PT PRICOL SURYA

FINANCIAL STATEMENTS

31 MARCH 2012 AND 2011

AND

INDEPENDENT AUDITORS' REPORT

PT PRICOL SURYA
FINANCIAL STATEMENTS
31 MARCH 2012
(With Comparative Figures on 31 March 2011)

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PT. Pricol Surya

BOARD OF DIRECTORS' STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENT
FOR THE YEAR ENDED
31 MARCH 2012 AND 2011

I, the undersigned:

Name	: Magge Ramanathan Anil Kumar
Office address	: Jl. Permata Raya Lot FF2, Kawasan Industri KIIC Karawang Barat
Domicile address as stated in ID	:APT Mediterania Lagoon Lobby A Lt 15D, Kemayoran, JAKPUS
Phone number	: 021 89119471
Position	: President Director

Declare that :

1. Responsible for the preparation and presentation of PT Pricol Surya financial statement;

2. PT Pricol Surya financial statements have been prepared and presented in confirmity with the Indonesian Financial Accounting Standards;

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 false material information or fact, nor do they ommit material information or fact;

4. Responsible for PT Pricol Surya internal control system.

This statement letter is made truthfully.

Jakarta, 27 July 2012

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6000

Magge Ramanathan Anil Kumar
President Director

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Tanubrata Sutanto Fahmi & Rekan
Certified Public Accountants
License No 460/KM.1/2010

Prudential Tower, 17th Fl
Jalan Jend. Sudirman Kav. 79
Jakarta 12910 - Indonesia

No. : 585/2-P081/HS-2/03.12
Re : **Financial Statements**
31 March 2012

Independent Auditors' Report

The Directors
PT Pricol Surya
J a k a r t a

We have audited the accompanying statements of financial position of PT Pricol Surya ("the Company") as of 31 March 2012 and 2011, and the related statements of comprehensive income, changes in equity (capital deficiency), 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 audits.

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 31 March 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

The accompanying financial statements have been prepared assuming that the Company will continue to operate as a going concern. As discussed in Note 2a to financial statements, the Company has suffered deficits amounted to Rp 6,694,699,835 (2011: Rp 15,381,801,465), these circumstance raises a substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2a to financial statements. The accompanying financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI & Rekan

Herry Sunarto, SE, Ak, SH, MBA, CPA, CPMA
License No. AP.0116

27 July 2012

DTK/am

Notice to Readers

The accompanying financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices applied to audit such financial statements are those generally accepted and applied in Indonesia.

PT PRICOL SURYA
STATEMENTS OF FINANCIAL POSITION
31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

A S S E T S	Notes	2 0 1 2	2 0 1 1
CURRENT ASSETS			
Cash on hand and in banks	4	10,180,864	4,152,660
Trade receivables	5	29,661,010	23,771,690
Inventories	6	16,507,216	17,963,785
Prepaid tax	11a	10,612,197	4,140,370
Other current assets	7	530,048	817,904
Total Current Assets		67,491,335	50,846,409
NON-CURRENT ASSETS			
Property, plant and equipment	8	39,057,967	38,320,959
Security deposit		39,720	34,720
Deferred tax assets	11d	271,305	3,498,947
Estimated claim for tax refund	11c	822,390	822,390
Total Non-Current Assets		40,191,382	42,677,016
TOTAL ASSETS		107,682,717	93,523,425

See accompanying Notes to Financial Statements on Exhibit E which are an integral part of the Financial Statements taken as a whole

PT PRICOL SURYA
STATEMENTS OF FINANCIAL POSITION
31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	Notes	2012	2011
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	9,20	65,941,104	54,789,089
Taxes payable	11b	70,762	127,040
Current maturities of long-term bank loan	12	25,561,500	15,458,475
Other current liabilities	10,20	3,361,268	13,064,130
Total Current Liabilities		94,934,634	83,438,734
NON-CURRENT LIABILITIES			
Long-term bank loan - net of current maturities	12	3,557,250	10,124,213
Post-employment benefits obligation	13	1,133,032	589,778
Total Non-Current Liabilities		4,690,282	10,713,991
Total Liabilities		99,624,916	94,152,725
EQUITY (CAPITAL DEFICIENCY)			
Share capital - Authorized, issued and fully paid - 1,500 shares, with par value of Rp 10,110,000 (USD 1,000)	14	15,165,000	15,165,000
Foreign exchange rate difference on paid-in capital	15	(412,500)	(412,500)
Deficits	2a	(6,694,699)	(15,381,800)
Total Equity (Capital Deficiency)		8,057,801	(629,300)
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		107,682,717	93,523,425

See accompanying Notes to Financial Statements on Exhibit E which are an integral part of the Financial Statements taken as a whole

PT PRICOL SURYA
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED 31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

	Notes	2012	2011
SALES	16	225,063,941	63,475,271
COST OF GOODS SOLD	17	(196,694,674)	(54,124,536)
GROSS PROFIT		28,369,267	9,350,735
General and administrative expenses	19	(13,251,361)	(10,822,975)
Finance income		17,631	24,120
Gain on foreign exchange - Net		5,621,696	1,278,362
Finance expenses		(3,770,923)	(1,989,094)
Other operating loss		(3,595,860)	-
PROFIT (LOSS) BEFORE TAX (EXPENSE) BENEFIT		13,390,450	(2,158,852)
TAX (EXPENSE) BENEFIT			
Current	11c	(1,475,707)	-
Deferred tax	11d	(3,227,642)	207,315
Total Tax (Expense) Benefit		(4,703,349)	207,315
PROFIT (LOSS) FOR THE YEAR		8,687,101	(1,951,537)
Other Comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		8,687,101	(1,951,537)

See accompanying Notes to Financial Statements on Exhibit E
which are an integral part of the Financial Statements taken as a whole

PT PRICOL SURYA
STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
YEARS ENDED 31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

	Share capital	Foreign exchange rate difference on paid-in capital	Deficits	Total equity (capital deficiency)
Balance at 1 April 2010	15,165,000	(412,500)	(13,430,263)	1,322,237
Total comprehensive loss for the year	-	-	(1,951,537)	(1,951,537)
Balance at 31 March 2011	15,165,000	(412,500)	(15,381,800)	(629,300)
Total comprehensive income for the year	-	-	8,687,101	8,687,101
Balance at 31 March 2012	15,165,000	(412,500)	(6,694,699)	8,057,801
	Note 14			

See accompanying Notes to Financial Statements on Exhibit E which are an integral part of the Financial Statements taken as a whole

PT PRICOL SURYA
STATEMENTS OF CASH FLOWS
YEARS ENDED 31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	8,687,101	(1,951,537)
Add (deduct) items not affecting operating cash follows:		
Depreciation of property, plant and equipment	3,586,824	2,763,581
Interest expense	3,644,173	1,951,568
Loss on sales of property, plant and equipment	751,055	-
Employee benefit	543,254	219,736
Interest income	(17,631)	(24,120)
Deferred tax income (expense)	3,227,642	(207,315)
Profit from operation before change working capital	20,422,418	2,751,913
Change in working capital:		
Trade receivables	(5,889,319)	(21,361,529)
Inventories	1,456,568	(7,568,862)
Other current assets	287,854	(636,281)
Prepaid taxes	(6,471,827)	(1,630,049)
Security deposit	(5,000)	3,147
Estimated claim for tax refund	-	(822,390)
Trade payables	11,152,015	40,345,636
Other current liabilities	(9,702,861)	8,827,157
Taxes payable	(56,278)	65,353
Net cash flows provided by operating activities	11,193,570	19,974,095
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(5,476,158)	(6,643,617)
Proceed from property, plant and equipment	401,271	-
Net cash flows used in investing activities	(5,074,887)	(6,643,617)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payment for) bank loan	3,536,063	(8,256,749)
Proceeds for interest	17,631	24,120
Payment for interest	(3,644,173)	(1,951,568)
Net cash flows used in financing activities	(90,479)	(10,184,197)
NET INCREASE IN CASH ON HAND AND IN BANKS	6,028,204	3,146,281
CASH AND BANKS AT BEGINNING OF THE YEAR	4,152,660	1,006,379
CASH AND BANKS AT THE END OF YEAR	10,180,864	4,152,660

See accompanying Notes to Financial Statements on Exhibit E which are an integral part of the Financial Statements taken as a whole

PT PRICOL SURYA
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

1. GENERAL

PT Pricol Surya (the "Entity") is a foreign direct investment entity established under the framework of the Foreign Capital Investment Law No. 1/1967 as amended by Law No. 11/1970. The establishment based on Notary Deed No. 3 dated 1 December 2005 of DR. A, Partomuan Pohan, SH., LL.M., public Notary 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 28 December 2005 and published in the State Gazette No. 15 dated 21 February 2006, Supplement No. 1914. The Entity obtained the investment approval from the Capital Investment Coordinating Board (BKPM) based on its Decree No. 1141/I/PMA/2005 dated 13 October 2005.

In the adjustment with regulation No. 40 Year 2007 about the Limited Entity was done by upper change in the Entity's Statues with the Notary's Tafieldi Nevawan, S.H, No. 32 on 22 May 2008 and was ratified by the Minister of Law and Human Rights based on its Decree No. AHU-35251.AH.01.02 Tahun 2008 dated 23 June 2008 and the published in the State Gazette is still in the legalisation process.

The articles of association, of the Entity have been amended several times and most recently was amended by Notarial deed of Tafieldi Nevawan, S.H., No. 56 dated 17 December 2010, concerning changes the Entity's Board of Directors. This deed was approved by Ministry of Laws and Human Rights of Republic Indonesia based on its decree No. AHU-0003453.AH.01.09 Tahun 2011 on 14 January 2011. Up to the date of this report, the amendment has not been published in the State Gazette of the Republic of Indonesia.

In accordance with Article 3 of the Entity's articles of association, the scope of activities comprises producing and marketing of instrument cluster, oil pumps and fuel sensors for domestic and export market.

The Entity 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 Entity started to commercial activity on 11 April 2007.

The Composition of the Entity's Commissioner and Board of Directors as of 31 March 2012 and 2011 were as follows:

Commissioner	: Mr. Damotharan Vijay Mohan
President Director	: Magge Ramanathan Anil Kumar
Director	: Mr. Krishnan Kutty Udhaya Kumar
	Venkatraman Ramakrishnan

The number of the Entity's employees as of 31 March 2012 and 2011 were 113 and 88 persons (Unaudited).

(Expressed in Thousand Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("PSAK"), which includes the Interpretations of Financial Accounting Standards ("ISAK"), issued by the Financial Accounting Standards Board of Institute of Accountants in Indonesia. The financial statements have been prepared on the historical cost concept except when disclosed in the accounting policies below.

The financial statements have been prepared assuming that the Company will continue to operate as a going concern and do not include any adjustment that might result from the uncertainties on the Company's ability to continue as a going concern. As of 31 March 2012 and 2011, the Company has suffered accumulated loss amounted to Rp 6,694,699 and Rp 15,381,800. Further, the Company has received confirmation from the majority shareholders that they will continuously provide the financial needs, operational and management support for the Company.

In response to the Company's ability to continue as a going concern, the Company will perform the following action:

1. Increase revenue
2. Increase market share
3. Improve the marketing program
4. Company efficiency
5. Control and reduce any unnecessary expenses

The financial statements of the Entity are presented in Indonesian Rupiah ("IDR" or "Rp") which is the functional currency of the Entity.

The statements of cash flows are prepared using indirect method classified into operating activities, financing activities, and investing activities.

<u>Adoption of Revised PSAK and New and Revised ISAK</u>

Accounting policies adopted are consistent with those of the previous financial year, except that in the current financial year, the Entity adopted all the new or revised PSAK and ISAK that are effective for annual periods beginning on or after 1 January 2011. Changes to the Entity's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective PSAK and ISAK.

The following are the new or amended PSAK and ISAK that are relevant to the Entity:

PSAK 1 (Revised 2009)	Financial Statements Presentation
PSAK 2 (Revised 2009)	Statement of Cash Flows
PSAK 3 (Revised 2010)	Interim Financial Statements
PSAK 7 (Revised 2010)	Related Party Disclosures
PSAK 8 (Revised 2010)	Events After the Reporting Period
PSAK 23 (Revised 2010)	Revenue
PSAK 25 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
PSAK 48 (Revised 2009)	Impairment of Assets
PSAK 57 (Revised 2009)	Provision, Contingent Liabilities and Contingent Assets
ISAK 17	Interim Financial Reporting and Impairment

The adoption of the above PSAK and ISAK did not have any significant effect on the financial statements of the Entity except for the following PSAK as disclosed below.

(Expressed in Thousand Rupiah, unless otherwise stated)

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

a. **Basis of Preparation** (Continued)

PSAK 01 (Revised 2009), "Presentation of Financial Statements"

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owners changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expenses, either in one single statement, or in two linked statements. The Entity has elected to present a single statement. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. Comparative information has been re-presented so that compliance with the revised standard is achieved.

New and Revised PSAK and New ISAK issued but not yet effective

The Entity has not yet adopted the following relevant PSAK and ISAK that have been issued but and will be effective for annual periods beginning on 1 January 2012 or later periods:

PSAK 10 (Revised 2010)	Effects of Changes in Foreign Exchange Rates
PSAK 18 (Revised 2010)	Accounting and Reporting by Retirement Benefit Plans
PSAK 24 (Revised 2010)	Employee Benefits
PSAK 46 (Revised 2010)	Income Taxes
PSAK 50 (Revised 2010)	Financial Instruments: Presentation
PSAK 55 (Revised 2006)	Financial Instruments: Recognition and Measurement
PSAK 60	Financial Instruments: Disclosure
ISAK 15	PSAK 24 - The Limit on a Defined Benefit Asset, Minimum Fundin Requirements and Their Interaction
ISAK 20	Income Taxes - Changes in the Tax Status of an Entity or it Shareholders
ISAK 24	ISAK 23 Operating Lease - Incentives
ISAK 25	Rights Arising from Land

The Entity is in the process of determining the impact of these New and Revised PSAK and New ISAK issued but not yet effective on the financial statements.

b. **Cash on Hand and in Banks**

Cash on hand and in banks are part of the financial assets, which are not used as collateral for loan and there are no restricted in its usage.

c. **Financial Assets**

Financial assets within the scope of PSAK 55 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised in the statement of financial position when, and only when, the Entity becomes a party to the contractual provisions of the financial instrument.

PT PRICOL SURYA
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2012 AND 2011
(Expressed in Thousand Rupiah, unless otherwise stated)

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

c. **Financial Assets** (Continued)

Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Entity determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at fair value through profit or loss

This category includes financial assets "held for trading" and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Financial assets designated at fair value through profit or loss at inception are those that are managed, and their performance evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading, unless they are designated as effective hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period. The Entity does not have any financial assets at fair value through profit and loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Entity provides money, goods or services directly to debtor with no intention of trading the receivable. Loans and receivables consist of cash on hand and in bank, trade receivables, other current assets and security deposits. They are included in current assets, except those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iii. Held-to-maturity investments

Financial assets classified as "held-to-maturity" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity's management has the positive intention and ability to hold the investment to maturity. The Entity does not have any financial assets classified as held-to-maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Assets (Continued)

Subsequent measurement (Continued)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as other comprehensive income in the available-for-sale reserve, except for impairment losses and foreign exchange which are recognised in profit or loss. When the investment is derecognised or the investment is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit and loss as finance costs. The Entity does not have any financial assets classified as available-for-sale.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Impairment of financial assets

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

i. Assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

c. **Financial Assets** (Continued)

Impairment of financial assets (Continued)

i. Assets carried at amortised cost (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Entity considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

ii. Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

iii. Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are objective evidence that equity investments classified as available-for-sale financial assets may be impaired. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. If in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

e. Property, Plant and Equipment

Property, plant and equipment are initially carried at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

The Entity has applied the cost model in subsequent recognition for its property, plant and equipment. Property, plant and equipment, other than land, are recognised at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment 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:

	Depreciation rate	Useful lives
Building	5%	20 year
Machinery	12.5%	8 year
Office equipments	25%	4 year
Factory equipments	25%	4 year

Depreciation expenses are taken to statements of comprehensive income during the financial year in which they are incurred.

Repair and maintenance expenses are taken to statements of comprehensive income during the financial year in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Entity, and depreciated over the remaining useful life of the asset.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written-down immediately to its recoverable amount.

Gains or losses on disposal are determined by comparing proceeds with the carrying amount and are included in profit or loss from operations.

In accorandce with **PSAK No. 47, "Accounting for Land"**, land are stated at cost and not subject to amortisation. All expenses and incidental costs incurred in connection with the acquisition or renewal of land rights such as legal costs, the measurement-enclosure-remapping, notaries and related to taxes are deferred and amortise over the term of related land right and presented separated from cost acquisition or rights of land.

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

f. Impairment of Non-Financial Assets (excluding Inventories and Deferred Tax Assets)

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Entity makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount. Impairment losses are recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

g. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Entity becomes a party to the contractual provisions of the financial instrument. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs. The Entity's financial liabilities comprise trade payables, long-term bank loans and other current liabilities, which are classified as other financial liabilities. The Entity does not have any financial liabilities at fair value through profit and loss.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are presented as current liabilities unless the Entity has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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

g. **Financial Liabilities** (Continued)

Subsequent measurement (Continued)

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

h. **Employee Benefits Obligation**

Defined benefit plans

In accordance with the relevant Labour Law No. 13/2003 dated 25 March 2003 and **SFAS No. 24 (Revised 2004), "Employee Benefit"** prevailing in Indonesia, the Entity provides defined benefit post-employment benefits to their employees.

Provision for post-employment benefits is determined using the Projected-Unit-Credit Method. The accumulated unrecognised actuarial gains and losses that exceed 10% of the present value of the Company defined benefit obligations is recognised on the straight-line method over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on the straight-line method over the average period until the benefits become vested.

The Entity changed its accounting policy to produce the financial statement that provide reliable and more relevant on the impact of the transaction, event or other condition of the financial position, financial performance or cash flows the entity.

The pension benefit obligations recognised in the statements of financial position represent the present value of the defined benefit obligation, as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the statements of financial position date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

i. **Revenue and Expense Recognition**

Net sales represented revenue earned from the sale of the Entity's products, and value added tax. Revenue is recognised when goods are delivered to the customers.

Expenses are recognised as incurred on the accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Taxation

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the statements of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the statements of comprehensive income.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences. Future tax benefits, such as the carry-forward of unused tax losses, are also recognised to the extent that realisation of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the interim consolidated statements of financial position date.

The carrying amount of deferred tax assets is reviewed at each statements of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Other taxation matters

Amendments to tax obligations are recorded when an assessment letter is received and/or, if objected to and/or appealed against by the Entity, when the result of the objection and/or appeal is determined.

k. Foreign Currency Transactions and Translations

Transactions in foreign currencies are measured in the functional currency of the Entity and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

k. **Foreign Currency Transactions and Translations** (Continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss.

The main exchange rates used are as follows:

Currency rate applied in 31 March 2012 and 2011 were as follows (in fully Rupiah):

	2012	2011
United States Dollar (USD) 1	9,180.000	8,709.000
Thailand Baht (THB) 1	297.570	287.285
Japan Yen (JPY) 1	111.761	105.137
Singapore Dollar (SGD) 1	7,308.635	6,905.890
Indian Rupee (INR) 1	179.337	195.054

l. **Related Parties**

For the purposes of these financial statements, a party is considered to be related to the Entity if:

i. the party has the ability, directly or indirectly through one or more intermediaries, to control the Entity or exercise significant influence over the Entity in making financial and operating policy decisions, or has joint control over the Entity;
ii. the Entity and the party are subject to common control;
iii. the party is an associate of the Entity or a joint venture in which the Entity is a venturer;
iv. the party is a member of the key management personnel of the Entity or a close family member of such an individual, or is an entity under the control, joint control or significant influence of the Entity;
v. the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
vi. the party is a post-employment benefits plan which is for the benefit of employees of the Entity or of any entity that is a related party of the Entity.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

m. **Events after the Reporting Period**

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the financial statements.

Events after the reporting period that are not adjusting events are disclosed in the notes to financial statements when material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fair Value Estimation of Financial Assets and Liabilities

The fair values of financial assets traded in active markets are based on quoted market bid-prices at the statements of financial position date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each statements of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flows analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Entity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a. Judgements Made in Applying Accounting Policies

In the process of applying the Entity's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

i. Income Taxes

The Entity has exposure to income taxes. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Entity recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Entity's current and deferred income at the end of the reporting period 2012 are disclosed in Note 11.

b. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** (Continued)

b. **Key Sources of Estimation Uncertainty** (Continued)

i. **Useful Lives of Property, plant and Equipment**

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated useful economic lives. Management estimates the useful lives of these plant and equipment to be between 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Entity's property and equipment at the end of the reporting period is disclosed in Note 8 to financial statements.

ii. **Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences, along the likelihood that taxable income will be available, so that it differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. For the detail have been disclosed in Note 11d to financial statements.

iii. **Employee Benefits Obligation**

The costs and liabilities of the defined benefit schemes of the Entity is determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 13. The Entity takes used independent actuaries for determine the liabilities. Changes in the assumptions used may have a significant effect on the statement of comprehensive income and the statement of financial position.

iv. **Impairment of Trade Receivables**

The Entity assesses at each statements of financial position date whether there is objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Entity considers factors such as the possibility of insolvency or significant difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Entity's trade receivables at the statement of financial position date is disclosed in Note 5 to financial statements.

v. **Allowance for Inventory Obsolescence**

The Entity provides allowance for inventories whenever the net realisable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed to reflect the accurate valuation in the financial records. The carrying amount of inventories at the statements of financial position date is disclosed in Note 6 to financial statements.

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4. CASH ON HAND AND IN BANKS

	2012	2011
Cash on hand	13,165	36,197
Cash in banks	10,167,699	4,116,463
Total	10,180,864	4,152,660

Cash on hand and in banks are denominated in at the statements of financial position date in the following currencies:

	2012	2011
Indonesian Rupiah (IDR)	6,217,700	1,183,031
United States Dollar (USD)	3,963,164	2,969,629
Total	10,180,864	4,152,660

5. TRADE RECEIVABLES

	2012	2011
Third parties	29,661,010	23,771,690
Less: allowance for impairment of trade receivables	-	-
Net	29,661,010	23,771,690

Trade receivables are non-interest bearing and are generally on 30 - 60 day's term. They are recognized at their original invoiced amounts which represent their fair values on intial recognition.

Trade receivables are denominated in the following currencies:

	2012	2011
Indonesia Rupiah (IDR)	14,919,904	11,356,991
United States Dollar (USD)	14,741,106	11,967,065
Thailand Bath (THB)	-	447,634
Total	29,661,010	23,771,690

Based on management's evaluation in determining whether the balance of trade receivables are impaired at 31 March 2012 and 2011, both individually or collectively, the management believes that the allowance for impairment of trade receivables are sufficient to cover possible losses from uncollectible receivables.

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6. INVENTORIES

	2012	2011
Raw materials	13,575,503	16,750,976
Finished goods	2,931,713	1,212,809
Total	16,507,216	17,963,785

Inventories are covered by insurance against losses from fire and other risk under a policy package with insurance coverage totaling USD 1,500,000 and USD 627,500 as of 31 March 2012 and 2011, respectively, which management believes is adequate to cover possible losses that may arise from the insurance risk.

7. OTHER CURRENT ASSETS

	2012	2011
Other receivable	409,220	2,429
Advance and prepaid expenses	120,828	815,475
Total	530,048	817,904

8. PROPERTY, PLANT AND EQUIPMENT

2012	Opening balance	Additions	Disposals	Ending balance
Acquisition cost				
Direct ownership				
Land	13,288,380	-	-	13,288,380
Building	17,397,588	995,736	-	18,393,324
Machinery	6,808,425	1,573,192	(106,733)	8,274,884
Office equipment	2,463,517	1,455,060	-	3,918,577
Factory equipment	6,673,858	482,476	-	7,156,334
	46,631,768	4,506,464	(106,733)	51,031,499
Construction in progress	1,055,099	969,695	(1,055,099)	969,695
	47,686,867	5,476,159	(1,161,832)	52,001,194
Accumulated depreciation				
Direct ownership				
Building	3,946,522	883,888	-	4,830,410
Machinery	1,476,315	955,621	(9,505)	2,422,431
Office equipment	2,287,739	257,336	-	2,545,075
Factory equipment	1,655,332	1,489,979	-	3,145,311
	9,365,908	3,586,824	(9,505)	12,943,227
Carrying amount	38,320,959			39,057,967

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8. **PROPERTY, PLANT AND EQUIPMENT** (Continued)

2011	Opening balance	Additions	Reclass	Ending balance
Acquisition cost				
Direct ownership				
Land	13,288,380	-	-	13,288,380
Building	17,336,588	61,000	-	17,397,588
Machinery	4,034,725	2,773,700	-	6,808,425
Office equipments	2,346,581	116,936	-	2,463,517
Factory equipments	2,804,504	3,690,390	178,964	6,673,858
	39,810,778	6,642,026	178,964	46,631,768
Construction in progress	1,232,472	1,591	(178,964)	1,055,099
	41,043,250	6,643,617	-	47,686,867
Accumulated depreciation				
Direct ownership				
Building	3,079,264	867,258	-	3,946,522
Machinery	879,491	596,824	-	1,476,315
Office equipments	1,795,390	492,349	-	2,287,739
Factory equipments	848,182	807,150	-	1,655,332
	6,602,327	2,763,581	-	9,365,908
Carrying amount	34,440,923			38,320,959

Management believes that the carrying values of all assets of the Entity are fully recoverable, and hence, no write-down for impairment in asset value is necessary for the years ended 31 March 2012 and 2011.

Directly acquired plant, building and machinery are used as collateral for bank loans (Note 12).

Property and equipment are covered by insurance against losses from fire and other risk under a policy package with insurance coverage totaling USD 3,424,269 as of 31 March 2012 and 2011, respectively, which management believes is adequate to cover possible losses that may arise from the insurance risk.

Gain (loss) on disposal of property, plant and equipment:

	2012	2011
Cost	1,161,832	-
Accumulated depreciation	(9,505)	-
Carrying amount	1,152,327	-
Sales price	(401,272)	-
Loss on disposal of property, plant and equipment	751,055	-

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9. TRADE PAYABLES

		2012	2011
Third parties		25,931,488	27,265,588
Related party	(Note 20)	40,009,616	27,523,501
Total		65,941,104	54,789,089

The amount payable to related party are unsecured, non-interest bearing and repayable on demand.

Trade payables are denominated in the following currencies:

	2012	2011
Indian Rupee (INR)	45,784,193	26,585,428
Indonesia Rupiah (IDR)	19,019,311	22,142,926
United States Dollar (USD)	880,109	6,048,252
Singapore Dollar (SGD)	43,852	12,120
Japan Yen (JPY)	213,639	363
Total	65,941,104	54,789,089

10. OTHER CURRENT LIABILITIES

		2012	2011
Other payables			
Third parties		3,125,466	1,824,431
Related party	(Note 20)	-	10,977,303
		3,125,466	12,801,734
Accruals		235,802	262,396
Total		3,361,268	13,064,130

The amount payable to related party are unsecured, non-interest bearing and repayable on demand.

Other payables and accruals are denominated in the following currencies:

	2012	2011
United States Dollar (USD)	632,812	11,039,842
Indonesia Rupiah (IDR)	2,728,456	2,024,288
Total	3,361,268	13,064,130

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11. TAXATION

a. Prepaid Tax

	2012	2011
Value Added Tax-Input	10,612,197	4,140,370

b. Taxes Payable

	2012	2011
Income Tax Article 21	36,359	25,767
Income Tax Article 23	9,340	12,094
Income Tax Article 26	17,233	89,179
Income Tax Article 29	7,830	-
Total	70,762	127,040

c. Fiscal Computation

A reconciliation between profit before income tax as presented in the statements of comprehensive income and estimated taxable income for the years ended 31 March 2012 and 2011, are as follows:

	2012	2011
Profit (loss) before tax (expense) benefit	13,390,450	(2,158,852)
Permanent differences		
Non-deductible expenses:		
Employee costs	1,726,464	768,319
Disposal of assets	751,055	-
Rental	311,610	79,300
Repair and maintenance	224,435	26,284
Entertainment	197,270	-
Rate, taxes and licenses	158,358	444,418
Insurance	38,035	-
Other operating loss	3,027,679	217,841
Bank charges	-	4,041
Communication expenses	-	15,462
Travelling and transportation	-	51,865
Unrealise forex	(1,996,032)	-
Interest income	(17,631)	(24,120)
	4,421,243	1,583,410
Temporary differences		
Depreciation	1,298	(55,404)
Employee benefit expenses	543,254	219,736
	544,552	164,332
Estimated taxable gain (loss)	18,356,245	(411,110)

(Expressed in Thousand Rupiah, unless otherwise stated)

11. **TAXATION** (Continued)

c. **Fiscal Computation** (Continued)

Compensation taxable losses can be utilised to compensate taxable profit:

	2012	2011
Estimated taxable gain (loss)	18,356,245	(411,110)
Compensation fiscal loss		
- 2007	(1,166,805)	(1,166,805)
- 2008	(10,875,500)	(10,875,500)
- 2011	(411,110)	-
	(12,453,415)	(12,042,305)
Estimated taxable loss (gain) after compensation taxable losses	5,902,830	(12,453,415)
Estimated income tax	1,475,707	-
Tax credit:		
Income Tax Article 22	(1,467,877)	(822,390)
Estimated tax payable (claim for tax refund)	7,830	(822,390)

Under the Indonesian Taxation Laws, the Entity lodge its tax returns on the basis of self-assessment. The Tax Authorities may asses or amend taxes within five (5) years from the date of the tax becomes due. Amendments to the Entity's taxation liabilities are recorded when an assessment is received or, if appealed against, when the result of appeal is determined.

d. **Deferred Tax**

This account represents the future tax consequences of temporary differences between revenue and expenses recognised on commercial and fiscal purposes, and the recognition of deferred tax assets, as follows:

Deferred Tax Assets	**31 March 2011**	**Credited to statement of comprehensive income**	**31 March 2012**
Fiscal loss	3,497,959	(3,497,959)	-
Depreciation	(146,458)	134,505	(11,953)
Employee benefit	147,446	135,812	283,258
Total	3,498,947	(3,227,642)	271,305

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11. **TAXATION** (Continued)

d. **Deferred Tax** (Continued)

Deferred Tax Assets	31 March 2010	Credited to statement of comprehensive income	31 March 2011
Fiscal loss	3,395,181	102,778	3,497,959
Depreciation	(205,026)	58,568	(146,458)
Employee benefit	101,477	45,969	147,446
Total	3,291,632	207,315	3,498,947

The utilisation of deferred tax assets recognised by the Entity is dependent upon future taxable profits and in excess of profits resulting from the reversal of existing taxable temporary differences.

12. **BANK LOAN**

	2012	2011
ICICI Bank, Singapore Branch	10,671,750	16,873,688
PT Bank Danamon Indonesia Tbk	9,267,000	-
PT Bank DBS Indonesia	9,180,000	-
PT ANZ Panin Bank (formerly The Royal Bank of Scotland)	-	8,709,000
	29,118,750	25,582,688
Current maturities of long-term bank loan		
ICICI Bank, Singapore Branch	(7,114,500)	(6,749,475)
PT Bank Danamon Indonesia Tbk	(9,267,000)	-
PT Bank DBS Indonesia	(9,180,000)	-
PT ANZ Panin Bank (formerly The Royal Bank of Scotland)	-	(8,709,000)
	(25,561,500)	(15,458,475)
Long-term bank loan - net of non-current maturities		
ICICI Bank, Singapore Branch	3,557,250	10,124,213

The Entity obtained uncommitted revolving credit facility from PT Bank DBS Indonesia, with a maximum limit of USD 1,000,000, and bears interest rate at 1% per year. The loan is secured by the stand-by letter of credit from DBS Bank Ltd, Salem branch, India. The loan will be due in 9 June 2012.

The Entity obtained Open Account facility from PT Bank Danamon Indonesia Tbk, with a plafond of USD 2,000,000 or Rp 18,000,000,000, and bears interest rate at 6% for USD or 11% for IDR per year. The loan will be due in 26 September 2012, with the following guarantees:

a. Land and building with SHGB No.00028 and No.00313, at Jl. Permata Raya Lot FF-2 Kawasan Industri KIIC, Desa Simabaya and Paseunjaya, Telukjambe Timur, Kerawang, West Java.
b. Corporate guarantee of Pricol Ltd

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12. **BANK LOAN** (Continued)

The Entity obtained term loan facility from ICICI Bank, Singapore Branch, with credit limit of USD 1,162,500, and bears interest rate at 5%. The loan is secured by the Entity plant and machinery and Corporate guarantee of Pricol Ltd. The corporate guarantee of Pricol, Ltd is also used as collateral in case there is a default in payment. The term loan will be due in 13 June 2013.

13. EMPLOYEE BENEFITS OBLIGATION

The Entity has a wholly unfunded defined benefit pension plan covering substantially all of its regular employees. The Entity recognised pension benefit obligations in accordance with Indonesian Labour Law No. 13/2003 dated 25 March 2003. The provision for pension benefit obligations is based on the actuarial report of independent actuary, PT RAS Actuarial Consulting. The method used in the actuarial valuation is the "Projected Unit Credit Method" and the mortality table referred to is Table Mortalita Indonesia II (TMI-II).

The amounts included in the statements of financial position arising from the Entity's obligation on provision for post-employment benefits are as follows:

	2012	2011
Funded status		
Present value of net obligation	1,137,918	550,989
Unrecognised pass service cost - non vested	-	-
Unrecognised actuarial gain or (loss)	(4,886)	38,789
Obligation at 31 March	1,133,032	589,778

Movements in the liability recognised in the statements of financial position are as follows:

	2012	2011
Obligation at 1 April	589,778	370,042
Expense recognised during the year	563,799	251,497
Actual benefit payment	(20,545)	(31,761)
Obligation at 31 March	1,133,032	589,778

The details of the post-emplyoment benefit expenses recognised in the statements of comprehensive income are as follows:

	2012	2011
Current service cost	516,059	222,866
Interest cost	47,740	29,441
Recognised actuarial (gain) or loss	-	(810)
	563,799	251,497

(Expressed in Thousand Rupiah, unless otherwise stated)

13. EMPLOYEE BENEFITS OBLIGATION (Continued)

The estimated liabilities for pension benefit obligations based on the actuarial report have been determined using the following assumptions:

	2012	2011
Discount rate	7%	9%
Annual salary increase	10%	10%
Retirement age	55	55
Employee	61	56

14. SHARE CAPITAL

The Entity's shareholders as of 31 March 2012 and 2011 are as follows:

Shareholders	Number of shares	USD	IDR	Percentage of ownership
Pricol, Ltd	1,499	1,499,000	15,154,890	99.93%
Pricol Holdings, Ltd	1	1,000	10,110	0.07%
Total	1,500	1,500,000	15,165,000	100.00%

Under Limited Liability Law No. 40 ("Law"), the Entity is required to set up a statutory reserve amounting to at least 20% of the Entity's issued and paid up capital. As of 31 March 2012 and 2011, the Entity has not yet established its reserve.

15. FOREIGN EXCHANGE RATE DIFFERENCE ON PAID IN CAPITAL

The capital of the Entity is stated in the articles of incorporation in both Indonesian and the United States currencies. Difference on foreign exchange of paid in capital issued represents fund received by the Entity as a result of the exchange differential between Indonesia Rupiah (IDR) equivalent to the United States Dollar (USD) as stated in the articles of incorporation and actual exchange rate ruling on the date the foreign currency capital was contributed by the shareholders.

16. SALES

	2012	2011
Export	106,552,798	30,228,929
Domestic	100,855,489	33,246,342
Material	17,655,654	-
Total	225,063,941	63,475,271

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17. COST OF GOODS SOLD

		2012	2011
Raw material and components			
Beginning		16,750,976	9,558,367
Purchase		159,485,542	54,960,420
Ending		(13,575,503)	(16,750,976)
Raw material used		162,661,015	47,767,811
Direct labor		22,666,920	3,988,708
Factory overhead		13,085,643	2,744,270
Production cost		198,413,578	54,500,789
Finished goods			
Beginning		1,212,809	836,556
Ending		(2,931,713)	(1,212,809)
Total		196,694,674	54,124,536

		2012	2011
The detail of factory overhead are as follows:			
Depreciation	(Note 8)	2,445,601	1,715,835
Water and electricity		776,123	407,074
Repair and maintenance		2,069,007	555,241
Consumable tools		7,794,912	66,120
Total		13,085,643	2,744,270

18. STAFF COST

		2012	2011
Salaries		25,066,686	8,698,285
Employee benefits		543,254	219,736
Total	(Note 19)	25,609,940	8,918,021

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19. EXPENSES BY NATURE

		2012	2011
Raw materials and packaging used		162,661,014	47,767,811
Staff cost	(Note 18)	25,609,940	8,918,021
Freight and forwarding		4,338,396	1,156,074
Depreciation	(Note 8)	3,586,824	2,763,581
Repair and maintenance		2,517,876	921,567
Travelling and transportation		1,136,300	1,084,638
Electricity and water		776,123	407,074
Professional charge		758,416	885,904
Printing and stationery		754,138	114,471
Communication		729,821	305,476
Changes in inventory of finished goods and work in process		(1,718,904)	(376,254)
Rental		386,605	79,300
Entertainment, advertisement and publicity		197,270	91,768
Rates, taxes and licence		158,358	556,871
Insurance		76,069	53,368
Consumable		7,794,912	-
Others		182,877	217,841
Total		209,946,035	64,947,511

20. RELATED PARTY BALANCES AND TRANSACTIONS

In running its business activities, the Entity has made transactions and financial records with its related party. The significant transactions are as follows:

Total trade payables to Pricol, Ltd were amounting to Rp 40,009,616 and Rp 27,523,501 on 31 March 2012 and 2011, respectively. Total other payables to Pricol, Ltd were amounting to Rp Nil and Rp 10,977,303 on 31 March 2012 and 2011, respectively.

The trade payables and other payables, the Entity has not entered into an agreement in writing and not be charged interest on the debt.

21. CAPITAL MANAGEMENT

In managing capital, the Entity safeguards its ability to continue as a going concern and to maximise benefits to the shareholders and other stakeholders.

The Entity actively and regularly reviews and manages its capital to ensure the optimal capital structure and return to the shareholders, taking into the consideration the efficiency of capital use based on operating cash flow and capital expenditures and also consideration of future capital needs.

(Expressed in Thousand Rupiah, unless otherwise stated)

22. FINANCIAL RISK MANAGEMENT

Considering that good risk management practice implementation could better support the performance of the Entity, hence the risk management would always be an important supporting element for the Entity in running its business. The target and main purpose of the implementation of risk management practices in the Entity is to maintain and protect the Entity through managing the risk of losses, which might arise from its various activities as well as maintaining risk level in order to match with the direction already established by the management of the Entity.

The Entity has exposure to the following risks from financial instruments, such as: credit risk, market risk and liquidity risk.

a. Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Entity's customers fail to fulfil their contractual obligations to the Entity. Credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables. The Entity places its cash and cash equivalents with reputable financial institutions, while trade and other receivables are entered with mostly done by cooperating with business partners who have a good reputation and through engagement or contract to mitigate the credit risk.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses represents the Entity's exposure to credit risk.

The Entity's customer is dominated by Denso Group, which represents 90% of the Entity's total revenue for the year ended 31 March 2012. Management believes that the credit risk is limited as the management has not experienced credit loss from such customer.

The table below illustrates the maximum exposure to credit risk and concentration risk by the Entity:

	Credit risk concentration		Maximum
	Corporate	Others	exposure
Trade receivables	29,661,010	-	29,661,010
Other receivable	409,220	-	409,220
Total	30,070,230	-	30,070,230

b. Market Risk

Market risks is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate, currency and price. Market risk attributable to the Entity is currency risk, since the Entity entered into transactions in foreign currencies and has financial assets and liabilities denominated in foreign currencies.

Market risks is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate, currency and price. Market risk attributable to the Entity is currency risk, since the Entity entered into transactions in foreign currencies and has financial assets and liabilities denominated in foreign currencies.

The risk management applied by the Entity in relation to the market risk is through selling to EOM.

22. FINANCIAL RISK MANAGEMENT (Continued)

c. Liquidity Risk

Liquidity risk is the risk of suffering loss from the gap between receipt and expenditures that may decrease the Entity's ability to meet its obligations as they fall due.

The risk management applied by the Entity in relation to the liquidity risk is through working capital requirement due to huge project coming.

23. PREPARATION OF THE FINANCIAL STATEMENTS

The Company's management was responsible for the presentation and disclosures of the financial statements for the year ended 31 March 2012 which have completed on 27 July 2012.