

**PT PRICOL SURYA**  
**FINANCIAL STATEMENTS**  
**For The Years Ended**  
**31 March 2013 and 2012**

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BOARD OF DIRECTORS' STATEMENT LETTER  
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013 AND 2012  
PT PRICOL SURYA

I, the undersigned:

Name : Magge Ramanathan Anil Kumar  
Office address : Jl. Permata Raya Lot FF2, Kawasan Industri KIIC  
Karawang 41361, Jawa 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. The PT Pricol Surya financial statements have been prepared and presented in accordance with generally accepted accounting principles 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 material information or material fact;
4. Responsible for PT Pricol Surya internal control system.

This statement letter is made truthfully.

Jakarta, 21 May 2013



Magge Ramanathan Anil Kumar  
President Director

Report No: RTS-2012.1011

**MSI Global Alliance**

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Jakarta 12530 Indonesia  
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**INDEPENDENT AUDITOR'S REPORT**

The Shareholders, Boards of Commissioners and Directors

**PT Pricol Surya**

We have audited the accompanying statement of financial position of PT Pricol Surya (the "Company") as of March 31, 2013 and the related statements of comprehensive income, changes in shareholders' 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. The financial statements of the Company for the year ended March 31, 2012 were audited by other independent auditors whose report dated July 27, 2012 expressed an unqualified opinion to those financial statements.

We conducted our audits in accordance with the auditing standards established by the Indonesian Institute of Public Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. 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, 2013 and the results of its operations and its cash flows for the years then ended, which are in conformity with the Indonesia Financial Accounting Standards.

**KAP RAZIKUN TARKOSUNARYO**



**DR. Muhammad Razikun, CPA**

License of Public Accountant AP.0652

May 21, 2013

The accompanying financial statements are not intended to present the financial positions, results 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 to audit such financial statements are those generally accepted and applied in Indonesia

PT PRICOL SURYA  
**STATEMENTS OF FINANCIAL POSITION**  
As of 31 March 2013 and 2012

(Expressed in thousands Rupiah, unless otherwise stated)

	Notes	2013	2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	16.317.248	10.180.864
Trade receivables	6	24.023.526	29.661.010
Inventories	7	11.414.370	16.507.216
Prepaid tax	12a	17.459.442	10.612.197
Other current assets	8	39.267	530.048
<b>Total Current Assets</b>		<b>69.253.853</b>	<b>67.491.335</b>
<b>Non Current Assets</b>			
Property, plant and equipment - net	9	40.771.274	39.057.967
Security deposits		5.000	39.720
Estimated claims for tax refund		-	822.390
Deferred tax assets	12d	505.759	271.305
<b>Total Non Current Assets</b>		<b>41.282.033</b>	<b>40.191.382</b>
<b>TOTAL ASSETS</b>		<b>110.535.886</b>	<b>107.682.717</b>

**PT PRICOL SURYA**  
**STATEMENTS OF FINANCIAL POSITION**  
As of 31 March 2013 and 2012

(Expressed in thousands Rupiah, unless otherwise stated)

	Notes	2013	2012
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables	10	48.203.951	65.941.104
Taxes payable	12b	2.526.512	70.762
Other current liabilities	11	584.123	3.361.268
Current maturities of long-term liabilities			
Long-term loans	13	27.474.666	25.561.500
<b>Total Current Liabilities</b>		<b>78.789.251</b>	<b>94.934.634</b>
<b>Long Term Liabilities</b>			
Long-term liabilities - net of current maturities			
Long-term loans	13	4.115.605	3.557.250
Post-employment benefits obligation	14	2.308.423	1.133.032
<b>Total Long Term Liabilities</b>		<b>6.424.028</b>	<b>4.690.282</b>
<b>TOTAL LIABILITIES</b>		<b>85.213.279</b>	<b>99.624.916</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock - Authorized, issued and fully paid- 2,500 shares in 2013 and 1,500 shares in 2012 with par value of Rp10,110,000 (USD1,000) per share	15	25.275.000	15.165.000
Foreign exchange differences on paid-in capital	16	(1.022.500)	(412.500)
Retained earnings (accumulated losses)		1.070.107	(6.694.699)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>25.322.607</b>	<b>8.057.801</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>110.535.886</b>	<b>107.682.717</b>

PT PRICOL SURYA  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands Rupiah, unless otherwise stated)

	Notes	2013	2012
SALES	17	179.614.198	225.063.941
COST OF GOODS SOLD	18	(146.842.714)	(196.694.674)
GROSS PROFIT		<u>32.771.484</u>	<u>28.369.267</u>
OPERATING EXPENSES			
General and administrative	19	(24.359.063)	(13.251.361)
OPERATING PROFIT		<u>8.412.421</u>	<u>15.117.906</u>
OTHER INCOME (EXPENSES)			
Gain on forex		71.880	5.621.696
Finance income		27.783	17.631
Finance expense		(1.783.335)	(3.770.923)
Other operating gain (loss)		4.040.904	(3.595.860)
Total Other Income (Expense)		<u>2.357.232</u>	<u>(1.727.456)</u>
PROFIT BEFORE INCOME TAX		<u>10.769.653</u>	<u>13.390.450</u>
PROVISION FOR INCOME TAX			
Current tax	12	(3.239.301)	(1.475.707)
Deferred tax benefits (expenses)	12	234.454	(3.227.642)
		<u>(3.004.847)</u>	<u>(4.703.349)</u>
NET INCOME		<u>7.764.806</u>	<u>8.687.101</u>
OTHER COMPREHENSIVE INCOME			-
COMPREHENSIVE INCOME FOR THE YEAR		<u><u>7.764.806</u></u>	<u><u>8.687.101</u></u>

**PT PRICOL SURYA**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands Rupiah, unless otherwise stated)

	Share Capital	Foreign exchange differences on paid-in capital	Retained Earnings	Total Shareholders' Equity
Balance as of 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 as of 31 March 2012	<b>15.165.000</b>	<b>(412.500)</b>	<b>(6.694.699)</b>	<b>8.057.801</b>
Paid up capital	10.110.000	(610.000)	-	9.500.000
Total comprehensive income for the year	-	-	7.764.806	7.764.806
Balance as of 31 March 2013	<b>25.275.000</b>	<b>(1.022.500)</b>	<b>1.070.107</b>	<b>25.322.607</b>



**PT PRICOL SURYA**  
**STATEMENTS OF CASH FLOWS**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands Rupiah, unless otherwise stated)

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Profit after tax	7.764.806	8.687.101
Adjustments to reconcile profit after tax to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.083.229	3.586.824
Interest expense	1.783.335	3.644.173
Loss on disposal of property, plant, and equipment	-	751.055
Employee benefit	1.175.391	543.254
Interest income	(22.930)	(17.631)
Corporate income tax	3.004.847	3.227.642
Operating cash flows before changes in working capital	<u>17.788.678,3</u>	<u>20.422.418</u>
Changes in working capital		
Trade receivables	5.637.483	(5.889.319)
Inventories	5.092.846	1.456.568
Other current assets	490.781	287.854
Prepaid Taxes	(6.847.245)	(6.471.827)
Security deposits	34.720	(5.000)
Estimated claim for tax refund	822.390	-
Trade payables	(17.737.153)	11.152.015
Other current liabilities	(2.777.145)	(9.702.861)
Taxes Payable	29.124	(56.278)
Payment of income tax	(812.674)	-
Net cash flows provided by operating activities	<u>1.721.803</u>	<u>11.193.570</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, plant and equipment	(5.796.535)	(5.476.158)
Proceeds from disposal on Property, plant and equipment	-	401.271
Net cash flows used in investing activities	<u>(5.796.535)</u>	<u>(5.074.887)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bank loan	2.471.521	3.536.063
Proceeds for interest	22.930	17.631
Payment for interest	(1.783.335)	(3.644.173)
Paid up capital	9.500.000	-
Net cash flows provided by (used in) financing activities	<u>10.211.116</u>	<u>(90.479)</u>
Net increase in cash and cash equivalents	6.136.384	6.028.204
Cash and cash equivalents at beginning of the year	<u>10.180.864</u>	<u>4.152.660</u>
Cash and cash equivalents at the end of the year	<u><u>16.317.248</u></u>	<u><u>10.180.864</u></u>

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

**1. GENERAL**

PT Pricol Surya (the "Company"), is a foreign direct investment Company established under the framework of 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, Paromuan 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 of Gazette No. 15 dated 21 February 2006, Supplement No. 1914. The Company 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 Company was done by upper change in the Company'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 Company have been amended several times and most recently was amended by Notarial deed of Tafieldi Nevawan, S.H., No. 315 dated 21 September 2012, concerning changes the Company's Board of Directors. Up to date in this report, the amandement has not been approved by Ministry of Laws and Human Rights of Republic Indonesia.

In accordance with Article 3 of the Company'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 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 Company started its commercial activity on 11 April 2007.

The Composition of the Company's Commissioner and Board of Directors as of 31 March 2013 is as follows:

President Commissioners	:	Mr. Damotharan Vijay Mohan
Commissioners	:	Mr. Vikram Mohan Mr. Venkatraman Ramakrishnan Mr. Keiji Nakajima
President Director	:	Magge Ramanathan Anil Kumar
Directors	:	Mr. Krishan Kutty Udhaya Kumar

The Composition of the Company's Commissioner and Board of Directors as of 31 March 2012 is as follows:

Commissioners	:	Mr. Damotharan Vijay Mohan
President Director	:	Magge Ramanathan Anil Kumar
Directors	:	Mr. Krishan Kutty Udhaya Kumar Mr. Venkatraman Ramakrishnan

The Number of Company's Employees as of 31 March 2013 and 2012 were 145 and 61 persons (Unaudited).

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

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**2. NEW/ REVISED ACCOUNTING STANDARDS**

Following are revised statements of financial accounting standards ("SFAS") and interpretations of financial accounting standards ("IFAS") which effective in 2012 and relevant with the Company's operation.

- SFAS 10: "The Effects of Changes in Foreign Exchange Rates"
- SFAS 24: "Employee Benefits"
- SFAS 46 : "Income Taxes"
- SFAS 50: "Financial Instruments: Presentation"
- SFAS 56: "Earnings per Share"
- SFAS 60: "Financial Instruments: Disclosures"
- PPSAK 6: "Withdrawal of SFAS 21 (Accounting for Equity), IFAS 1 (Determination of Market Value of Share Dividends), IFAS 2 (Presentation of Capital and Receivables from Share Subscribers) and IFAS 3 (Accounting for Donation or Assistance)"

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Compliance Statements**

The Company's Management stated that the financial statements for the year ended 31 March 2013 and 2012 has been prepared in accordance with Indonesian Financial Accounting Standards and comply with all the requirements.

The financial statements are not intended to present the financial position, results of operations and cash flow in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

**b. Basis of Preparation of Financial Statements**

The financial statements consist of statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity, statements of cash flow and notes to the financial statements.

The financial statements are prepared based on going concern basis. The financial statements, except for statements of cash flow have been prepared on historical cost concept and accrual basis.

Statements of cash flow presents the sources and uses of cash and cash equivalents on the basis of operating, investing and financing activities. Operating cash flow statement prepared using the indirect method.

The Company's functional currency is Rupiah. The reporting currency used in the preparation of these financial statements is Indonesian Rupiah. All figures presented in the notes to the Company's financial statements represent in the thousand amounts, unless otherwise stated.

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

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

**c. Foreign Currency Transaction and Balances**

The Company's books and records are maintained in Indonesian Rupiah. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated into Rupiah at the middle rate of Bank Indonesia at that date. Gains or losses arising from foreign exchange transaction are credited or charged to the statement of comprehensive income in the current period.

	2013	2012
U.S Dollar (USD) 1	9.719,00	9.180,00
Japan Yen (JPY) 1	103,23	111,76
Thailand Baht (THB) 1	332,22	297,57
Singapore Dollar (SGD) 1	7.816,16	7.308,64
Indian Rupee (INR) 1	179,54	195,05

**d. Cash and Cash Equivalents**

Cash and cash equivalents consisted of cash, bank and all investment that will mature in or less than three (3) months since the date of placement and were not pledged as a collateral and no limitation for using.

**e. Transactions with Related Parties**

The Company enters into transactions with related parties as defined in accordance with SFAS 7 (Revised 2010) "Related party disclosures".

Related party represents a person or an entity who is related to the reporting entity:

(a) A person or a close member of the person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

All major transactions with related parties have been disclosed in the notes to the financial statements.

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

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

**f. Financial Assets and Liabilities**

According to the Statement of Financial Accounting Standards ("SFAS") 50 (Revised 2010) "Financial Instruments: Presentation and Disclosures" and SFAS 55 (Revised 2011) "Financial Instruments: Recognition and Measurement" are applicable for financial statements covering periods beginning on or after 1 January 2010. Accounting policies of the Company on financial assets and liabilities are as follows:

**1) Financial Assets**

Financial assets are classified into the categories of (i) financial assets at fair value through profit or loss; (ii) loans and receivables, (iii) held-to-maturity financial assets and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets classified as held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking.

**(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. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Loans and receivables consist of net investment in finance leases, other receivables and other assets.

**(iii) Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- a). those that the Company upon initial recognition designates as at fair value through profit or loss;
- b). those that the Company designates as available for sale; and
- c). those that meet the definition of loans and receivables.

These are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest rate method.

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012  
(Expressed in thousands of Rupiah, unless otherwise stated)

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

**f. Financial Assets and Liabilities (continued)**

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to need for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial assets are derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of changes in equity is recognised in the income statement. However, interest is calculated using the effective interest rate method, and foreign currency gains or losses on monetary assets classified as available-for-sale are recognised in the current year statement of income.

**2) Financial Liabilities**

The Company classifies its financial liabilities into the categories of (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities measured at amortised cost.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are classified as held for trading. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial liabilities are included in "foreign exchange gain/loss".

(ii) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit and loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are other payables, accrued expenses, loans and bonds.

**PT PRICOL SURYA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended 31 March 2013 and 2012  
(Expressed in thousands of Rupiah, unless otherwise stated)

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

**f. Financial Assets and Liabilities (continued)**

**3) Fair Value Estimation**

The Company uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as coal swaps, fuel swaps and forward contracts. For these financial instruments, inputs into models are generally market observable.

The fair value of financial instruments that are not traded in active markets are determined by using valuation techniques. The Company uses discounted cashflow methods and makes assumptions that are based on market conditions existing at each balance sheet date which are used to determine fair value for the financial instruments.

**g. Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful accounts.

Provision for doubtful accounts are established when there is objective evidences that outstanding amounts will not be collected. Doubtful accounts are written-off during the period in which they are determined to be not collectible.

**h. Inventories**

Inventories are carried at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

A provision for obsolete and slow moving inventory is determined on the basis of estimated future usage or sale of individual inventory items. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amounts of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognised as reduction in the amount of inventories recognised as expense in the period in which the reversal occurs.

PT PRICOL SURYA  
NOTES TO FINANCIAL STATEMENTS  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property, Plant and Equipment

Property, plant and equipment are recorded initially at cost, which comprises its purchase price and any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The cost of self-constructed assets is determined using the same principles as for an acquired asset. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is applied from the date the assets are put into service or when the assets are ready for service. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated. Fully depreciated assets are retained the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

All property, plant and equipment are depreciated using the straight-line method, over their respective estimated useful lives as follows:

	Depreciation rate	Years
Building and Factory	5%	20
Factory machine	12,5%	8
Factory equipment	25%	4
Office equipment, furniture and fixture	25%	4

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that such residual values, useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Subsequent expenditures such as replacement and major inspection are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the cost of the item can be measure reliably. The carrying amount of those parts that are replaced or any remaining carrying amounts of the cost of the previous inspection is derecognised. The costs of day-to-day servicing of an asset are recognised as an expense in the period in which they are incurred.

When an assets is disposed of or when no future economic benefits are expected from its use or disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts. Any resulting gain or losses from de-recognition of an item of plant and equipment is included in the statements of comprehensive income.



PT PRICOL SURYA  
NOTES TO FINANCIAL STATEMENTS  
For the years ended 31 March 2013 and 2012

(Expressed in thousands of Rupiah, unless otherwise stated)

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

**j. Impairment of non-financial assets**

The Company's plant and equipment and intangible assets are tested for impairment whenever events of change in circumstances indicate that the carrying amount may not be recoverable.

For purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

**k. Provision for Employee Entitlements**

The Company held a short-term employee benefits and post employment benefits.

Short term employee benefits are benefits which are payable within 12 (twelve) months or less from the date of the report. Short term employee benefits include a monthly salary or other benefits. Short term employee benefits are charged as incurred.

Employee entitlements to service and compensation payments relating to the employee's separation, gratuity and compensation are recognised. A provision is made for the estimated liability as result of past service rendered by employees up to the reporting date and is calculated based on the Manpower Law No. 13/2003 issued by the Government of the Republic of Indonesia on April 2003.

The cost of providing 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's defined benefit obligations is recognised on straight line basis over the expected average remaining working of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

The benefit obligation 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 cost, and reduced by the fair value of plan assets.

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

**l. Revenue and Expense Recognition**

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Sale of goods – Revenue is recognised when the risks and rewards of ownership of the goods have passed to the buyer, i.e. generally when the goods are delivered to the customers.
- (ii) Interest income – Revenue is recognised as the interest accrues taking into account the effective yield of the asset.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied.

Expenses are recognised upon utilization for the service or at the date they are incurred.

**m. Taxation**

Current tax expense is determined based on the estimated taxable income for the year computed using prevailing tax rates. Tax is recognised in the comprehensive statements of income, except to the extent that it relates to items recognised directly to equity.

Deferred income tax is provided for the timing differences in the recognition of income and expenses for financial reporting and income tax purpose. The accounting treatment is in conformity with the Statement Financial Accounting Standard (SFAS) 46, Accounting for Income Taxes.

Deferred tax is accounted for using the current tax tariff or substantially applicable tax tariff at the balance sheet date. Deferred tax are charged or credited to the statement of comprehensive income in the current period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Adjustments to taxation obligation are recorded when an assessment is received, or, if appealed, when the result of the appeal are determined.

**n. Segment Information**

A business segment information is a distinguishable information of business component producing particular products or services that has different characteristic of risks and returns with the other business components. The Company operates and manages the business in single segment which utilizes the existing plants and infrastructures.

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**4. SOURCE OF ESTIMATION UNCERTAINTY**

**a. Judgements**

The preparation of financial statements, in conformity with Indonesian Financial Accounting Standards requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates.

The following judgements are made by management in the process of applying the accounting policies that have the most significant effects on the amounts recognised in the financial statements:

Classification of Financial Assets and Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS 55 (Revised 2011).

Allowance for Impairment Loss of Receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgement, based on available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expect to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for doubtful accounts.

**b. Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/ period are disclosed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

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4. SOURCE OF ESTIMATION UNCERTAINTY (Continued)

Employee Benefits

The determination of the obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increase rate, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the assumptions which effects are more than 10% of the defined benefit obligations are deferred and being amortized on a straight-line basis over the expected average remaining service years of the qualified employees. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the actual results or significant changes in the assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

Depreciation of Plant and Equipment

The costs of Fixed assets are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these Fixed assets within the range of 4 to 20 years. These are common life expectancies applied in the Industries where the Company conducts its businesses.

Financial Instruments

The Company carry certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Company utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the profit or loss.

Income Tax

Significant judgement is involved in determining provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognize liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

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**5. CASH AND CASH EQUIVALENTS**

	<u>2013</u>	<u>2012</u>
Cash on hand	26.288	13.165
Cash in banks	16.290.960	10.167.699
<b>Total</b>	<b><u>16.317.248</u></b>	<b><u>10.180.864</u></b>

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

	<u>2013</u>	<u>2012</u>
Indonesian (IDR)	6.555.980	6.217.700
United States Dollar (USD)	9.761.268	3.963.164
<b>Total</b>	<b><u>16.317.248</u></b>	<b><u>10.180.864</u></b>

**6. TRADE RECEIVABLES**

	<u>2013</u>	<u>2012</u>
<b>Third parties :</b>	24.023.526	29.661.010
Less: allowance for impairment of trade receivables		
<b>Net</b>	<b><u>24.023.526</u></b>	<b><u>29.661.010</u></b>

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

Trade receivable are denominated in the following customers:

	<u>2013</u>
<b>Third parties :</b>	
Denso Corporation Japan	11.935.835
PT Dharmawan Metal Mekanikal	3.082.246
PT Denso Sales Indonesia	2.573.391
PT Yamana Indonesia Motor Mfg.	1.308.944
Tata Motors Thailand, Ltd.	1.490.949
Vietnam Suzuki Motor Co., Ltd.	898.616
PT Space Indonesia	556.738
PT Kawasaki Motor Indonesia	665.085
PT Dae Hwa Indonesia	407.180
PT Suzuki Indomobil Motor	322.453
Suzuki Philiphine Incorporated	174.805
Thailand Suzuki Motor Co., Ltd	120.567
PT Hanshin	151.699
PT Koti	105.122
PT Leoco Indonesia	137.577
Other (below Rp100,000, each)	92.320
<b>Total</b>	<b><u>24.023.526</u></b>

Based on Management's evaluation in determining whether the balance of trade receivables are impaired at 31 March 2013 and 2012, both individually or collectively, the management believes that no objective evidences that receivables are not collectible.

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**7. INVENTORIES**

	<u>2013</u>	<u>2012</u>
Raw Materials	9.474.348	13.575.503
Finished goods	1.940.022	2.931.713
<b>Total</b>	<b><u>11.414.370</u></b>	<b><u>16.507.216</u></b>

Inventories are covered by insurance against losses from fire and other risk under a policy package with insurance coverage totalling USD1,500,000 as of 31 March 2013 and 2012, respectively, which management believes is adequate to cover possible losses that may arise from the insurance risk.

**8. OTHER CURRENT ASSETS**

	<u>2013</u>	<u>2012</u>
Other Receivables	-	409.220
Advance and prepaid expenses	39.267	120.828
<b>Total</b>	<b><u>39.267</u></b>	<b><u>530.048</u></b>

**9. PROPERTY, PLANT AND EQUIPMENT**

<u>2013</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Acquisition Cost</b>				
Land	13.288.380	-	-	13.288.380
Building	18.393.324	930.514	-	19.323.838
Machinery	8.274.884	5.736.666	-	14.011.550
Office Equipment	3.918.577	99.050	-	4.017.627
Factory Equipment	7.156.334	-	-	7.156.334
	<u>51.031.499</u>	<u>6.766.230</u>	<u>-</u>	<u>57.797.729</u>
Construction in Progress	969.695	5.056.549	6.026.244	-
	<u>52.001.194</u>	<u>11.822.779</u>	<u>6.026.244</u>	<u>57.797.729</u>
<b>Accumulated Depreciation</b>				
Building	4.830.410	922.998	-	5.753.408
Machinery	2.422.431	1.305.145	-	3.727.576
Office Equipment	2.545.075	400.622	-	2.945.697
Factory Equipment	3.145.311	1.454.464	-	4.599.775
	<u>12.943.227</u>	<u>4.083.229</u>	<u>-</u>	<u>17.026.456</u>
<b>Carrying Amount</b>	<b><u>39.057.967</u></b>			<b><u>40.771.274</u></b>

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

<u>2012</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Acquisition Cost</b>				
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
	<u>46.631.768</u>	<u>4.506.464</u>	<u>106.733</u>	<u>51.031.499</u>
<b>Construction in Progress</b>	1.055.099	969.695	1.055.099	969.695
	<u>47.686.867</u>	<u>5.476.159</u>	<u>1.161.832</u>	<u>52.001.194</u>
<b>Accumulated Depreciation</b>				
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
	<u>9.365.908</u>	<u>3.586.824</u>	<u>9.505</u>	<u>12.943.227</u>
<b>Carrying Amount</b>	<u><u>38.320.959</u></u>			<u><u>39.057.967</u></u>

Management believes that the carrying values of all assets of the Company are fully recoverable, and hence, no write-down for impairment in asset value is necessary for the years ended in 31 March 2013 and 2012.

Directly acquired plant, building and machinery are used as collateral for Bank Notes (Notes 13).

Property, plant and equipment are covered by insurance against losses from fire and other risk under a policy package with insurance coverage totalling USD3,424,269 as of 31 March 2013 and 2012, 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:

	<u>2013</u>	<u>2012</u>
Cost	-	1.161.832
Accumulated Depreciation	-	(9.505)
Carrying amount	-	1.152.327
Sales Price	-	(401.272)
<b>Loss on disposal of property, plant and equipment</b>	<u>-</u>	<u>751.055</u>

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**10. TRADE PAYABLES**

	<u>2013</u>	<u>2012</u>
Third parties	29.128.718	25.931.488
Related parties	19.075.233	40.009.616
<b>Total</b>	<b><u>48.203.951</u></b>	<b><u>65.941.104</u></b>

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

Trade payables are denominated in the following vendors:

	<u>2013</u>
<b><u>Related Parties</u></b>	
Pricol Limited	17.534.941
Pricol Asia Pte Ltd	1.282.908
Johnson Control Pricol Pvt. Ltd.	241.164
Pricol Cargo Ltd	15.232
Pricol Ltd	988
	<u>19.075.233</u>
<b><u>Third parties :</u></b>	
PT Dharmawan Metal Mekanikal	6.661.977
PT Honoris Industry	3.357.092
Herriot International PTE, Ltd.	1.865.664
PT Space Indonesia	1.346.339
PT Indonesia Hanshin Electric	1.047.420
PT Adyawinsa Dinamika Karawang	929.999
PT Katolec Indonesia	801.854
PT Preshion Engplas	783.212
PT SBP Indonesia	691.600
Toshiba Lighting Hong Kong Ltd	634.165
PT Alpha Integrated	529.488
PT Difa Kreasi	522.068
Qtech Hongkong Limited	521.374
PT Tas Puninar Express Indonesia	786.296
PT NYK New Wave Logistics Indonesia	472.864
Shinko Asia ( Malaysia) Sdn Bhd	437.355
PT Naga Pacific	432.935
PT Yeong Shin Indonesia	388.168
PT Global - Pak Indonesia	373.978
PT Sarana Gemilang Utama	322.198
PT Leoco Indonesia	299.071
PT Sagatekindo Sejati	227.263
PT Dae Hwa Indonesia	207.418
PT Koti	206.853
PT Sarana Gemilang Utama	190.375
Juken Uniproducs Pvt Ltd	169.055



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**10. TRADE PAYABLES (Continued)**

	<u>2013</u>
	24.206.081
JLC Electromet Pvt Ltd	165.907
MSM (Thailand) Co, Ltd	162.078
Catering	159.208
PT Naga Pacific	143.781
PT Tas Puninar Express Indonesia	138.012
PT Banshu Rubber Indonesia	135.886
Alam Jaya Rent Car	129.719
PT Alda Henko Internusa	123.888
ARRK Malaysia Sdn Bhd	122.459
PT Forklift Rental Indonesia	116.640
PT Duta Teknik	115.089
PT Solid Base Technology	113.257
PT Wika Perdana	111.690
PT Jamsostek	104.356
PT Sumitomo Electric Wintec Indonesia	102.785
Other (below Rp100,000, each)	2.977.880
	<u>29.128.718</u>
	<u>48.203.951</u>

**11. OTHER CURRENT LIABILITIES**

	<u>2013</u>	<u>2012</u>
Accrued expenses	584.123	3.361.268
<b>Total</b>	<u><b>584.123</b></u>	<u><b>3.361.268</b></u>

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:

	<u>2013</u>	<u>2012</u>
United States Dollar (USD)	-	632.812
Indonesia Rupiah (IDR)	584.123	2.728.456
<b>Total</b>	<u><b>584.123</b></u>	<u><b>3.361.268</b></u>

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12. TAXATION

	2013	2012
<b>a. Prepaid Tax</b>		
Value Added Tax- Input	17.459.442	10.612.197
<b>b. Tax Payable</b>		
Income Tax Article 21	74.832	36.359
Income Tax Article 23	17.224	9.340
Income Tax Article 26	-	17.233
Income Tax Article 29	2.434.456	7.830
<b>Total</b>	<b>2.526.512</b>	<b>70.762</b>

**c. Fiscal Computation**

A reconciliation between profit before income tax as presented in the statements of comprehensive income and estimate taxable income for the years ended 31 March 2013 and 2012, are as follows:

	2013	2012
Profit before tax benefit	10.769.653	13.390.450
<b>Permanent differences</b>		
Non-deductible expenses:		
Employee costs	96.320	1.726.464
Disposal of assets	-	751.055
Rental	-	311.610
Repair and maintenance	-	224.435
Entertainment	207.681	197.270
Rate, taxes and licenses	864.038	158.358
Insurance	-	38.035
Other operating loss	-	3.027.679
Donation	108	-
Communication expenses	58.505	-
Membership Subscription	6.200	-
Unrealise forex	-	(1.996.032)
Interest income	-	(17.631)
Participation Fee	16.883	-
	<b>1.249.735</b>	<b>4.421.243</b>
<b>Temporary differences</b>		
Depreciation	(237.576)	1.298
Employee benefit expenses	1.175.391	543.254
	<b>937.815</b>	<b>544.552</b>
<b>Estimated taxable income</b>	<b>12.957.203</b>	<b>18.356.245</b>

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**12. TAXATION (Continued)**

**c. Fiscal Computation (Continued)**

Compensation taxable losses can be utilised to compensate taxable profit:

	2013	2012
Estimated taxable income	12.957.203	18.356.245
Compensation fiscal loss		
-2007	-	(1.166.805)
-2008	-	(10.875.500)
-2011	-	(411.110)
	<u>-</u>	<u>(12.453.415)</u>
Estimated taxable income after compensation taxable losses	<u>12.957.203</u>	<u>5.902.830</u>
Estimated income tax	3.239.301	1.475.708
Tax credit:		
Income Tax Article 22	(799.625)	(1.467.877)
Income Tax Article 25	(5.219)	-
	<u>-</u>	<u>-</u>
Estimated tax payable	<u>2.434.456</u>	<u>1.475.708</u>

Under the taxation law of Indonesia, the company submits tax return on a self assessment basis. The tax authorities may assess or amend the amount of tax payables within 5 (five) years from date the tax became due. Amendments to the Company's taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the 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:

	31 March 2012	Credited to statements of comprehensive income	31 March 2013
Deferred Tax Assets			
Fiscal loss	-		-
Depreciation	(11.953)	(59.394)	(71.347)
Employee benefit	283.258	293.848	577.106
	<u>271.305</u>	<u>234.454</u>	<u>505.759</u>

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**12. TAXATION (Continued)**

d. Deferred Tax Assets (continued)	31 March 2011	Credited to statements 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
<b>Total</b>	<b>3.498.947</b>	<b>(3.227.642)</b>	<b>271.305</b>

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

**13. BANK LOAN**

	2013	2012
ICICI Bank, Singapore Branch	3.725.813	10.671.750
PT Bank Danamon Indonesia Tbk	27.864.459	9.267.000
PT Bank DBS Indonesia	-	9.180.000
	<b>31.590.271</b>	<b>29.118.750</b>
<b>Current maturities of long-term bank loan</b>		
ICICI Bank, Singapore Branch	(3.725.813)	(7.114.500)
PT Bank Danamon Indonesia Tbk	(23.748.854)	(9.267.000)
PT Bank DBS Indonesia	-	(9.180.000)
	<b>(27.474.666)</b>	<b>(25.561.500)</b>
<b>Long Term bank loan - net of non-current maturities</b>		
PT Bank Danamon Indonesia Tbk	4.115.605	-
ICCI Bank, Singapore Branch	-	3.557.250

The Company obtained uncommitted revolving credit facility from PT Bank DBS Indonesia, with a maximum limit of USD1,000,000, and bears interest rate at 5,00 % p.a. The loan is secured by the stand-by letter of credit from DBS Bank Ltd, Salem branch, India. The loan have been fully paid 9 June 2012.

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**13. BANK LOAN (Continued)**

The Company obtained Open Account facility from PT Bank Danamon Indonesia Tbk, with a plafond of USD2,500,000 or IDR23,750,000,000 and bears interest rate at 6% p.a. for USD or 11% p.a. for IDR ; and term-loan facility with maximum amount of USD1,000,000, for 36 months period and bears interest rate of 6,5% p.a. The loan will be due in 5 May 2015, with the following guarantees:

- a. APHT I untuk SHGB No. 00028 sebesar Rp18.957.055.000
- b. APHT II untuk SHGB No. 00028 sebesar Rp4.417.000.616
- c. APHT I Untuk SHGB No. 00313 sebesar Rp8.476.945.000
- d. APHT II untuk SHGB No. 00313 sebesar Rp1.975.399.384
- e. Inventory An PT Pricol dengan nilai pinjaman sebesar Rp7.565.000.000
- f. MD same currency 100% (TCM) An. Debitur atau pihak lain sesuai ketentuan Bank Danamon
- g. Corporate Guarantee An. Pricol Limited

The Company obtained term loan facility from ICICI Bank, Singapore Branch, with credit limit of USD3,100,000, and bears interest rate at 5,8% p.a. The loan is secured by the Company 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 31 May 2013.

**14. POST-EMPLOYMENT BENEFITS OBLIGATION**

The Company has a wholly unfunded defined benefit pension plan covering substantially all of its regulator employees. The Company 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 Company's obligation on provision for post-employment benefits are as follows:

	2013	2012
<b>Funded status</b>		
Present value of net obligation	2.369.962	1.137.918
Unrecognised pass service cost - non vested	-	-
Unrecognised actuarial gain or (loss)	(61.539)	(4.886)
<b>Obligation at 31 March</b>	<b>2.308.423</b>	<b>1.133.032</b>

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**14. EMPLOYEE BENEFITS OBLIGATION (Continued)**

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

	2013	2012
Obligation at 1 April	1.133.032	589.778
Expense recognised during the year	1.175.391	563.799
Actual benefit payment	-	(20.545)
Obligation at 31 March	<u>2.308.423</u>	<u>1.133.032</u>

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

	2013	2012
Current service cost	1.095.737	516.059
Interest cost	79.654	47.740
Recognised actuarial (gain) or loss	-	-
	<u>1.175.391</u>	<u>563.799</u>

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

	2013	2012
Discount rate	6,50%	7,00%
Annual salary increase rate	10,00%	10,00%
Retirement age (year)	55	55
Employee (persons)	145	61

**15. SHARE CAPITAL**

In 2012, as stated in notarial deed of Tafieldi Nevawan, S.H., No. 315 dated 21 September 2012, the Company increased authorized and paid up capital amounting to 1,000 ordinary shares or equivalent to Rp10,110,000,000. The composition of shareholders and their percentage of ownership as of 31 March 2013 is as follows:

Shareholders	Number of shares	USD (in thousand)	IDR (In thousand)	Percentage of ownership
Pricol, Ltd	2.499	2.499	25.264.890	99,96%
Pricol Holdings, Ltd	1	1	10.110	0,04%
Total	<u>2.500</u>	<u>2.500</u>	<u>25.275.000</u>	<u>100,00%</u>

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**15. SHARE CAPITAL (Continued)**

The Company's shareholders as of 31 March 2012 is as follows:

Shareholders	Number of shares	USD (in thousand)	IDR (In thousand)	Percentage of ownership
Pricol, Ltd	1.499	1.499	15.154.890	99,93%
Pricol Holdings, Ltd	1	1	10.110	0,07%
<b>Total</b>	<b>1.500</b>	<b>1.500</b>	<b>15.165.000</b>	<b>100,00%</b>

Capital Management

The primary objective of the Company's capital management is to ensure that healthy capital ratio is maintained in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments, based on changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes during the periods presented.

The Company's policy is to maintain a healthy capital structure in order to secure access to finance at a reasonable cost.

**16. 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 Company 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.

**17. SALES**

	2013	2012
Export	114.510.763	106.552.798
Domestic	65.103.435	100.855.489
Material	-	17.655.654
<b>Total</b>	<b>179.614.198</b>	<b>225.063.941</b>

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**18. COST OF GOODS SOLD**

	<u>2013</u>	<u>2012</u>
Raw material and components		
Beginning	13.575.503	16.750.976
Purchase	119.169.578	159.485.542
Ending	<u>(9.474.348)</u>	<u>(13.575.503)</u>
Raw material used	123.270.733	162.661.015
Direct Labor	15.075.795	22.666.920
Factory overhead	<u>7.504.495</u>	<u>13.085.643</u>
Production cost	145.851.023	198.413.578
Finished goods		
Beginning	2.931.713	1.212.809
Ending	<u>(1.940.022)</u>	<u>(2.931.713)</u>
<b>Total</b>	<u><b>146.842.714</b></u>	<u><b>196.694.674</b></u>
	<u>2013</u>	<u>2012</u>
The detail of factory overhead areas follows :		
Depreciation	2.759.609	2.445.601
Water and electricity	775.848	776.123
Repair and maintenance	2.711.169	2.069.007
Consumable tools	<u>1.257.869</u>	<u>7.794.912</u>
<b>Total</b>	<u><b>7.504.495</b></u>	<u><b>13.085.643</b></u>



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**19. GENERAL AND ADMINISTRATIVE EXPENSE**

	<u>2013</u>	<u>2012</u>
Staff Cost	10.082.014	2.943.020
Freight and forwarding	2.914.160	4.338.396
Depreciation	1.323.621	1.140.519
Travelling and transportation	1.444.155	1.136.300
Professional charge	2.779.759	758.416
Printing and stationery	780.332	754.138
Communication	1.583.347	729.821
Entertainment, advertisement and publicity	1.495.205	197.270
Rates, taxes and license	1.543.986	158.358
Insurance	16.967	76.069
Bank charges	113.563	126.750
Others	281.954	892.304
<b>Total</b>	<b><u>24.359.063</u></b>	<b><u>13.251.361</u></b>

**20. RELATED PARTIES BALANCES AND TRANSACTIONS**

In running its business activities, the Company 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 Rp19,075,233 and Rp40,009,616 on 31 March 2013 and 2012, respectively.

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

**21. FINANCIAL RISK MANAGEMENT**

Considering that good risk management practice implementation could better support the performance of the Company, hence the risk management would always be an important supporting element for the Company in running its business. The target and main purpose of the implementation of risk management in the Company is to maintain and protect the Company 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 Company.

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**21. FINANCIAL RISK MANAGEMENT (Continued)**

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

**a. Credit Risks**

Credit risk is the risk of suffering financial loss, should any of the Company's customers fail to fulfil their contractual obligations to the Company. Credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables. The Company 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 Company's exposure to credit risk.

The Company's customer is dominated by Denso Group, which represents 69% of the Company's total revenue for the year ended 31 March 2013. 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 Company:

	Credit Risk Concentration (31/3/13)		Maximum Exposure
	Corporate	Others	
Trade Receivables	24.023.526	-	24.023.526
Other receivables	-	-	-
<b>Total</b>	<b>24.023.526</b>	<b>-</b>	<b>24.023.526</b>

**b. Market Risks**

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

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

**c. Liquidity Risks**

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

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

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**22. ASSETS AND LIABILITIES IN FOREIGN CURRENCY**

	2013					
	USD (Full Amount)	THB (Full Amount)	INR (Full Amount)	SGD (Full Amount)	JPY (Full Amount)	IDR Equivalent (in thousand)
<b><u>Aset</u></b>						
Cash and Cash Equivalent	1.225.600	3.000	8.500	-	-	9.761.268
Trade Receivables	276.257	-	-	-	-	2.684.942
	<u>1.501.857</u>	<u>3.000</u>	<u>8.500</u>	<u>-</u>	<u>-</u>	<u>12.446.210</u>
<b><u>Liabilities</u></b>						
Trade Payables	559.395	-	110.921.618	152	1.639.572	12.959.216
Bank Loan	2.389.401	-	-	-	-	23.394.628
	<u>2.948.796</u>	<u>-</u>	<u>110.921.618</u>	<u>152</u>	<u>1.639.572</u>	<u>36.353.844</u>

**23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Following is the financial assets and financial liabilities of the Company as of December 31 March 2013 and 2012:

	31 March 2013			
	Total	Loans and Receivables	Fair value through profit and loss	Other financial assets and liabilities
<b>Financial assets</b>				
Cash and Cash Equivalent	16.317.248	16.317.248	-	-
Trade Receivables	24.023.526	24.023.526	-	-
Other receivables	-	-	-	-
	<u>40.340.774</u>	<u>24.023.526</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Trade payables	48.203.951	-	-	48.203.951
Accrued expenses	584.123	-	-	584.123
	<u>48.788.074</u>	<u>-</u>	<u>-</u>	<u>48.788.074</u>

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**23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

	31 March 2012			Other financial assets and liabilities
	Total	Loans and Receivables	Fair value through profit and loss	
<b>Financial assets</b>				
Cash and Cash Equivalent	10.180.864	10.180.864	-	-
Trade Receivables	29.661.010	29.661.010	-	-
Other receivables	-	-	-	-
	<u>39.841.874</u>	<u>29.661.010</u>	-	-
<b>Financial liabilities</b>				
Trade payables	65.941.104	-	-	65.941.104
Accrued expenses	3.361.268	-	-	3.361.268
	<u>69.302.372</u>	-	-	<u>69.302.372</u>

**24. PREPARATION AND COMPLETION OF THE FINANCIAL STATEMENTS**

The Company's management was responsible for the presentation and disclosure of the financial statements for the year ended 31 March 2013 which have completed on 21 May 2013.