

PT PRICOL SURYA

A Development Stage Company

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

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENT AS AT 31st MARCH 2007 AND FOR PERIOD SINCE THE DATE OF ESTABLISHMENT ON DECEMBER 28, 2005 UNTIL MARCH 31, 2006

We the undersigned

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

Declare that:

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

2. PT Pricol Surya financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia.
3. a. All information in the PT Pricol Surya financial statements has been disclosed in a complete and truthful manner.
b. PT Pricol Surya financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact.
4. We are responsible for PT Pricol Surya internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Directors
Jakarta,
April 30, 2007
Niranjana Rudraswamy
President Director



PT Pricol Surya

INDEPENDENT AUDITOR'S REPORT

Report No : 033/SBR/IV/2007

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

We have audited the accompanying balance sheet of PT Pricol Surya as of March 31, 2007 and 2006, and the related statements of income, changes in equity and cash flows for the year ended March 31, 2007 and period from December 28, 2005 (date of establishment) through March 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Pricol Surya as of March 31, 2007 and 2006, and the results of its operations, changes in equity and its cash flows for the year ended March 31, 2007 and period from December 28, 2005 (date of establishment) through March 31, 2006 in conformity with accounting principles generally accepted in Indonesia.

April 30, 2007

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

Notice for readers

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

BALANCE SHEET AS OF MARCH 31, 2007

**STATEMENT OF INCOME FOR THE YEAR
ENDED MARCH 31, 2007**

(Expressed in Indonesian Rupiah★)			
	Notes	As of March 31, 2007	As of March 31, 2006
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2a,3	1.822.890.008	126.056.374
Other receivables		81.723.073	60.584.151
Advances payment	4	520.268.800	—
Inventory	2b,5	775.256.661	—
Prepaid expenses		87.489.045	—
Prepaid taxes	9a	3.388.255.506	1.568.201.155
Total Current Assets		<u>6.675.883.093</u>	<u>1.754.841.680</u>
NON CURRENT ASSETS			
Property, plant and equipment – net	2c,6	34.429.384.554	19.122.815.974
Deposit		45.420.440	—
Deferred tax assets	2d, 9d	958.604.935	2.454.986
Pre operating expense		873.187.258	—
Total Non Current Assets		<u>36.306.597.187</u>	<u>19.125.270.960</u>
TOTAL ASSETS		<u>42.982.480.280</u>	<u>20.880.112.640</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Trade payables	7	1.515.200.929	—
Taxes payables	9b	93.997.953	61.632.515
Accrued payables		1.524.070.163	—
Other payables	8	1.526.528.950	2.782.020.924
		<u>4.659.797.995</u>	<u>2.843.653.439</u>
LONG-TERM LIABILITIES			
Long – term loan	10	27.816.975.048	3.289.687.500
Post-retirement employee benefit		12.717.169	—
Total Long term Liabilities		<u>27.829.692.217</u>	<u>3.289.687.500</u>
SHAREHOLDER'S EQUITY			
Share capital – authorized, issued and fully paid USD 1.500 ordinary shares, with par value of IDR 10.110.000 (US\$ 1.000)	11	15.165.000.000	15.165.000.000
Foreign exchange difference on paid in capital		(412.500.000)	(412.500.000)
Retained earnings / (Accumulated loss)		(4.259.509.932)	(5.728.299)
Total Shareholder's Equity		<u>10.492.990.068</u>	<u>14.746.771.701</u>
TOTAL LIABILITIES AND EQUITY		<u>42.982.480.280</u>	<u>20.880.112.640</u>

(Expressed in Indonesian Rupiah)			
	Notes	2006-07 (April-March)	2005-06 (December 28 to March 31)
Operating and administration expenses	12,2g	(3.782.055.814)	(58.694.385)
Operating loss		<u>(3.782.055.814)</u>	<u>(58.694.385)</u>
Other income (expenses) - Net	13	(1.427.875.768)	50.511.100
Loss before income tax		<u>(5.209.931.582)</u>	<u>(8.183.285)</u>
Provision for income tax			
Deferred tax income		956.149.949	2.454.986
Net loss #		<u>(4.253.781.633)</u>	<u>(5.728.299)</u>

Note for information : The statement of income given above is in line with Indonesian Corporate Law, where expenses prior to the commencement of commercial production is charged to Statement of Income unlike the Indian Corporate Law which prescribes for capitalisation of such expenditure.

★ The exchange rate :
As on
31 March 2007 31 March 2006
(In Indonesian Rupiah)

One Indian Rupee	209.86	200.00
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The accompanying notes form an integral part of these financial statements.

PT Pricol Surya

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2007 AND FOR THE PERIOD FROM DECEMBER 28, 2005 (DATE OF ESTABLISHMENT) THROUGH MARCH 31, 2006

(Expressed in Indonesian Rupiah)

	Share capital	Different of Exchange rate	Retained earning/ (accumulated loss)	Total equity
Balance of Establishment Date at December 28, 2005	—	—	—	—
Paid in capital	15.165.000.000	—	—	15.165.000.000
Foreign exchange Difference on paid In capital	—	(412.500.000)	—	(412.500.000)
Net loss for the year 2005-06	—	—	(5.728.299)	(5.728.299)
Balance as of March 31, 2006	15.165.000.000	(412.500.000)	(5.728.299)	14.746.771.701
Net loss for the year 2006-07	—	—	(4.253.781.633)	(4.253.781.633)
Balance as of March 31, 2007	15.165.000.000	(412.500.000)	(4.259.509.932)	(10.492.990.068)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2007 AND FOR THE PERIOD FROM DECEMBER 28, 2005 (DATE OF ESTABLISHMENT) THROUGH MARCH 31, 2006

	2006-07 (April-March)	2005-06 (December 28 to March 31)
Cash flow from (for) operating activities		
Net loss	(4.253.781.633)	(5.728.299)
Add (deduct) items not affecting operating Cash follows:		
Depreciation	595.951.281	—
Deferred tax income	(956.149.949)	(2.454.986)
Employee benefit	12.717.169	—
Unrealized gain foreign exchange	—	(56.187.500)
Change in Working capital		
Inventory	(775.256.661)	—
Advances	(520.268.800)	—
Prepaid Expenses	(87.489.045)	—
Prepaid taxes	(1.742.605.993)	(1.568.201.155)
Pre operating Expenses	(873.187.258)	—
Other receivables	(21.138.922)	(60.584.151)
Deposit	(45.420.440)	—
Trade payables	1.515.200.929	—
Other payables	(1.706.663.561)	2.782.020.924
Accrued payables	1.524.070.163	—
Taxes payables	32.365.438	61.632.515
Payment for corporate income tax	(77.448.358)	—
Net cash flows provided from operating activities	(7.379.105.640)	1.150.497.348
Cash flow from (for) investing activities		
Fixed asset acquisition	(15.451.348.274)	(19.122.815.974)
Net cash flows used in investing activities	(15.451.348.274)	(19.122.815.974)
Cash flow from (for) financing activities		
Issuing share capital	—	15.165.000.000
Foreign exchange difference on paid-in-capital	—	(412.500.000)
Long term Loan	24.527.287.548	3.345.875.000
Net cash flows provided from financing Activities	24.527.287.548	18.098.375.000
Net increase (decrease) in cash and cash Equivalents	1.696.833.634	126.056.374
Cash and cash equivalents at beginning of the year	126.056.374	—
Cash and cash equivalents at the end of year	1.822.890.008	126.056.374

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007 AND FOR THE PERIOD FROM DECEMBER 28, 2005 (DATE OF ESTABLISHMENT) THROUGH MARCH 31, 2006**1. General**

PT PRICOL SURYA ("the Company") is a foreign direct investment company established based on Notarial Deed DR.A. Partomuan Pohan, SH., LL.M., No.3 dated December 1, 2005 which was approved by the Ministry of Law and Human Rights on December 28, 2005 No. C-34667 HT.01.01.TH.2005. The company obtained the investment approval from the Capital Investment Coordinating Board (BKPM) based on decision letter No.1141/I/PMA/2005 dated October 13, 2005.

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

The Composition of the company's Board of Commissioners and Board of Directors as of March 31, 2007 and 2006 were as follows:

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

The number of the company's employees as of March 31, 2007 and 2006 were 20 and 2 persons.

For the year ended March 31, 2007 and 2006, the Company was still in development stage that main activities are constructing the plant.

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

2. Summary of significant accounting policies

The significant accounting policies that were applied consistently in the preparation of the financial statements for the year ended March 31, 2007 and 2006 was as follows:

a. Basis of preparation of financial statements

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

The company's accounts are maintained in Indonesian Rupiah currency. Whereas transactions denominated in foreign currencies are translated into Indonesian Rupiah at the prevailing rates when transactions are made.

At balance sheet date, balances of monetary assets and liabilities in foreign currencies are translated into Indonesian Rupiah using the prevailing rates at that date. Gains or losses from foreign exchange are charged/ credit to current year income. The exchange rate of Rupiah to United States Dollar on March 31, 2007 and 2006 were Rp 9,118 and Rp 9,075 for USD 1.

b. Inventory

Inventory are stated on the lower of cost or net realizable value. The cost were stated by the FIFO method.

c. Machine, Property, Plant and Equipment

Machine, property, plant and equipment are stated at cost less accumulated depreciation. Machine, properties, plant and equipment are depreciated using the straight line method over the estimated useful life of the assets, commencing in the month in which the assets are placed into service. The estimated useful lives of the assets are as follows:

c. Machine, Property, Plant and Equipment (Contd..)

Group	Depreciation Rate	Useful lives
Building	5%	20 years
Machinaries	12.5%	8 years
Furniture's and fixtures	25%	4 years
Equipments	25%	4 years

d. Taxes

Deferred tax income is provided using the liabilities method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax income. Under the taxation laws of Indonesia, the company submits tax returns on a self assessment basis. The tax authorities may assess or amend the amount of tax payables within five years from the date of the tax became due. Amendments to the company's taxation obligations are recorded when an assessment is received or, if appealed against are recorded when the results of the appeal is determined.

Deferred income tax are recognized for accumulated tax losses carried forward to the extend that realisation of the related tax benefit through the future taxable income is probable.

e. Post-Employment Benefit Obligation

In accordance with the Indonesian labour regulation-law No.13 year 2003, the Company was required to provide certain post-employment benefit to its employees at the time of their employment period ended. These benefits were primarily calculated according to years of service and the employee's compensation received at the completion of employment.

f. Transactions with related parties

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

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

g. Expense

Expense are recognized based on accrual basis. Expenditures for pre-operating are capitalized to the extend the expenditures will give benefit in the future and will be amortized starting from the commercial activities period.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

3. Cash and cash equivalents	2006-07 April-March		2005-06 December 28 to March 31	
	(in Indonesian Rupiah)			
Cash on hand	28.801.064		—	
HSBC. IDR 050-011196-001	152.602.100		25.186.660	
HSBC. USD 050-011196-007	1.459.291.313		100.869.714	
BII.IDR	168.519.990		—	
BII.USD	13.675.541		—	
	<u>1.822.890.008</u>		<u>126.056.374</u>	
4. Advance payment				
Purchasing fixed assets	520.268.800		—	
	<u>520.268.800</u>		<u>—</u>	
5. Inventory				
Raw materials	671.596.483		—	
Finished goods	103.660.178		—	
	<u>775.256.661</u>		<u>—</u>	
6. Property, plant and equipment				
	Beginning	April 2006 to March 2007		Ending
		Addition	Disposal	
		(in Indonesian Rupiah)		
Cost :				
Land	13.288.379.652	—	—	13.288.379.652
Building	—	17.040.165.312	—	17.040.165.312
Machinery	—	1.290.080.690	—	1.290.080.690
Furniture and fixtures	—	1.967.861.385	—	1.967.861.385
Equipment	—	265.226.885	—	265.226.885
	<u>13.288.379.652</u>	<u>20.563.334.272</u>	<u>—</u>	<u>33.851.713.924</u>
Construction in Progress	5.834.436.322	11.994.333.651	(16.655.148.062)	1.173.621.911
	<u>19.122.815.974</u>	<u>32.557.667.923</u>	<u>(16.655.148.062)</u>	<u>35.025.335.835</u>
Accumulated depreciation:				
Building	—	491.353.014	—	491.353.014
Machinery	—	—	—	—
Furniture and fixtures	—	97.354.012	—	97.354.012
Equipment	—	7.244.255	—	7.244.255
	<u>—</u>	<u>595.951.281</u>	<u>—</u>	<u>595.951.281</u>
Net book value	<u>19.122.815.974</u>			<u>34.429.384.554</u>

PT Pricol Surya

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

(In Indonesian Rupiah)

	Beginning	December 28, 2005 to March 31, 2006 Addition	Disposal	Ending
6. Property, plant and equipment (Contd.,)				
Cost :				
Land	—	13.288.379.652	—	13.288.379.652
Construction in Progress	—	5.834.436.322	—	5.834.436.322
	—	19.122.815.974	—	19.122.815.974
7. Trade payable		2006-07 April-March		2005-06 December 28 to March 31
Related parties:				
Pricol Limited		1.515.200.929		—
		1.515.200.929		—
8. Other payables				
Third parties :				
PT Kadi International		451.171.587		2.712.934.950
Others		103.899.947		69.085.974
		555.071.534		2.782.020.924
Related parties :				
Pricol Limited		971.457.416		—
		1.526.528.950		2.782.020.924
9. Taxation				
a. Prepaid taxes				
Value added tax-in		3.310.807.148		1.568.201.155
Fiscal L-N		7.000.000		—
Income tax article 22 (Import)		70.448.358		—
		3.388.255.506		1.568.201.155
b. Tax payables				
Income tax article art 21		32.206.706		1.312.500
Income tax article art 23		61.791.247		60.320.015
		93.997.953		61.632.515

In management opinion, value added tax recorded as prepaid will be collectible within a year.

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

c. Corporate Income tax calculation (In Indonesian Rupiah)

Reconciliation between profit before corporate income tax as shown in the statements of income and the company's estimated taxable profit for the years ended March 31, 2006 and 2007 was as follows:

	2006-07 April-March	2005-06 December 28 to March 31
Loss before corporate income tax	(5.209.931.582)	(8.183.285)
Temporary different	(3.536.074)	—
Permanent different	2.022.765.086	—
Taxable loss	<u>(3.190.702.570)</u>	<u>(8.183.285)</u>

The taxable losses can be utilized to compensate taxable profit in the next 5 (five) fiscal years.

d. Deferred Tax

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

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

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

	(in Indonesian Rupiah)			
	Beginning Deffered tax asset (Liabilities)	2006-07 Income	Expenses	Ending Deffered tax asset (Liabilities)
Fiscal loss	2.454.986	957.210.771	—	959.665.757
Depreciation	—	—	4.875.973	(4.875.973)
Employee Benefit	—	3.815.151	—	3.815.151
	<u>2.454.986</u>	<u>961.025.922</u>	<u>4.875.973</u>	<u>958.604.935</u>

10. Long-term loan

	2006-07 April-March	2005-06 December 28 to March 31
Related parties: Pricol Limited	<u>27.816.975.048</u>	<u>3.289.687.500</u>
	<u>27.816.975.048</u>	<u>3.289.687.500</u>

11. Shareholders' equity

Shareholders	Number of Share	Nominal value USD		Percentage of Ownership
		USD	IDR	
Pricol Limited	1.499	1.499.000	15.154.890.000	99.93%
Pricol Finance Limited	1	1.000	10.110.000	0.07%
	<u>1.500</u>	<u>1.500.000</u>	<u>15.165.000.000</u>	<u>100.00%</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

12. Operating expenses	2006-07 April-March	(In Indonesian Rupiah) 2005-06 December 28 to March 31
Employee cost	1.791.842.589	—
Power & Utilities	37.169.033	—
Repair & maintenance	285.166.207	16.194.338
Communication expenses	176.179.687	—
Printing & Stationery	121.131.155	—
Travelling expenses	160.421.670	—
Rental	143.733.178	—
Bank charge	32.677.901	3.747.683
Rates, taxes and license	73.954.712	6.199.864
Insurance	19.506.070	—
Professional charge	321.937.127	32.552.500
Advertisement & Publicity	1.725.000	—
Depreciation	595.951.280	—
Miscellaneous expenses	20.660.205	—
	<u>3.782.055.814</u>	<u>58.694.385</u>
13. Other Income (Expense)-Net		
Interest Income	1.109.821	—
Gain / loss foreign exchange	27.170.619	50.511.100
Interest Expense	(1.456.156.208)	—
	<u>(1.427.875.768)</u>	<u>50.511.100</u>

14. Nature and transaction with related parties

Nature of related parties consist was as follow:

Company	Nature of related parties
Pricol Limited	Shareholder
a. The company has long term loan facility which obtained from Pricol Ltd., Parent Company, with credit limit of USD 3.100.000. Up to end of year March 31, 2007, the company has withdrawn the loan amounted to USD 3.050.776. the tenor of the loan is four years including the moratorium period of one year. The interest on the loan outstanding for the period up to October 2007 will be 7.75% per annum after which the reset interest will be charged.	
b. Interest payable as of March 31, 2007 was USD 159.701.	
c. Amount payable for material and machine purchases as of March 31, 2007 was USD 272.720	

15. Date of completion of preparation of financial statements.

The company's management was responsible for the presentation and disclosures of the financial statements for the year ended March 31, 2007 which have been completed on April 30, 2007.