12.042.543</u>	<u>52,229</u>	<u>—</u>	<u>—</u>
Direct labor	2.139.906	9,281	—	—
Factory overhead	862.683	3,742	—	—
Production cost	<u>15.045.132</u>	<u>65,252</u>	<u>—</u>	<u>—</u>
Finished goods				
Beginning	103.660	450	—	—
Sample production	—	—	103.660	494
Ending	(466.723)	(2,024)	(103.660)	(494)
Cost of goods sold	<u>14.682.069</u>	<u>63,677</u>	<u>—</u>	<u>—</u>

The Company purchased inventories from related party which were 49,45% and 96% of the total purchase for period ended March 31, 2008 and 2007, respectively (Note 21).

The detail of Factory Overhead are as follows:

Water and electricity	326.402	1,416	—	—
Depreciation	314.998	1,366	—	—
Repair & maintenance	190.936	828	—	—
Travelling	29.447	128	—	—
Rental	900	4	—	—
	<u>862.683</u>	<u>3,742</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

20. Operating expenses	2007-08	April-March	2006-07	April-March
	IDR '000	INR '000	IDR '000	INR '000
Employee cost	2.578.878	11,185	1.791.843	8,538
Depreciation	1.389.943	6,028	595.951	2,840
Front end fee to bank for loan	633.780	2,749	—	—
Communication expenses	344.146	1,493	176.180	840
Professional charge	329.851	1,431	321.937	1,534
Repair & maintenance	314.448	1,364	285.166	1,359
Amortization	233.416	1,012	—	—
Travelling and transportation	493.721	2,141	160.422	764
Rental	72.983	317	143.733	685
Rates, taxes, and licence	56.608	246	73.955	352
Freight and forwarding	10.938	47	—	—
Printing & stationery	71.937	312	121.131	577
Insurance	70.141	304	19.506	93
Miscellaneous expenses	53.355	231	20.660	98
Bank charge	50.593	219	32.678	156
Entertainment, advertisement & publicity	22.815	99	1.725	8
Power & utilities	—	—	37.169	177
	<u>6.727.553</u>	<u>29,178</u>	<u>3.782.056</u>	<u>18,022</u>

21. 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 IDR 6.750.082.894 (INR 29,275,633) and IDR 747.992.579 (INR 3,564,246) for period ended March 31, 2008 and 2007, respectively.

Total accounts payables to Pricol Ltd were amounting to IDR 3.807.377.623 (INR 16,512,892) and IDR 2.486.658.345 (INR 11,849,130) on March 31, 2008 and 2007, respectively. During the period, the Company has settled the last year loan from Pricol Ltd amounting to USD 3,050,776.

22. Assets and liabilities in foreign currency

Assets and liabilities in foreign currency as of March 31, 2008 and 2007 are as follows:

	March 31, 2008		IDR '000	INR '000
	Foreign currency (USD)	Rupiah (THB)		
Assets				
Cash and cash equivalents	24.473	—	225.569	978
Account receivables	147.587	2,872,778	2.200.255	9,542
Other receivables	1.500	—	13.826	60
Total	<u>173.560</u>	<u>2,872,778</u>	<u>2.439.650</u>	<u>10,580</u>
Liabilities				
Account payables	429.951	—	3.962.862	17,187
Advance received	20.243	—	186.575	809
Accrued payables	17.010	—	156.784	680
Bank loan	4.100.000	—	37.789.700	163,897
Total	<u>4.567.204</u>	<u>—</u>	<u>42.095.921</u>	<u>182,573</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

22. Assets and liabilities in foreign currency (contd..)

	March 31, 2007		IDR '000	INR '000
	Foreign currency (USD)	Rupiah (THB)		
Assets				
Cash and cash equivalents	163,393	—	1.489.817	7,099
Advance payment	55,502	—	506.070	2,411
Total	218,895	—	1.995.887	9,510
Liabilities				
Account payables	166,177	—	1,515,201	7,220
Other payables	156,024	—	1.422.629	6,779
Accrued payables	159,701	—	1.456.154	6,939
Shareholder loan	3,050,776	—	27.816.975	132,550
Total	3,532,678	—	32.210.959	153,488

Unrealised loss on foreign exchange amounting to IDR 1.177.676.839 (INR 5,107,676) was charged to current operation.

23. Update of the current Indonesian Accounting Standard

In the year of 2007 and 2006, The Council of Accounting Standard of The Indonesian Institute of Accountants have already approved some of new Statement of Financial Accounting Standards (SFAS) as follows :

- SFAS No. 13 (revised 2007) "Investment Property" to replace the SFAS No. 13 (Revised 1994) "Accounting for Investment".
- SFAS No. 16 (revised 2007) "Property, Plant, Equipment" to replace the SFAS No. 16 (1994) "Accounting for fixed Assets and Other Assets" and SFAS No. 17 (1994) "Accounting for Depreciation".
- SFAS No. 30 (revised 2007) "Lease" to replace the SFAS No. 30 (1994) "Accounting for finance lease".
- SFAS No. 50 (Revised 2006) "Finance Instrument: Presentation and Disclosures" to replace the SFAS No. 50 (1998) "Accounting for Certain Investment Securities".
- SFAS No. 55 (Revised 2006) "Finance Instrument: Recognition and Measurement" to replace the SFAS No. 55 (revised 1999) "Accounting for Derivative Instruments and Hedge Activity".

- Sharia Principle Accounting Standards.

The SFAS No. 13, SFAS No. 16, SFAS No. 30 that revised in 2007 and Sharia Principle Accounting Standard become effective for the financial statements which cover the period start on or after January 1, 2008. Whereas the SFAS No. 50 and SFAS No. 55 that revised in 2006 become effective for the financial statements which cover the period start on or after January 1, 2009. The approval of New SFAS in 2007 and 2006 are part of the adaptation process of the International Financial Reporting Standards in Indonesia. Now, the Company is analyzing the effect of the new SFAS on the Company and not yet determined the effect on the financial statements.

24. 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, 2008 which have completed on April 15, 2008.

25. The Exchange Rate

	As on 31st March 2008	As on 31st March 2007 (In Indonesian Rupiah)
One Indian Rupee	230.57	209.86