PT AUTOMOTIVE SYSTEMS INDONESIA
A Development Stage Company

BALANCE SHEET
AS OF MARCH 31, 2010
WITH COMPARATIVE FIGURE FOR THE YEAR OF 2009
(Expressed in Indonesian Rupiah)

	Notes	2010	2009
ASSETS			
Current Assets			
Cash and cash equivalents	3a, 4	10.781.700.997	15.960.042.805
Other receivable	5	15.808.486	19.163.801
Prepaid taxes	3c, 11a	1.279.307.367	1.267.499.268
Total Current Assets		12.076.816.850	17.246.705.874
Non Current Assets			
Property, plant and equipment	3b, 6	10.709.354.000	10.709.354.000
Deferred expense – land right, net	7	492.282.860	519.380.996
Deferred tax assets	3c, 11d	736.058.010	-
Other asset	8	-	6.223.500
Total Non Current Assets		11.937.694.870	11.234.958.496
TOTAL ASSETS		24.014.511.720	28.481.664.370
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Other payables	9	7.700.000	448.064.220
Accrued expenses	10	20.350.000	1.173.384.875
Taxes payable	3c,11b	-	439.398.725
Total Current Liabilities		28.050.000	2.060.847.820
Non Current Liabilities			
Deferred tax liabilities	3c, 11d	-	77.060.333
Total Non Current Liabilities		-	77.060.333
Shareholders' Equity			
Share capital – authorized, issued and fully paid USD 27.009 ordinary shares, with par value of IDR 914.300 (USD 100)	12	24.694.328.700	24.694.328.700
Foreign exchange rate difference on paid in capital		(440.246.700)	(440.246.700)
Retained earnings (deficit)		(267.620.280)	2.089.674.217
Total Shareholders' Equity		23.986.461.720	26.343.756.217
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24.014.511.720	28.481.664.370

The accompanying notes form an integral part of these financial statements

PT AUTOMOTIVE SYSTEMS INDONESIA
A Development Stage Company

STATEMENTS OF INCOME
FOR THE YEAR ENDED MARCH 31, 2010
WITH COMPARATIVE FIGURE FOR THE YEAR 2009
(Expressed in Indonesian Rupiah)

	Notes	2010	2009
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Operating and administration expenses	3e, 13	(299.606.104)	(1.938.956.612)
Operating loss		(299.606.104)	(1.938.956.612)
Other income (expenses)			
Interest income		82.060.729	225.613.558
Foreign exchange gain (loss) – net		(3.000.265.465)	3.223.698.269
Other income		47.398.000	-
Profit (loss) before income tax		(3.170.412.840)	1.510.355.215
Provision for income tax (expense) benefit			
Current tax	3c,11c	-	(257.266.100)
Deferred tax	3c,11d	813.118.343	(1.876.641)
Net profit (loss)		(2.357.294.497)	1.251.212.474

The accompanying notes form an integral part of these financial statements

PT AUTOMOTIVE SYSTEMS INDONESIA
A Development Stage Company

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2010
WITH COMPARATIVE FIGURE FOR THE YEAR 2009
(Expressed in Indonesian Rupiah)

	Share capital	Foreign exchange rate difference on paid in capital	Retained earnings (deficit)	Total
Balance as of March 31, 2008	24.694.328.700	(440.246.700)	838.461.743	25.092.543.743
Net profit for the year – April 01, 2008 – March 31, 2009	-	-	1.251.212.474	1.251.212.474
Balance as of March 31, 2009	24.694.328.700	(440.246.700)	2.089.674.217	26.343.756.217
Net loss for the year – April 01, 2009 – March 31, 2010	-	-	(2.357.294.497)	(2.357.294.497)
Balance as of March 31, 2010	24.694.328.700	(440.246.700)	(267.620.280)	23.986.461.720

The accompanying notes form an integral part of these financial statements

PT AUTOMOTIVE SYSTEMS INDONESIA
A Development Stage Company

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010
WITH COMPARATIVE FIGURE FOR THE YEAR 2009
(Expressed in Indonesian Rupiah)

	2010	2009
Cash flows from operating activities		
Net income (loss)	(2.357.294.497)	1.251.212.474
Adjustment to reconcile income before tax to net cash provided by operating activities:		
Deferred tax	(813.118.343)	1.876.641
Change in working capital :		
Other receivable	3.355.315	14.829.524
Prepaid taxes	(11.808.099)	(161.895.953)
Deferred expense – land right	27.098.136	27.098.136
Other asset	6.223.500	6.223.500
Other payables	(440.364.220)	369.541.314
Taxes payable	(439.398.725)	438.174.725
Accrued expenses	(1.153.034.875)	1.173.384.875
Net cash flows provided from (used to) operating activities	(5.178.341.808)	3.120.445.236
Net increase/ (decrease) in cash and cash equivalents	(5.178.341.808)	3.120.445.236
Cash and cash equivalents at the beginning of the year	15.960.042.805	12.839.597.569
Cash and cash equivalents at the end of the year	10.781.700.997	15.960.042.805

The accompanying notes form an integral part of these financial statements

(Expressed in Indonesian Rupiah)

1. General

PT AUTOMOTIVE SYSTEMS INDONESIA ("the Company") is a foreign direct investment company established based on Notarial Deed DR. A, Partomuan Pohan, SH., LL.M., No. 9 dated April 12, 2006 which was approved by the Ministry of Law and Human Rights on May 1, 2006 No. C-12416 HT.01.01.TH.2006. Articles of association of the company has been amended based on Notary Deed of DR. A, Partomuan Pohan, SH., LL.M., No. 6, dated May 7, 2009, on duty and authority of the Board of Director and the alteration of the composition of Board of Executive Decision of Extra ordinary Shares Holder General Meeting. The Company obtained the investment approval from the Capital Investment Coordinating Board (BKPM) based on decision letter No. 298/I/PMA/2006 dated March 17, 2006. The last approval from the Capital Investment Coordinating Board (BKPM) based on decision letter No. 60/1/IP/III/PMA/2010 dated March 10, 2010.

The scope of activities comprises producing and marketing on two and three wheels components and spare parts, for Domestic and Export Market.

The composition of the Company's Board of Commissioner and Board of Directors as of March 31, 2010 and 2009 were as follows:

	2010	2009
Commissioner	Mr Kalathur Seshadri	Mr Kalathur Seshadri
President Director	Mr Subramaniam Sampath	Mr Muthu Subramanian Nadarajan
Director	Mr Anbil Rengaswami Rajagopalan	Mr Anbil Rengaswami Rajagopalan
Director	Mr Raman Umashankar	Mr Raman Umashankar

The number of the Company's employees as of March 31, 2010 and 2009 was nil.

Up to year ended March 31, 2010, the Company was still in development stage.

2. Revised accounting pronouncements

The following summarizes the revised Statements of Financial Accounting Standards (PSAK) which were issued by the Indonesian Institute of Accountants and will take effect after December 31, 2009:

a. PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interests, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities should be offset.

2. Revised accounting pronouncements – *continued*

This standard requires the disclosure, among others, of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments. PSAK No. 50 (Revised 2006) supersedes PSAK No. 50, "Accounting for Certain Investments in Securities", and is to be applied prospectively for the periods beginning on or after January 1, 2010. Earlier application is permitted and should be disclosed.

b. PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard provides for the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others. PSAK No.55 (Revised 2006) superseded PSAK No.55, "Accounting for Derivative Instruments and Hedging Activities", and is to be applied prospectively for financial statements covering the periods beginning on or after January 1, 2010. Earlier application is permitted and should be disclosed. The original consolidated financial statements included herein are in the Indonesian language.

c. PSAK No. 5, "Revocation of ISAK No. 6: Interpretation of Paragraphs 12 and 16 of PSAK No. 55 (1999) on Embedded Derivative Instruments in Foreign Currency".

Effective on or after January 1, 2011:

a. PSAK No. 1 (Revised 2009), "Presentation of Financial Statements", prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

b. PSAK No. 2 (Revised 2009), "Statements of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period into operating, investing and financing activities.

c. PSAK No. 4 (Revised 2009), "Consolidated and Separate Financial Statements", shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and in accounting for investments in subsidiaries, jointly controlled entities and associates when separate financial statements are presented as additional information. The original consolidated financial statements included herein are in the Indonesian language.

d. PSAK No. 5 (Revised 2009), "Operating Segments". Segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

e. PSAK No. 48 (Revised 2009), "Impairment of Assets", prescribes the procedures applied to ensure that assets are carried at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.

2. Revised accounting pronouncements – *continued*

f. PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets", aims to regulate the recognition and measurement of estimated liabilities, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to financial statements to enable users to understand the nature, timing and amount related to the information.

The company is presently evaluating and has not determined the effects of these revised Standards, Interpretations and Standards Revocation on its financial statements.

3. Summary of significant accounting policies

The significant accounting policies that were applied consistently in the preparation of the financial statements for the years ended March 31, 2010 and 2009 were as follows:

a. Basis of preparation of financial statements

The financial statements are prepared based on historical costs concept. The statements of cash flows classify changes in cash and cash equivalents on the basis of operating, investing and financing activities. To meet the definition as cash and cash equivalents, the Company does not consider any of its assets other than cash on hand; cash in bank and deposit/investment with maturity of six 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 Indonesian Rupiah to United States Dollar on March 31, 2010 and 2009 respectively were IDR 9.115 and IDR 11.575 for USD 1.

b. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of property, plant and equipment are initially recorded at cost.

The Company choose to use cost model to measure property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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 put into use.

3. Summary of significant accounting policies – *continued*

b. Property, plant and equipment – *continued*

Land was stated at cost and not amortized.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service, an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

c. Taxes

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

d. Transactions with related parties

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

i. Company by using one or more intermediaries, control or controlled by, or under the same control (including holding companies, subsidiaries and fellow subsidiaries)

ii. Associated Company

iii. Individual who owns, direct or indirectly, a voting rights in reporting company and have significant influence, and close-relative family of that person (close-relative family means persons whom could be expected to influence or influenced by the person mentioned before in their transactions with the reporting company)

(Expressed in Indonesian Rupiah)

3. Summary of significant accounting policies – *continued*

d. Transactions with related parties - *continued*

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.

e. Expenses

Expenses are recognised based on accrual basis. Expenditures for pre-operating are capitalized to extend the expenditures will give benefit in the future and will be amortized starting from the establishment date.

4. Cash and cash equivalents

	2010	2009
Bank IDR	233.773.222	44.891.448
Bank USD	293.552.775	601.426.357
Time deposit USD	10.254.375.000	15.313.725.000
	10.781.700.997	15.960.042.805

5. Other Receivable

	2010	2009
Accrued interests of time deposit USD	15.808.486	19.163.801
	15.808.486	19.163.801

6. Property, plant and equipment

	2010	2009
Cost :		
Land	10.709.354.000	10.709.354.000
	10.709.354.000	10.709.354.000

(Expressed in Indonesian Rupiah)

7. Deferred expense – land right

	2010	2009
Land right	519.380.996	546.479.132
Less: Amortization	(27.098.136)	(27.098.136)
	492.282.860	519.380.996

Deferred expense – land right was expenditure related to acquiring legal right of the land that would be amortized in 22 years.

8. Other asset

	2010	2009
Deferred cost – organization expenses amortization	6.223.500	12.447.000
Less : Amortization	(6.223.500)	(6.223.500)
	-	6.223.500

9. Other payables

	2010	2009
Third parties	7.700.000	448.064.220
	7.700.000	448.064.220

10. Accrued expenses

	2010	2009
Professional fee	20.350.000	16.700.000
Management fee	-	1.153.506.625
Mailing and delivery expenses	-	3.178.250
	20.350.000	1.173.384.875

11. Taxation

	2010	2009
a. Prepaid taxes		
Value added tax	1.279.307.367	1.267.499.268
	1.279.307.367	1.267.499.268

(Expressed in Indonesian Rupiah)

11. Taxation – *continued*

b. Taxes payables

	2010	2009
Income tax article 26	-	182.132.625
Income tax article 29	-	257.266.100
	-	439.398.725

c. Corporate income tax calculation

Reconciliation between profit before corporate income tax as shown in the statements of income and the Company's estimated taxable income for the years ended March 31, 2010 and 2009 were as follows:

	2010	2009
Income (loss) before corporate income tax	(3.170.412.840)	1.510.355.215
Temporary differences	(121.941.627)	(121.941.627)
Permanent differences	(82.060.729)	(198.477.248)
Income (loss) after reconciliation	(3.374.415.195)	1.189.936.340
Tax loss carried forward compensation	-	(274.048.787)
Taxable income (loss)	(3.374.415.195)	915.887.553
Rounding for calculation income tax	(3.374.415.000)	915.887.000
Corporate income tax	-	257.266.100

d. Deferred tax

Deferred 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 tax.

The deferred tax effect was calculated with maximum income tax rate of 25% for 2010 and 2009 as follows:

	2010			
	Beginning Deferred tax asset (liabilities)	Income	Expenses	Ending Deferred tax asset (liabilities)
Land right	(77.060.333)	-	(30.485.407)	(107.545.740)
Fiscal loss	-	843.603.750	-	843.603.750
	(77.060.333)	843.603.750	(30.485.407)	736.058.010

(Expressed in Indonesian Rupiah)

11. Taxation – *continued*

d. Deferred tax - *continued*

	2009			
	Beginning Deferred tax asset (liabilities)	Income	Expenses	Ending Deferred tax asset (liabilities)
Land right	(75.183.692)	-	(1.876.641)	(77.060.333)
	(75.183.692)	-	(1.876.641)	(77.060.333)

12. Shareholders' equity

	2010 and 2009			
Shareholders	Number of share	Nominal value USD	Nominal value IDR	Percentage of ownership
India Nippon Electrical Ltd.	27.000	2.700.000	24.686.100.000	99.97%
Lucas-TVS Ltd.	9	900	8.228.700	0.03%
	27.009	2.700.900	24.694.328.700	100,00%

13. Operating expenses

	2010	2009
Estate service fee	161.791.352	178.369.611
Professional fee	64.742.450	219.243.700
Other tax	30.221.780	27.050.230
Amortization of land right	27.098.136	27.098.136
Bank charges	9.366.016	1.103.875
Amortization of organization expenses	6.223.500	6.223.500
Stamp duty	162.870	189.010
Management fee	-	1.214.217.500
Miscellaneous expenses office	-	232.935.300
License and PNBP	-	5.000.000
Visa and immigration fee	-	26.200.000
Mailing and delivery	-	178.250
Others	-	1.147.500
	299.606.104	1.938.956.612

14. Nature and transaction with related parties

Nature of related parties consist was as follow:

Company	Nature of related parties
India Nippon Electrical Limited (INEL)	Shareholder

15. Date of completion of preparation of the financial statements

The Company's management was responsible for the presentation and disclosures of the financial statements for the year ended March 31, 2010 which have been completed on April 21, 2010.