# PT HEXINDO ADIPERKASA Tbk

## Financial Statements

**For First Half ended September 30, 2012(un-audited), March 31, 2012 (Audited) and First Half ended September 30, 2011 (un-audited).**
**( In US Dollars)**

# PT HEXINDO ADIPERKASA Tbk
## FINANCIAL STATEMENTS

**FOR FIRST HALF ENDED SEPTEMBER 30, 2012(UN-AUDITED), MARCH 31, 2012 (AUDITED) AND SEPTEMBER 30, 2011 (UN-AUDITED)**

**Table of Contents**

## PT HEXINDO ADIPERKASA Tbk.
## STATEMENTS OF FINANCIAL POSITION
**September 30, 2012(Un-audited) and March 31, 2012(Audited)**
**(Expressed in US Dollars, unless Otherwise Stated)**

ASSETS

| | Notes | 30-Sep-12 | 31-Mar-12 |
|---|---|---|---|
| CURRENT ASSETS | | US$ | US$ |
| Cash on hand and in banks | 2k, 3 | 12,591,633 | 16,795,442 |
| Receivables | | | |
| - Third parties ( Net of allowance for impairment losses of US$ 488,512 as of September 30, 2012 and US$ 349,895 as of March 31, 2012) | 2b,4 | 135,760,726 | 100,694,209 |
| - Related parties | 2c,5a | 4,043,580 | 6,298,067 |
| - Other receivables | 6 | 1,698,845 | 100,778 |
| Inventories-net of allowance for decline in market value of US$3,552,264 as of September 30, 2012 and US$3,510,200 as of March 31, 2012 | 2d,7 | 275,694,128 | 233,984,509 |
| Advances | 8 | 8,739,677 | 4,970,942 |
| Prepaid expenses | 2e | 663,546 | 408,447 |
| Prepaid Value Added Tax | 9 | 2,890,958 | 2,447,343.00 |
| TOTAL CURRENT ASSETS | | 442,083,093 | 365,699,737 |
| NON CURRENT ASSETS | | | |
| Due from related parties | 2c,5b | 750,110 | 2,075,354 |
| Long-term investment | 2f | 4,579,765 | 4,579,765 |
| Estimated claim for tax refund | 10 | 3,193,236 | 3,881,700 |
| Deferred tax assets - net | 2l,16 | 2,369,071 | 2,178,209 |
| **Fixed Assets** | | | |
| Acquisition cost | 2g, 11 | 61,452,782 | 58,323,712 |
| Accumulated Depreciation | 2g, 11 | (26,217,887) | (24,215,479) |
| **Net - Book Value** | | **35,234,895** | **34,108,233** |
| **Other non-current assets** | 2e, 2k | 426,144 | 710,265 |
| **Total Non-Current Assets** | | **46,553,221** | **47,533,526** |
| TOTAL ASSETS | | **488,636,315** | **413,233,263** |

*The accompanying notes form an integral part of these financial statements.*

**PT HEXINDO ADIPERKASA Tbk.**
**STATEMENTS OF FINANCIAL POSITION**
**September 30, 2012(Un-audited) and March 31, 2012(Audited)**
**(Expressed in US Dollars, unless Otherwise Stated)**

## LIABILITIES AND EQUITY

| | Notes | 30-Sep-12 | 31-Mar-12 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | US$ | US$ |
| Short-term bank loans | 12 | 95,000,000 | 35,000,000 |
| Trade payables | | | |
| - Related parties | 2c,5c | 123,381,400 | 144,991,884 |
| - Third parties | 13 | 5,215,437 | 9,463,485 |
| Other payables | 14 | 2,451,932 | 4,052,180 |
| Customer deposits | 4 | 4,929,925 | 7,128,004 |
| Accrued expenses | 15 | 23,992,360 | 16,173,846 |
| Taxes payable | 16 | 1,937,924 | 4,451,025 |
| Divident payables | 20 | 32,508,000 | - |
| Current maturities of long term liabilities: | | | |
| Liability for employee benefits | 17 | 102,667 | - |
| **Total Current Liabilities** | | 289,519,645 | 221,260,424 |
| **NON CURRENT LIABILITIES** | | | |
| Due to related parties | 2c, 5d | 380,321 | 59,868 |
| Long-term liabilities-net of current portion: | | | |
| Finance lease obligation | | - | - |
| Liability for employee benefits | 17 | 5,991,413 | 5,179,744 |
| **Total Non-Current Liabilities** | | 6,371,734 | 5,239,612 |
| **Total Liabilities** | | **295,891,379** | **226,500,036** |
| **EQUITY** | | | |
| Share capital - par value Rp100 per share | | | |
| Authorized - 1.680.000.000 shares | | | |
| Issued and fully paid - 840.000.000 shares | 1b,18 | 23,232,926 | 23,232,926 |
| Additional paid-in capital-net | 1b,2h, 19 | 7,998,836 | 7,998,836 |
| Retained earnings | | | |
| Appropriated | 20 | 4,117,008 | 3,617,008 |
| Unappropriated | | 157,396,166 | 151,884,457 |
| **TOTAL EQUITY** | | 192,744,936 | 186,733,227 |
| **TOTAL LIABILITIES AND EQUITY** | | 488,636,315 | 413,233,263 |

Jakarta, October 25, 2012

Kardinal A Karim, MM
President Director

*The accompanying notes form an integral part of these financial statements.*

# PT HEXINDO ADIPERKASA Tbk.
## STATEMENTS OF COMPREHENSIVE INCOME
**For First Half ended September 30, 2012 and September 30, 2011(un-audited)**
**(Expressed in US Dollars, unless Otherwise Stated)**

| | Notes | Apr-Sep 2012 | Apr-Sep 2011 |
|---|---|---|---|
| | | US$ | US$ |
| **NET REVENUES** | 2c,2i,21,29d | 362,431,837 | 296,630,326 |
| **COST OF REVENUES** | 2c,2i,22 | (287,546,116) | (234,823,110) |
| **GROSS PROFIT** | | 74,885,721 | 61,807,216 |
| **OPERATING EXPENSES** | | | |
| Selling expenses | 2i,23 | (13,257,850) | (11,994,775) |
| General and administrative expenses | 2i,23 | (10,666,612) | (9,609,621) |
| Other operating income | 2i,24 | 1,699,314 | 1,384,784 |
| Other operating expenses | 2i,25 | (996,612) | (510,741) |
| **Total operating expenses** | | (23,221,759) | (20,730,353) |
| **OPERATING INCOME** | | 51,663,962 | 41,076,863 |
| Interest income | 2i,26 | 54,505 | 94,793 |
| Finance costs - net | 2c,27 | (243,619) | (82,410) |
| **INCOME BEFORE CORPORATE INCOME TAX** | | 51,474,847 | 41,089,246 |
| **CORPORATE INCOME TAX BENEFIT (EXPENSE)** | | | |
| Current | 2l,16 | (13,146,000) | (10,690,070) |
| Deferred | 2l,16 | 190,862 | 356,252 |
| Corporate Income Tax Expense - Net | | (12,955,138) | (10,333,818) |
| **NET INCOME** | | 38,519,709 | 30,755,428 |
| Other comprehensive income | | - | - |
| **TOTAL COMPREHENSIVE INCOME** | | 38,519,709 | 30,755,428 |
| **BASIC EARNINGS PER SHARE ( in US Dollar)** | 2m | 0.046 | 0.037 |

Jakarta, October 25, 2012

Kardinal A Karim, MM
President Director

*The accompanying notes form are an integral part of these financial statements.*

**PT. HEXINDO ADIPERKASA Tbk.**
**STATEMENT OF CHANGES IN EQUITY**
**For First Half ended September 30, 2012 (un-audited) and March 31, 2012(audited)**
**(Expressed in US Dollars, unless Otherwise Stated)**

| | Notes | Share Capital - Issued and Fully Paid | Additional Paid-in Capital - Net | Retained Earnings | | Total Equity |
|---|---|---|---|---|---|---|
| | | | | Appropriated | Anappropriated | |
| Balance, April 1, 2010 | | | | | | |
| Before adjustment | | 23,232,926 | 7,998,836 | 2,617,008 | 65,351,909 | 99,200,679 |
| Net adjustment arising from adoption of Statement of Financial Accounting Standards (PSAK) No. 55 )Revised 2006), "Financial Instruments: Recognition and Measurement" | | - | - | - | 1,637,845 | 1,637,845 |
| After Adjustment | | 23,232,926 | 7,998,836 | 2,617,008 | 66,989,754 | 100,838,524 |
| Cash dividends declared | | - | - | - | (12,180,000) | (12,180,000) |
| Appropriation for general reserve | | | | 500,000 | (500,000) | - |
| Net income period April 2010-March 2011 | | - | - | - | 43,107,936 | 43,107,936 |
| Balance, March 31, 2011 | | 23,232,926 | 7,998,836 | 3,117,008 | 97,417,690 | 131,766,460 |
| Cash dividends declared | 20 | - | - | - | (17,262,000) | (17,262,000) |
| Appropriation for general reserve | 20 | | | 500,000 | (500,000) | - |
| Net income period April'11- March 2012 | | - | - | - | 72,228,767 | 72,228,767 |
| Balance, March 31, 2012 | | 23,232,926 | 7,998,836 | 3,617,008 | 151,884,457 | 186,733,227 |
| Cash dividends declared | 20 | - | - | - | (32,508,000) | (32,508,000) |
| Appropriation for general reserve | 20 | | | 500,000 | (500,000) | - |
| Net income period April - September 2012 | | - | - | - | 38,519,709 | 38,519,709 |
| Balance, September 30, 2012 | | 23,232,926 | 7,998,836 | 4,117,008 | 157,396,166 | 192,744,936 |

The accompanying notes form are an integral part of these financial statements.

**PT HEXINDO ADIPERKASA Tbk.**
**STATEMENT OF CASH FLOW**
**For First Half ended September 30, 2012 and September 30, 2011(un-audited)**
**(Expressed in US Dollars, unless Otherwise Stated)**

| | Apr-Sep 2012 | Apr-Sep 2011 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | US$ | US$ |
| Cash receipts from: | | |
| Customers | 367,707,894 | 311,639,192 |
| Other operating activities | 5,307,549 | 2,342,798 |
| Cash paid to supplier | (377,200,245) | (272,380,742) |
| Cash payment for: | | |
| Salaries, wages and benefit of employees | (11,552,361) | (11,312,236) |
| Operating expenses | (11,303,122) | (10,460,262) |
| Net cash provided by operations | (27,040,285) | 19,828,750 |
| Payment of interest expenses | (229,177) | (71,215) |
| Payments for income taxes | (31,570,673) | (17,266,472) |
| Payments for value added taxes | (1,553,072) | (2,751,096) |
| **Net cash provided by (used in) operating activities** | **(60,393,207)** | **(260,033)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sales of fixed assets | 71,405 | 24,476 |
| Acquisitions of fixed assets | (3,882,007) | (2,157,969) |
| Construction in Progress | - | - |
| **Net cash used in Investing activities** | **(3,810,602)** | **(2,133,493)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from short-term bank loans | 65,000,000 | - |
| Payment of short-term bank loans | (5,000,000) | (1,747,574) |
| Payment of finance lease obligation | - | - |
| **Net cash provided by (used in) Financing Activities** | **60,000,000** | **(1,747,574)** |
| **Net Increase (Decrease) in cash on hand and in banks** | **(4,203,809)** | **(4,141,100)** |
| **Cash on hand and in bank at beginning of period** | 16,795,442 | 24,885,335 |
| **CASH ON HAND AND IN BANK AT END OF PERIOD** | **12,591,633** | **20,744,235** |

The accompanying notes form are an integral part of these financial statements.

## 1 GENERAL

### a. Establishment of the Company

PT Hexindo Adiperkasa Tbk (the "Company") was established in Indonesia based on Notarial Deed No. 37 dated November 28, 1988 of Mohamad Ali, S.H. The Deed of Establishment was approved by the Ministry of Justice of Republic Indonesia in its Decision Letter No. C2-4389.HT.01.01.TH.89 dated May 12, 1989, and was published in Supplement No. 1251 of the State Gazette No. 54 dated July 7, 1989. Its Articles of Association has been amended several times, the latest amendment was notarized through Notarial Deed No. 159 dated July 21, 2008 of Robert Purba, S.H., concerning compliance with Law No. 40 year 2007 and change in fiscal year from January 1 to December 31 to become April 1 to March 31. These amendments were approved by the Ministry of Justice and Human Rights of Republic Indonesia through its Letter No. AHU-55157 AH.01.02 dated June 6, 2012. Its Articles of Association has been amended several times, the latest amendment was notarized through Notarial Deed No. 91 dated September 21, 2012 of Humberg Lie, S.H., S.E., M.Kn., concerning the composition of the Company's boards of commissioners and directors, director's duties and authorities.

The Company started its commercial operations in January 1989.

According to Article 3 of the Company's Articles of Association, its scope of activities comprises of trading and rental of heavy equipment and rendering of after-sales services. Presently, the Company acts as a distributor of certain heavy equipment and related spare parts under Hitachi, John Deere and Krupp trademarks. The Company is domiciled in Jakarta, located at Kawasan Industri Pulo Gadung, Jalan Pulo Kambing II Kav. I-II No. 33, Jakarta 13930. As of September 30, 2012, the Company has 18 branches, 7 sub-branches, 6 representative offices and 12 project offices, which are all located at various places in Indonesia.

### b. Company's Initial Public Offering

In 1994, The Company's registration statement for its public offering of its 10 million shares (with Rp1,000 par value per share) at an offer price of Rp2,800 per share became effective in accordance with the Letter No. S-1958/PM/1994 dated December 5, 1994 issued by the Chairman of the Capital Market Supervisory Agency (BAPEPAM). All of the Company's shares have been registered in the Indonesia Stock Exchange since February 13, 1995.

In 1998, The Company's registration statement for its First Limited Public Offering of 42 million shares (with Rp1,000 par value per share) to shareholders with pre-emptive rights at an offer price of Rp1,000 (full amount) per share became effective in accordance with Letter No. S-1264/PM/1998 dated June 19, 1998 issued by the Chairman of BAPEPAM..

Based on the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 12, 2000, as covered by Notarial Deed No. 12 on the same date of Fathiah Helmi, S.H., the shareholders resolved to amend its Articles of Association, which include, among others, change in par value from Rp1,000 per share to Rp500 per share. These amendments were accepted and recorded by the Department of Justice and Human Rights of Republic Indonesia in its Letter No. C-21025 HT.01.04.Th.2000 dated September 20, 2000. On July 29, 2002, the stock split was effectively implemented.

(Expressed in US Dollars Unless Otherwise Stated)

## 1 GENERAL (Continued)

Based on the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 15, 2004, as covered by Notarial Deed No. 24 on the same date of Fathiah Helmi, S.H., the shareholders resolved to change the par value from Rp500 per share to Rp100 per share. This amendment was accepted and recorded by the Department of Justice and Human Rights of the Republic of Indonesia in its Letter No. C-23337 HT.01.04.Th.2004 dated September 17, 2004. On September 1, 2005, the change of the par value was effectively implemented.

c. **Boards of Commissioners, Directors, Audit Committee and Employees.**

The composition of the Company's boards of commissioners and directors as of September 30, 2012 are as follows:

| | | |
|---|---|---|
| Board of Commissioners: | | |
| Harry Danui | - | President Commissioner |
| Toto Wahyudiyanto | - | Commissioner |
| Donald Christian Sie | - | Commissioner |
| Directors: | | |
| Kardinal Alamsyah Karim, MM. | - | President Director |
| Chikara Hirose | - | Director |
| Hideo Satake | - | Director |
| Eiji Fukunishi | - | Director |
| Syamsu Anwar | - | Director |
| Djonggi Gultom | - | Director |
| Shogo Yokoyama | - | Director |
| Masateru Kobashi | - | Director |

The composition of the Company's audit committee as of September 30, 2012 are as follows:

| | | |
|---|---|---|
| Harry Danui | - | Chairman |
| Danny Lolowang. | - | Member |
| Bambang Wiharto | - | Member |

The composition of the Company's boards of commissioners and directors as of March 31, 2012 are as follows

| | | |
|---|---|---|
| Board of Commissioners: | | |
| Harry Danui | - | President Commissioner |
| Toto Wahyudiyanto | - | Commissioner |
| Donald Christian Sie | - | Commissioner |

(Expressed in US Dollars Unless Otherwise Stated)

## 1 GENERAL (Continued)

### c. Boards of Commissioners, Directors, Audit Committee and Employees (Continued)

<u>Directors:</u>

| | | |
|---|---|---|
| Kardinal Alamsyah Karim, MM. | - | President Director |
| Chikara Hirose | - | Director |
| Hideo Satake | - | Director |
| Eiji Fukunishi | - | Director |
| Shinichi Hirota | - | Director |
| Hideo Kumagai | - | Director |
| Djonggi TP. Gultom | - | Director |
| Toshiaki Takase | - | Director |
| Shogo Yokoyama | - | Director |

The composition of the Company's audit committee as of March 31, 2012 are as follows :

| | | |
|---|---|---|
| Harry Danui | - | Chairman |
| Danny Lolowang. | - | Member |
| Bambang Wiharto | - | Member |

The salaries and other compensations benefits incurred for the Company's commissioners and directors amounted to US$477,882 for September 30, 2012 and US$520,581 for September 30, 2011.

As of September 30, 2012 and of March 2012, the Company had 1.191 and 1.116 employees, respectively (unaudited)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation of the Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles in Indonesia, which are the Statements of Financial Accounting Standards ("FAS") which comprise the statement of financial Accounting standart("IFASs"), BAPEPAM regulations and the Guidelines for Financial Statements Presentation as circulated by BAPEPAM for trading companies, which offer their shares to the public.

The financial statements, except for the statements of cash flows, are prepared using the accrual basis and based on historical cost concept, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

The statements of cash flows present cash and banks receipts and payments classified into operating, investing and financing activities using the direct method.

### b. Allowance for Impairment of Receivable

Prior April 1, 2010, allowance for impairment of receivable is determined based on a review of the status of the individual receivable at the end of the year.

Starting April 1, 2010, allowance for impairment of receivable is determined as disclosed in Note 2m vi.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### c. Transactions with Related Parties

The Company has transactions with certain related parties. Related parties are defined in accordance with PSAK No. 7, "Related Party Disclosures".
All transactions with related parties are disclosed in the notes to the financial statements

### d. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of heavy equipment inventories reclassified from heavy equipment previously being leased out, at the end of the lease terms are stated at net book value

The cost of heavy equipment inventories is determined by the specific identification method while the cost of spare parts is determined using the average method

Net realizable value is the estimated selling price in the ordinary course of bussiness, less estimated cost of completion and the estimated cost necessary to make the sale.

Allowance for decline in market value is provided based on a review of the condition of the inventories at reporting date

### e. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited

### f. Long-term Investment

Investment in shares in which the Company has ownership less than 20% is recorded using cost method

### g. Fixed Assets

1 Direct ownership

The Company uses the cost model for property and equipment measurement.

Property and equipment is stated at cost less accumulated depreciation (except for land that is not depreciated) and impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred

Depreciation, except for heavy equipment being leased out, is computed using the straight-line method over the estimated useful lives of the assets as follows

| | Year | Rate |
|---|---|---|
| Building | 20 | 5% |
| Machineries | 5-10 | 10% - 20% |
| Vehicles, office equipment, furniture and fixtures and machineries | 3 - 5 | 10% - '20% |
| Tools for after-sales service | 2 | 50% |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation for heavy equipment being leased out is based on operational hours and over the term of the lease, which are in line with the related leased agreements

An item of property and equipment is unrecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from unrecognized of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The asset's useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

All Costs incurred in connection with the acquisition or renewal of landrights are deferred and amortized over the lower of legal terms of the related landrights or economic lives of the land using the straight-line method. The deferred charges are presented as part of "Other Assets" account in the balance sheets.

2 Construction in progress
Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. These costs are reclassified to related accounts when the asset is completed and ready for its intended use.

### h. Additional Paid-in Capital - Net

Additional paid-in capital - net is the difference between the offering price and the par value of share capital issued, net of the costs incurred in connection with the public offering.

### i. Revenue and Expense Recognition

Revenue from sales of heavy equipment and spare parts are recognized when the heavy equipment and spare parts are delivered to the customers. Revenue from repairs and maintenance services and commission income are recognized when the services are rendered to the customers. Revenue from rental of heavy equipment is recognized based on the usage of heavy equipment in accordance with the related agreement.

Expenses are recognized when incurred (accrual basis).

### j. Estimated Liability for Employees' Benefits

The Company adopts SFAS No. 24 (Revised 2004), "Employee Benefits" that recognizes the accounting and disclosures of estimated liability for employees' benefits. Total estimated liability for employees' benefits is calculated in accordance with the Labor Law No. 13 Year 2003 dated March 25, 2003. Under PSAK No. 24 (Revised 2004), the defined benefit obligation, current service cost and past service cost are calculated using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the present value of defined benefit obligation at that date. These actuarial gains or losses are recognized on a straight line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or chan.ges in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested

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

**l. Financial Instruments**

Effective April 1, 2010, the Company adopted the SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" (SFAS No. 50R), and the SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" (SFAS No. 55R). The cumulative effect from the prospective adoption of the aboved revised PSAKs amounted to US$1,637,845 has been recorded in retained earnings as of April 1, 2010.

The SFAS No. 50R 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 interest, dividends, losses and gains and the circumstances in which financial assets and financial liabilities should be offset. This PSAK requires the disclosure of, among others, 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.

The SFAS No. 55R 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.

**i Financial Assets**

Initial recognition

Financial assets within the scope of the SFAS No. 55R are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of their financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.
Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the companies commit to purchase or sell the assets.

The Company's financial assets include cash on hand and in banks, trade receivables, other receivables, due from related parties, long-term investment, and other non-current financial assets.

The Company's financial assets classified as loans and receivables and available-for-sale financial assets

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Financial Instruments (Continue)

Subsequent measurement

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

a Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash on hand and in banks, trade receivables, other receivables, due from related parties and non-current assets - other are included in this category.

b Available-for-sale (AFS) financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments, and loans and receivables. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in the equity shall be reclassified to profit or loss as a reclassification adjustment.

The investments classified as AFS are as follows:

1 Investments in shares of stock that do not have readily determinable fair value in which the equity interest is less than 20% and other long-term investments are carried at cost.

2 Investments in equity shares that have readily determinable fair value in which the equity interest is less than 20% are recorded at fair value.

Long-term investment and other non-current financial assets are included in this category.

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

### ii Financial Liabilities

Initial recognition

Financial liabilities within the scope of the SFAS No. 55R are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Company's financial liabilities include trade payables, other payables, due to related parties, accrued expenses, and long-term liabilities.

All of the Company's financial liabilities classified as loans and borrowings.

Subsequent measurement

Interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the amortization process.

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

**l. Financial Instruments (Continue)**

iii **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv **Fair value of financial instruments**

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment
The Company adjusts the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

v **Amortized cost of financial instruments**

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi **Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

a. Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### l. Financial Instruments (Continue)

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in the statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

b. Available-for -sale ("AFS") Financial assets

In the case of equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### l. Financial Instruments (Continue)

In the case of a debt instrument classified as an AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Interest Income" account in the statement of income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

vii **Derecognition of financial assets and liabilities**

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the contractual rights to receive cash flows from the asset have expired; or (2) the Company has transferred their contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and reward of the asset, but has trasferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

vii **Derivative financial instruments**

The Company enters into and engages in cross currency swap, interest rate swap and other permitted instruments, if considered necessary, for the purpose of managing its foreign exchange and interest rate exposures emanating from the Company's loans payable in foreign currencies. These derivative financial instruments are not designated in a qualifying hedge relationship and are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives during the period that do not qualify for hedge accounting are taken directly to profit or loss.

Derivative assets and liabilities, if any, are presented under current assets and current liabilities, respectively. Embedded derivative is presented with the host contract in the balance sheet which represents an appropriate presentation of overall future cash flows for the instrument taken as a whole.

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

**k. Foreign Currency Transactions and Balances**

Transactions involving foreign currencies are recorded in US Dollar at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect the rates at such date. The resulting gains or losses are credited or charged to operations for the period

As of September 30, 2012 and March 31, 2012, the rates of exchange used are, as follows (full amount of US Dollar):

| | Sep-12 | March-12 |
|---|---|---|
| 1 Euro (EUR) | 1,29 | 1,34 |
| 10,000 Indonesian Rupiah (IDR) | 1,04 | 1,09 |
| 1 Australian Dollar (AUD) | 1,05 | 1,04 |
| 1 Singapore Dollar (SGD) | 0,82 | 0,80 |
| 1 Japanese Yen (JP¥) | 0,01 | 0,01 |

**l. Income Tax**

Current tax expense is provided based on the estimated taxable income for the period. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged to current period operations.

At balance sheet date, the carrying amount of deferred tax asset is reviewed and adjusted to the extent that it is no longer probable that part or all of that deferred tax assets will be realized in the future.
Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company, when the result of the appeal is determined.

**m. Basic Earnings per Share**

Basic earnings per share is computed by dividing the net income for the period with the weighted-average number of the shares outstanding during the period. The weighted-average number of shares outstanding as of September 30 and of March 31, 2012 is 840,000,000 shares.

**n. Segment Information**

The Company classifies its segment reporting as follows:

i Business segment (primary) based on the nature of its products sold, consists of sales and rental of heavy equipment, sales of spare parts of heavy equipment and repairs and maintenance services

ii Geographical segment (secondary) based on location of sales, consists of within Java island and outside Java island.

**o. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in Indonesia 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 might be based on amounts that differ from those estimates.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### p. Provision

Effective April 1, 2011, the Company adopted SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities, and Contingent Assets". This revised SFAS is applied prospectively and stipulates that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets with the aims of ensuring that sufficient information is disclosed in the notes to enable users to understand the nature, timing, and amount related to the information. The adoption of the revised SFAS does not have a significant impact on the financial statements

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### q. Adoption of Other Revised Accounting Standards and Interpretations

Other than the revised accounting standards previously mentioned above, the Company also adopted the following revised accounting standards and interpretations on April 1, 2011, which were considered relevant to the financial statements, but did not have significant impact except for the related disclosures:

• SFAS No. 8 (Revised 2010), "Events after the Reporting Period"

• SFAS No. 25 (Revised 2009), "Accounting Policies, Changes in Accounting Estimates and Errors"

## 3 SOURCE OF ESTIMATION UNCERTAINTY

### Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that may require material adjustments to the carrying amounts of the assets and liabilities affected in future periods.

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

## 3 SOURCE OF ESTIMATION UNCERTAINTY (continued)

Classification of Financial Assets and Financial liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definitions set forth in SFAS No. 55R. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2k.

Determination of Functional Currency

The functional currency of the company is the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the revenue and cost of rendering services.

Leases

The Company has several leases whereas the company acts as leases in respect of vehicle rental and acts as lessor in respect of heavy equipment rentals.The company evaluates whether significant risk and reward of ownership of the leased assets are tranferred based on SFAS No. 30R. Based on review performed by the company for rental egreement of vehicle and heavy equipment, accordingly, the rent transaction were clasified as finance lease and operating lease.

Contigency

The company is currently involve in certain legal proceding. The estimates of probable costs for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential result. The company curently does not believe his proceeding will have a material effect on the company's financial statement/

**Estimate And Assumption**

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

Impairment of non financial assets

An impairment exsists when the carrying value of an assets or cash generating unit (CGU) exceedes its recoverable ammount which is the higher of itsfair value less costs to sell and its value use. The fair value less costs to sell calculation is based on available data from binding sales transaction in an arm legth transaction of similar assets or observable market prices less incremental costs for disposing the assets.

Allowance for Impairment Losses of Trade Receivable

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligation. In these cases, the company uses judgement, based on the available facts and circumstances, to record specific provision for customer against amount due to reduce its receivable amounts that the company expect to collect.

## 3 SOURCE OF ESTIMATION UNCERTAINTY (continued)

Allowance for Decline In Market Value of Inventories

Allowance for Decline In Market Value of Inventories is estimated based on the best available facts and ciscumstances, including but not limited to, the physical condition of the inventories, their market, selling price, estimated costs to be incurred for their sales.The Provision are re-evaluated and adjustment as additional information received affects the ammount estimated.

Depreciation of fixed Asset

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of such fixed assets to be within 2 to 20 years. These are common life expectancies applied in the industries where the Company conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, necessitating revision of future depreciation charges. The net carrying amount of the Company's fixed assets as of September 30, 2012 and as of March 31, 2012 were US$35,234,896 and $US34,108,233, respectively. Further details are disclosed in Note 11.

Employee Benefit

The determination of the Company's liability for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include, among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate.

Actuarial gains and losses are recognized as profit or loss when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceed 10% of the current defined benefit obligation at that date. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company results or significant changes in the Company assumptions may materially affect its liability for employee benefits and net employee benefit expenses. The carrying amount of the Company's employee benefits as of September 30, 2012 and of March 31, 2012 were US$6,094,080 and US$5,179,744 Further details are disclosed in Note 17.

Income Tax

Significant judgment is involved in determining the 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 recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Realization of Deffered Tax Asset

The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Company assessment of the recognition of deferred income tax assets for deductible temporary differences is based on the level and timing of forecast taxable income for the subsequent reporting periods. This forecast is based on the Company's past results and future expectations as to revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate suffiicient taxable income to allow all or part of the deferred income tax assets to be utilized.

(Expressed in US Dollars, unless Otherwise Stated)

**3. CASH ON HAND AND IN BANKS**

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| **Cash on hand** | US$ | US$ |
| Cash, RP 794,520,901.25 as of September 30, 2012 and RP 509,686,217 as of March 31, 2012 | 82,869 | 77,170 |
| **Cash in bank** | | |
| **Rupiah** | | |
| PT Bank CIMB Niaga Tbk ( previously Bank Lippo Tbk.) (RP 26,647,347,555 as of September 30, 2012 and RP 16,356,485,375 as of March 31, 2012 ) | 2,779,318 | 1,781,221 |
| PT Bank International Indonesia Tbk (RP 13,995,867,114 as of September 30, 2012 and RP 7,369,984,253 as of March 31, 2012) | 1,459,769 | 802,591 |
| PT Bank Mandiri (RP 552,461,170 as of September 30, 2012 and RP 2,234,084,978 as of March 31, 2012) | 57,622 | 243,292 |
| PT Bank Mega (RP 16,372,776,414 as of September 30, 2012 and RP 9,265,264,906 as of March 31, 2012) | 1,707,681 | 1,008,987 |
| Citibank N.A., Jakarta (RP 88,486,865 as of September 30, 2012 and RP 220,623,685 as of March 31, 2012) | 9,229 | 24,026 |
| The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta (RP 823,677,565 as of September 30, 2012 and RP 1,797,618,641 as of March 31, 2012) | 85,910 | 195,761 |
| Others (Rp. 106,333,365 as of September 30, 2012 and Rp 231,565,040 as of March 31, 2012) | 11,092 | 25,217 |
| Total Rupiah Accounts | 6,110,620 | 4,081,095 |
| **United States Dollars accounts:** | | |
| PT Bank Resona Perdania | 2,531 | 2,537 |
| PT Bank International Indonesia Tbk | 3,803,654 | 9,457,628 |
| PT Bank Mega | 367,750 | 501,758 |
| Citibank N.A., Jakarta | 246,759 | 249,502 |
| PT. Bank Mizuho Indonesia | 8,311 | 17,676 |
| PT Bank Shinta | 198 | 10,083 |
| The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta | 1,939,157 | 2,359,673 |
| Bank Sumitomo Mitsui Indonesia | 7,227 | 12,635 |
| Total United States Dollar Accounts | 6,375,586 | 12,611,492 |
| **Yen Jepang** | | |
| The Bank of Tokyo Mitsubishi UFJ, Ltd. Jakarta (JPY 1,420,983.58 as of September 30, 2012 and JPY 4,566,475 as of March 31, 2012) | 18,325 | 20,333 |
| PT Bank International Indonesia Tbk. (JPY 328,313.09 as of September 30, 2012 and JPY 439,658 as of March 31, 2012) | 4,234 | 5,353 |
| Total Yen accounts | 22,559 | 25,685 |
| **Total cash in Banks** | **12,508,765** | **16,718,272** |
| **Total cash on hand and in banks** | **12,591,633** | **16,795,442** |

There is no cash on hand and in banks balances to a related party.

(Expressed in US Dollars, unless Otherwise Stated)

## 4. TRADE RECEIVABLES - THIRD PARTIES

This account represents trade receivables from third parties arising from:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Sales of heavy equipment used in: | | |
| Plantation and logging | 23,233,602 | 18,100,157 |
| Constructions | 5,037,113 | 3,924,167 |
| Mining | 50,089,676 | 39,022,404 |
| Total | 78,360,391 | 61,046,728 |
| Repairs and maintenance services | 25,942,672 | 24,690,931 |
| Sales of spare parts | 31,946,176 | 15,306,445 |
| Total | 136,249,239 | 101,044,104 |
| Less allowance for doubtful accounts | (488,513) | (349,895) |
| Net | 135,760,726 | 100,694,209 |

The movements of allowance for impairment losses during the period ended September 30, 2012 and March 31, 2012 are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Beginning balance | 349,895 | 138,538 |
| Effect of applying SFAS No. 55 (Revised 2006) | - | - |
| Provision during the period | 149,775 | 239,431 |
| Write-off of accounts during the period | (11,157) | (28,074) |
| **Ending balance** | 488,513 | 349,895 |

The aging analysis of trade receivables from third parties based on due dates are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| Sales and rental of heavy equipment | US$ | US$ |
| Current and less than 3 months | 73,001,672 | 60,734,510 |
| 3 - 6 months | 5,001,545 | 156,713 |
| Over 6 months - 1 year | 317,628 | 155,505 |
| Over 1 year | 39,545 | - |
| Total receivables - sale of heavy equipment | 78,360,391 | 61,046,728 |
| Repairs and maintenance services | | |
| Current and less than 3 months | 25,198,281 | 15,101,768 |
| 3 - 6 months | 662,466 | 98,522 |
| Over 6 months - 1 year | 41,037 | 58,535 |
| Over 1 year | 40,888 | 47,620 |
| Total | 25,942,672 | 15,306,445 |
| Sales of spare parts | | |
| Current and less than 3 months | 31,574,694 | 24,495,319 |
| 3 - 6 months | 210,186 | 94,599 |
| Over 6 months - 1 year | 115,490 | 68,355 |
| Over 1 year | 45,806 | 32,658 |
| Total | 31,946,176 | 24,690,931 |

(Expressed in US Dollars, unless Otherwise Stated)

## 4. TRADE RECEIVABLES - THIRD PARTIES (continued)

Details of trade receivables from third parties based on original currencies are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| United States Dollars | 130,299,671 | 95,938,699 |
| Rupiah (Rp57,042,838,363 as of September 30, 2012 and Rp46,881,585,722 as of March 31, 2012) | 5,949,568 | 5,105,405 |
| Total | 136,249,239 | 101,044,104 |

As of September 30, 2012 and as of March 31, 2012, there are no trade receivables pledged as collateral.

## 5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company conducts transactions with prices, terms and conditions agreed upon with the reated parties.

a. Trade Receivables

Details of trade receivables from related parties on sale transactions are as follows:

| | Sep-12 | Mar-12 | Percentage to total assets Sep-12 | Percentage to total assets Mar-12 |
|---|---|---|---|---|
| | US$ | US$ | % | % |
| Shareholder | | | | |
| Hitachi Construction Machinery Asia and Pasific Pte, Ltd, Singapore | 4,043,580 | 6,250,067 | 0.83 | 1.51 |
| Other Related Parties | | | | |
| Hitachi Construction Machinery (Shanghai) Co., Ltd., China | - | 48,000 | - | 0.01 |
| Total | 4,043,580 | 6,298,067 | 0.83 | 1.52 |

Receivables from Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP) represents receivables arising from commissions as sales agent, collection service and technical service on sales of heavy equipment to certain third parties

Receivables from Hitachi Construction Machinery (Shanghai) Co., Pte., Ltd., China represents receivables from sale of spare parts.

The Company's management believes that all trade receivables from related parties can be collected, and thus no allowance for impairment losses were provided for.

b. Due from Related Parties

Details of due from related parties for transaction outside the Company's main business are as follows:

| | Sep-12 | Mar-12 | Percentage to total assets Sep-12 | Percentage to total assets Mar-12 |
|---|---|---|---|---|
| | US$ | US$ | % | % |
| Shareholders | | | | |
| Hitachi Construction Machinery Co, Ltd., Japan | 115,860 | 1,015,388 | 0.03 | 0.40 |
| Hitachi Construction Machinery Asia and Pasific Pte, Ltd, Singapore | 688 | 1,021,343 | 0.00 | 0.40 |
| Other Related Parties | | | | |
| PT Hitachi Construction Machinery Indonesia | 182,511 | 22,615 | 0.05 | 0.01 |
| Hitachi Construction Truck Manufacturing Ltd., Canada | - | 10,828 | - | 0.00 |
| Employees | 451,051 | - | 0.09 | - |
| Others | - | 5,180 | - | 0.00 |
| Total | 750,110 | 2,075,354 | 0.18 | 0.82 |
| Total of receivables from related parties | 4,793,690 | 8,373,421 | 0.98 | 2.03 |

Receivables from employees mainly represent non-interest bearing housing loans that are collected through monthly salary deductions.

(Expressed in US Dollars, unless Otherwise Stated)

## 5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

| | Sep-12 | Mar-12 | Percentage to Total Liabilities Sep-12 | Percentage to Total Liabilities Mar-12 |
|---|---|---|---|---|
| c. Trade Payables | US$ | US$ | % | % |
| Shareholders | | | | |
| Hitachi Construction Machinery Asia & Pasific Pte., Ltd., Singapore | 85,542,906 | 106,184,655 | 17.51 | 25.70 |
| Hitachi Construction Machinery Co., Ltd., Japan | 1,772 | 107,249 | 0.00 | 0.03 |
| Other Related Parties | | | | |
| PT Hitachi Construction Machinery Indonesia | 37,792,892 | 38,662,357 | 7.73 | 9.36 |
| Hitachi Construction Machinery Trading Co., Ltd., | - | 541 | - | 0.00 |
| Hitachi Kenki Logistic Technology., | 43,829 | 37,082 | 0.01 | 0.01 |
| Total | 123,381,400 | 144,991,884 | 25.25 | 35.09 |

Payables to PT Hitachi Construction Machinery Indonesia represent payables on purchases of spare parts inventories and heavy equipment.

Payables to Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP), represents payables on purchases of spare parts inventories and heavy equipment, and payment and deposits received by the Company from HMAP's customers for purchases of heavy equipment to HMAP, of which the Company acts as the sales agent.

Payables to Hitachi Construction Machinery Co., Ltd., Japan, represents payables for royalty expense.

| | Sep-12 | Mar-12 | Percentage to Total Liabilities Sep-12 | Percentage to Total Liabilities Mar-12 |
|---|---|---|---|---|
| d. Due to a Related Party | US$ | US$ | % | % |
| Hitachi Construction Machinery Co., Ltd., Japan | 61,092 | - | 0.01 | - |
| Hitachi Construction Machinery Asia & Pasific Pte, Ltd, | 319,094 | - | 0.07 | - |
| Hitachi Construction Truck Manufacturing Ltd., Canada | 135 | - | 0.00 | - |
| Total | 380,321 | - | 0.08 | - |

The nature of relationship of the Company with related parties are as follows:

| Name of Related Parties | Relationship |
|---|---|
| 1. Hitachi Construction Machinery Co., Ltd, Japan ("HCMJ") | Shareholder |
| 2. Hitachi Construction Machinery Asia Pasific Pte, Ltd., Singapore | Shareholder |
| 3. Itochu Corporation, Japan | Shareholder |
| 4. Hitachi Construction Truck Manufacturing Ltd., Canada | Affiliated Company |
| 5. PT Hitachi Construction Machinery Indonesia | Affiliated Company |
| 6. Hitachi Construction Machinery (Thailand)Co., Ltd., | Affiliated Company |
| 7. Hitachi Construction Machinery (Shanghai) Co., Ltd., Cina | Affiliated Company |
| 8. Hitachi Construction Machinery Trading Co., Ltd, Japan | Affiliated Company |
| 9. PT Hitachi Construction Machinery Finance Indonesia | Affiliated Company |
| 10. Hitachi Sumitomo Heavy Industries Construction, Japan | Affiliated Company |
| 11. Telco Construction Equipment Co., Ltd., India | Affiliated Company |
| 12. Hitachi Kenki Logistics Technology Co., Ltd., Japan | Affiliated Company |

(Expressed in US Dollars, unless Otherwise Stated)

## 6. OTHERS RECEIVABLES - THIRD PARTIES

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Arkananta Pratista | 1,197 | - |
| Bukit Makmur Mandiri | - | 19,963 |
| Kayan Putra Utama Coal | 27,843 | - |
| Temmy William | 7,171 | - |
| Yoshino Hard Indonesia | 1,518,261 | - |
| Others | 144,373 | 80,815 |
| Total | 1,698,845 | 100,778 |

## 7. INVENTORIES - NET

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Merchandise inventories | | |
| Heavy equipment | 165,385,264 | 157,532,800 |
| Spare parts | 113,861,129 | 79,961,909 |
| Total | 279,246,393 | 237,494,709 |
| Less allowance for decline in market value | (3,552,265) | (3,510,200) |
| Net | 275,694,128 | 233,984,509 |

The movements of allowance for decline in market value during the period are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Balance at beginning of year | 3,510,200 | 3,914,891 |
| Provision during the period | 354,000 | - |
| Reversal of allowance during the year | (311,935) | (47,088) |
| Write-off during the period | - | (357,603) |
| Balance at end of year | 3,552,265 | 3,510,200 |

The Company's management believes that the allowance for inventories is adequate to cover possible losses from decline in market value.

All inventories (except for inventories in transit) are covered by insurance against losses from fire and other risks under blanket policies of US$94,023,500 as of September 30, 2012 and as of March 31, 2012, which the Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

(Expressed in US Dollars, unless Otherwise Stated)

## 8. ADVANCE PAYMENT

This acount consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Purchasing goods | 8,603,670 | 4,565,921 |
| Travelling | 111,557 | 20,320 |
| Others | 24,450 | 384,701 |
| Total | 8,739,677 | 4,970,942 |

## 9. PREPAID TAXES

Prepayment of taxes:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Value Added Tax | 2,890,958 | 2,447,343 |
| Total prepaid taxes | 2,890,958 | 2,447,343 |

## 10. ESTIMATED CLAIM FOR TAX REFUND :

This accounts consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Income tax - Period 2007 | - | 446,881 |
| Income tax - Period 2010 | 430,250 | 49,166 |
| Value Added Tax | 2,762,986 | 3,385,653 |
| Total estimated claim for tax refund | 3,193,236 | 3,881,700 |

On January 15, 2010, the Company received the results of tax assessments for the over payment of VAT for month of December 2008 based on the Letter of Tax Over Payment (SKPLB).No. 00049/407/08/054/10 which amounted to Rp20,000,112,612 (equivalent to US$2,194,198) from the Company's total claim of Rp22,976,102,405 (equivalent to US$2,520,691) and Tax Collection Letter (STP) No. 00003/107/08/05410 amounting to Rp595,197,959 (equivalent to US$65,299). The Company did not agree with the assessment and sent objection letter No. 006/HAP-TAX/III/10 dated March 25, 2010. On December 27, 2010, the Company received letter No. KEP-1522/WPJ.07/2010 from the Directorate General of Taxation (DGT) regarding its rejection of the Company's objection letter. On March 11, 2011, the Company filed an appeal on the DGT's decision to the Tax Court through its letter No. 003/HAP-TAX/III/2011. On June 21, 2012, the Company received decision letter No. Put.38806/PP/M.II/16/2012, all filed an appeal accepted by the Tax Court as amounted Rp2,975,989,793.- and the return of money has been received on August 28, 2012.

## 10. Estimated claim for tax refund : (continued)

On January 15, 2010, the Company also received the result of tax assessment for its VAT for September - November 2008 based on the Letter of Tax Under Payment (SKPKB) No. 00016/207/08/054/10 amounting to Rp4,396,479,260 (equivalent to US$482,335) and several STP totaling to Rp527,039,090 (equivalent to US$57,821). The Company did not agree with the assessment and sent objection letter No. 005/HAP-TAX/III/10 dated March 29, 2010 with an agreed amount of Rp87,391,164 (equivalent to US$9,588) which was recorded as part of "Operating Expenses" account in the 2010 statement of comprehensive income (Note 22). On December 14, 2010, the Company received letter No. KEP-1451/WPJ.07/2010 from the DGT regarding its rejection of the Company's objection letter. On March 11, 2011, the Company filed an appeal on the DGT's decision to the Tax Court through its letter No. 002/HAP-TAX/III/2011.On June 21, 2012, the Company received decision letter No. Put.38807/PP/M.II/16/2012, all filed an appeal accepted by the Tax Court as amounted Rp4,396,479,259.- and the Company already received it on August 28, while to return STP as amount Rp1,122,187,049 (equivalent US$ 118,054) still in process.

The Company received tax assessment on claim for corporate income tax for 2007 as stated in the SKPLB No. 00099/406/07/054/09 dated March 25, 2009 of Rp5,082,676,387 (equivalent to US$557,617) out of the Company's total claim of Rp12,039,872,425 (equivalent to US$1,320,886). The Company did not fully agree with the assessment and sent an objection letterNo. 006/HAP-TAX/V/09 dated May 7, 2009, with the agreed amount of the correction was Rp2,853,602,537 (equivalent to US$313,067) which was recorded as part of "Operating Expenses" account in the 2009 statement of comprehensive income. On May 5, 2010, the Company received letter No. KEP-206/PJ/2010 from the DGT regarding its rejection of the Company's objection letter. On August 3, 2010, the Company filed an appeal on the DGT's decision to the Tax Court through its letter No. 013/HAP-TAX/VIII/2010. On July 27, 2012, the Company received a tax court decision no: Put.39098/PP/M.II/15/2012 dated July 5, 2012 with the decision to grant all company's appeal of RP4,103,593,500 and the return of money has been received by Company in August 2012 with number SPMKP: 80467/091-0463-2012 date August 10, 2012.

## 10. Estimated claim for tax refund : (continued)

The Company also received the result oftax assessment on its VAT for the months of January - November 2007 based on the SKPKB No. 0057/207/07/054/09 dated March 25, 2009 amounting to Rp10,691,798,396 (equivalent to US$1,172,989) and several STP totaling to Rp257,185,416 (equivalent to US$28,216). The Company did not fully agree with the assessment and sent an objection letter No. 004/HAP-TAX/V/09 dated May 7, 2009 with an agreed amount of Rp138,503,335 (equivalent to US$15,195) which was recorded as part of "Operating Expenses" account in the 2009 statement of comprehensive income. On April 14, 2009, the Company paid the above under payment including tax penalty and interests amounting to Rp5,866,307,425 (equivalent to US$643,588) and the remaining under payment of Rp5,082,676,387 (equivalent to US$557,617) were compensated with over payment of corporate income tax for 2007. On May 5, 2010, the Company received letter No. KEP-207/PJ/2010 from the DGT regarding its rejection of the Company's objection letter. On August 3, 2010, the Company filed an appeal on the DGT's decision to the Tax Court through its letter No. 012/HAP-TAX/VIII/10. On June 21, 2012, the Company received decision letter No. Put.38805/PP/M.II/16/2012, to grant Company's appeal as amounted Rp 10,402,934,056 and Company already reveived it on August 28, 2012 and some amount as Rp288,864,340.- rejected by Tax Court.

On August 15, 2012, the Company received tax assessment on claim for corporate income tax for 2010 as stated in the several SKPKB on July - August 2012 as amounted to Rp 4,026,395,783 (equivalent US$430,250) out of the Company's total claim USD49,166. The Company paid the above under payment, but the Company did not agree with the assessment. The Company will send objection letter to "DJP".

On June 24, 2011, the Company received the results of tax assessments for its VAT for 2004 based on the SKPKB No. 00098/207/04/054/11amounting to Rp11,609,428,388 (equivalent to US$1,200,633) and Tax Collection Letter ("STP") No. 00001/107/04/054/11 amounting to Rp.1,080.060.953 (equivalent to US$120,162). The Company did not agree with the assessment and sent an objection letter No. 008/HAP-TAX/VIII/11 dated on August 24, 2011 with an agreed amount of Rp817,728,592 (equivalent to US$95,102) which was recorded as part of "Selling Expenses" and "General and Administrative Expenses" accounts in the 2012 statement of comprehensive income . The tax shortage payment had pay on July 21, 2011. On August 10, 2012, the Company received letter no. KEP-1139/WPJ.19/2012 from the Directorate General of Taxation regarding its rejection of the Company's objection letter. The Company will file an appeal on the DGT's decision on the Tax Court.

On August 1, 2012, the Company olso received the result of tax assessment on its VAT for April - July 2010 in several SKPKB and STP as amounted Rp4,725,473,563 (equivalent US$524,528). And on August 15, 2012 received several SKPKB and STP as amounted Rp7,200,640,451 (equivalent US$799,609). The Company already paid all several SKPKB and STP, but not fully agreed with the assessment and will send objection letter to "DJP" total as amounting Rp11,926,114,014 (equivalent US$ 1,324,137).

(Expressed in US Dollars, unless Otherwise Stated)

## 11. PROPERTY AND EQUIPMENT

This account consists of:

**Direct ownership**

| | April-September 2012 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Reclassifications | Deduction | Ending Balance |
| Cost | US$ | US$ | | US$ | US$ |
| Land | 9,620,795 | - | - | - | 9,620,795 |
| Building | 20,030,841 | 24,245 | 459,825 | - | 20,514,911 |
| Vehicles | 9,914,692 | 469,345 | - | 310,233 | 10,073,804 |
| Office equipment | 5,968,160 | 237,592 | - | 38,631 | 6,167,121 |
| Furniture & fixtures | 2,120,493 | 102,020 | - | 11,433 | 2,211,080 |
| Machineries | 3,558,519 | 2,044,537 | - | 1,277,915 | 4,325,141 |
| Tool for after-sales services | 5,289,436 | 275,730 | - | 24,705 | 5,540,461 |
| Leased asset | | | - | | 0 |
| Vehicles | - | - | - | - | 0 |
| | | | | | 0 |
| Construction in progres | | | | | |
| Building | 1,820,776 | 1,178,693 | - | - | 2,999,469 |
| **Total cost** | **58,323,712** | **4,332,162** | **459,825** | **1,662,917** | **61,452,782** |
| **Accumulated Depreciation** | | | | | |
| Land | - | - | - | - | - |
| Building | 6,959,735 | 510,502 | - | - | 7,470,237 |
| Vehicles | 5,277,913 | 593,577 | - | 176,845 | 5,694,645 |
| Office equipment | 3,879,793 | 362,889 | - | 27,403 | 4,215,279 |
| Furniture & fixtures | 1,528,334 | 83,374 | - | 4,629 | 1,607,079 |
| Machineries | 2,134,771 | 294,791 | - | - | 2,429,562 |
| Tool for after-sales services | 4,434,934 | 384,674 | - | 18,523 | 4,801,085 |
| Leased asset | | | - | | |
| Vehicles | - | - | - | - | - |
| Construction in progres | - | - | - | - | - |
| **Total Accumulated Depreciation** | **24,215,479** | **2,229,807** | **-** | **227,400** | **26,217,887** |
| **Book value** | | | | | |
| **Direct ownership** | | | | | |
| Land | 9,620,795 | - | - | - | 9,620,795 |
| Building | 13,129,825 | (486,257) | - | - | 13,044,674 |
| Vehicles | 4,636,779 | (124,232) | - | - | 4,379,159 |
| Office equipment | 2,088,367 | (125,297) | - | 11,228 | 1,951,842 |
| Furniture & fixtures | 592,159 | 18,646 | - | 6,804 | 604,001 |
| Machineries | 1,423,748 | 1,749,746 | - | - | 1,895,579 |
| Tool for after-sales services | 854,502 | (108,944) | - | 6,182 | 739,376 |
| Leased asset | | | - | | |
| Vehicles | - | - | - | - | - |
| Construction in progres | 1,820,776 | 1,178,693 | - | - | 2,999,469 |
| **Net book value** | **34,108,233** | **2,102,355** | **459,825** | **1,435,517** | **35,234,895** |

(Expressed in US Dollars, unless Otherwise Stated)

## 11. PROPERTY AND EQUIPMENT (continued)

| Direct ownership | April 2011-March 2012 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Reclassifications | Deduction | Ending Balance |
| Cost | | | | | |
| Land | 9,249,434 | 371,361 | - | - | 9,620,795 |
| Building | 18,499,372 | 71,440 | 1,460,028 | - | 20,030,840 |
| Vehicles | 8,814,095 | 1,887,563 | 52,512 | 839,478 | 9,914,692 |
| Office equipment | 4,907,637 | 1,182,942 | 9,104 | 131,523 | 5,968,160 |
| Furniture & fixtures | 1,694,127 | 442,158 | - | 15,791 | 2,120,494 |
| Machineries | 3,067,790 | 497,297 | - | 6,568 | 3,558,519 |
| Tool for after-sales Services | 4,512,015 | 799,818 | - | 22,397 | 5,289,436 |
| Leased asset | | | | | 0 |
| Vehicles | 52,512 | - | (52,512.00) | | 0 |
| Construction in progres | | | | | |
| Building | 685,864 | 2,604,045 | (1,469,132) | | 1,820,777 |
| **Total cost** | **51,482,845** | **7,856,624** | **-** | **1,015,757** | **58,323,712** |
| **Accumulated Depreciation** | | | | | |
| | - | | | | - |
| Building | 5,982,039 | 977,696 | - | - | 6,959,735 |
| Vehicles | 4,736,729 | 1,345,046 | 31,508 | 835,370 | 5,277,913 |
| Office equipment | 3,328,564 | 673,764 | - | 122,535 | 3,879,793 |
| Furniture & fixtures | 1,404,401 | 139,362 | - | 15,430 | 1,528,333 |
| Machineries | 1,697,915 | 443,129 | - | 6,273 | 2,134,771 |
| Tool for after-sales services | 3,771,771 | 685,475 | - | 22,312 | 4,434,934 |
| Leased asset | | | | | 0 |
| Vehicles | 28,882 | 2,626 | (31,508) | - | 0 |
| Construction in progres | - | - | | - | 0 |
| **Total Accumulated Depreciation** | **20,950,301** | **4,267,098** | **-** | **1,001,920** | **24,215,479** |
| **Book value** | | | | | |
| **Direct ownership** | | | | | |
| Land | 9,115,696 | - | - | - | 20,030,840 |
| Building | 4,697,500 | 8,571,876 | - | - | 4,636,778 |
| Vehicles | 759,549 | 478,175 | - | - | 2,088,366 |
| Office equipment | 1,153,888 | 130,654 | - | 1,951 | 592,161 |
| Furniture & fixtures | 243,630 | 130,654 | - | 37 | 1,423,748 |
| Machineries | 477,985 | 8,183 | - | - | 854,502 |
| Tool for after-sales services | 318,079 | 53,469 | - | 34 | - |
| | | | - | | |
| Leased asset | | | - | | |
| Vehicles | 304,926 | (46,604) | | - | - |
| Construction in progres | 685,864 | 2,604,045 | (1,469,132) | - | 1,820,777 |
| **Net book value** | **30,532,544** | **3,589,526** | **-** | **13,837** | **34,108,233** |

(Expressed in US Dollars, unless Otherwise Stated)

**11. PROPERTY AND EQUIPMENT (continued)**

*Depreciation charged to operations are as follows:*

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Cost of rental of heavy equipment and maintenance service | 656,108 | 1,433,847 |
| Selling | 881,271 | 1,586,621 |
| General and administrative | 692,427 | 1,246,630 |
| Total | 2,229,807 | 4,267,098 |

The Company's land are under "Hak Guna Bangunan (HGB)" (non-ownership with limited duration) and "Hak Milik". As of September 30, 2012, the related landrights under HGB will expire between 2017 to 2041 and the Company's management believes that these rights are renewable upon their expiry.

Fixed assets, except for land, are covered by insurance against losses by fire and other risks under blanket policies of US$US$54,284,240 as of September 30, 2012 and of March 31, 2012, which the Company's management believes that the insurance is adequate to cover possible losses arising from such risks.

As of September 30, 2012 and March 31, 2012, the Company's management believes that there is no events or conditions that may indicate impairment of assets.

(Expressed in US Dollars, unless Otherwise Stated)

## 12. SHORT-TERM BANK LOANS

This account represents short-term bank loans obtained from several banks, as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| The Bank of Tokyo-Mitsubishi UFJ., Ltd., Jakarta Branch | 30,000,000 | 10,000,000 |
| PT Bank Sumitomo Mitsui Indonesia | 15,000,000 | 8,000,000 |
| The Sumitomo Trust & Banking Co., Ltd., Singapore Branch | 10,000,000 | - |
| PT Bank Mizuho Indonesia | 10,000,000 | 7,000,000 |
| The Bank of Tokyo-Mitsubishi UFJ., Ltd., Jakarta Branch | - | 5,000,000 |
| The Bank of Tokyo-Mitsubishi UFJ., Ltd., Singapore Branch | 25,000,000 | 5,000,000 |
| The Citibank NA | 5,000,000 | - |
| Total | 95,000,000 | 35,000,000 |

The Bank of Tokyo - Mitsubishi UFJ, Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Jakarta Branch ("BTMU Jakarta")

Multi-Currency Revolving Loan Facility

On November 10, 2008, the Company and PT Hitachi Construction Machinery Indonesia obtained a multi-currency loan facility from The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta (BTMU Jakarta) with a maximum credit facility of US$25,000,000 and US$40,000,000, respectively. The term of this facility is 36 months from the date of the agreement.

Based on Amendment and Restatement Agreement ("Amendment Agreement") dated August 30, 2012, maximum credit facility is amended to become US$60,000,000, respectively, and the term of this facility is 48 months from the Amendment Agreement date. The loan facility withdrawn is due for less than one year. The loan bears interest Applicable Margin at 0.50% above Singapore Interbank Offered Rate ("SIBOR")per year. This loan is guaranteed by corporate guarantee from Hitachi Construction Machinery Co., Ltd., Japan, the Company's majority shareholder.

The related loan agreement with BTMU Jakarta contain certain restrictions on the Company to, among others, change its business, and sell, lease, transfer or otherwise dispose of all or a substantial part of its assets, unless such activity is made in the ordinary course of the Company's business without prior written notice to BTMU Jakarta.

The above bank loan bears annual interest rates ranging from 0.50% to 0.75% in 2012 and at 0.48% in 2011.

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Singapore Branch ("BTMU Singapore")

On November 10, 2008, the Company and its related parties (i.e. Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore, Hitachi Construction Machinery (Thailand) Co., Ltd., Thailand, PT Hitachi Construction Machinery Indonesia, Hitachi Construction Machinery (Malaysia) Sdn., Bhd., Malaysia and Cableprice (NZ) Ltd.) obtained a multi-currency loan facility from BTMU Singapore with a maximum credit facility amounting US$30,000,000. The term of this facility is 36 months from the date of the agreement.

Based on Amendment and Restatement Agreement ("Amendment Agreement") dated November 10, 2011, maximum credit facility is amended to US$50,000,000 and the term of this facility is 48 months from the Amendment Agreement effective date. The loan facility withdrawn is due for less than one year. The loan bears interest at 0.25% above LIBOR per year.

Each loan can be drawdown through BTMU Singapore and/or BTMU Jakarta. This loan is guaranteed by corporate guarantee from Hitachi Construction Machinery Co., Ltd., Japan, the Company's majority shareholder.

The related loan agreements with BTMU Singapore contain certain restriction on the Company to, among others, change of its business, and sell, lease, transfer or otherwise dispose of all or a substantial part of its assets, unless such activity is made in the ordinary course of the Company's business without prior written notice to BTMU Singapore.

The above bank loan bears annual interest rates ranging from 0.45% to 0.53% in 2012.

(Expressed in US Dollars, unless Otherwise Stated)

## 12. SHORT-TERM BANK LOANS (Continued)

PT Bank Sumitomo Mitsui Indonesia

On October 12, 2009, the Company obtained an uncommitted revolving credit facility for working capital in multi-currency from PT Bank Sumitomo Mitsui Indonesia ("Sumitomo Indonesia") with a maximum credit facility of US$15,000,000. This loan facility has been extended several times, with the latest extention until September 2013. The loan bears interest at 0.75% above Sumitomo Mitsui Banking Corporation's SIBOR per year.

The loan contains certain restrictions on the Company to, among others, reorganize, consolidate with or merge into any other company or lease, transfer or otherwise dispose all or any substantial parts of its assets and change its business; incur or suffer to exist any additional indebtedness for money borrowed or credit extended (including contingent indebtedness by guarantee or otherwise) other than those incurred in the ordinery course of business or make any loan to other entity without prior written approval of Sumitomo Indonesia.

The above bank loan bears annual interest rates ranging from 1.03% to 1.06% in 2012.

The Sumitomo Trust and Banking Company, Limited, Singapore Branch

On March 30, 2012, the Company obtained an uncommitted revolving credit facility for working capital in multi-currency from Sumitomo Trust and Banking Company, Limited, Singapore Branch with a maximum credit facility of US$10,000,000. This loan facility has been extended several times, with the latest extention until March 28, 2013. The loan bears interest at 0.75% above COF per year.

The loan contains certain restrictions on the Company to, among others, reorganize, consolidate with or merge into any other company or lease, transfer or otherwise dispose all or any substantial parts of its assets and change its business; incur or suffer to exist any additional indebtedness for money borrowed or credit extended (including contingent indebtedness by guarantee or otherwise) other than those incurred in the ordinery course of business or make any loan to other entity without prior written approval of Sumitomo Trust & Banking Co., Ltd., Singapore.

The above bank loan bears annual interest rates ranging from 1.01% to 1.06% in 2012.

PT Bank Mizuho Indonesia

On April 21, 2006, the Company obtained an unsecured short-term working capital facility from PT Bank Mizuho Indonesia ("Mizuho Indonesia") with a maximum credit facility of US$10,000,000. This loan facility have been extended several times, with the latest extention until April 21, 2013. The loan bears interest at 0.75% above cost of fund per year. The loan contains certain restrictions on the Company to, among others, to consolidate with or merge into any other corporation and change of its business without prior written approval of Mizuho Indonesia.

The above bank loan bears annual interest rates ranging from 1.19% to 1.29% in 2012.

**Citibank N.A.**

On June 5, 2006, the Company obtained a short term working capital facility from Citibank, N.A., Jakarta with a maximum credit facility of US$15,000,000. This loan facility have been extended several times, the latest was until June 5, 2013. The loan bears interest at 0.75% above LIBOR per year and is payable in 3 months.

## 13. TRADE PAYABLES – THIRD PARTIES

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Heavy equipment | 2,536,825 | 4,603,105 |
| Spare parts | 1,082,809 | 1,964,772 |
| Repairs and maintenance | 188,708 | 342,413 |
| Purchases of goods and services others | 1,407,096 | 2,553,195 |
| Total | 5,215,437 | 9,463,485 |

As of September 30, 2012 and March 31, 2012, the aging of all trade payables - third parties was current and less than 3 months.

(Expressed in US Dollars, unless Otherwise Stated)

## 14. OTHER PAYABLES - THIRD PARTIES

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Heavy equipment | 607,941 | 1,047,617 |
| Spare parts | 293,912 | 506,476 |
| Service and Maintenance | 117,987 | 203,318 |
| Others | 1,432,091 | 2,294,769 |
| Total | 2,451,932 | 4,052,180 |

## 15. ACCRUED EXPENSES

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Repairs and maintenance services | 12,940,075 | 8,911,371 |
| Salaries and employee's benefits | 5,918,328 | 5,233,709 |
| Sales of heavy equipment | 2,286,685 | 1,448,902 |
| Interest | 22,270 | 14,341 |
| Others | 2,825,003 | 565,523 |
| Total | 23,992,360 | 16,173,846 |

## 16. TAXES PAYABLES

Taxes payable represents income taxes payables on:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Estimated tax payable in current period | 1,547,473 | - |
| The other taxes payables | | |
| Article 4(2) | | 6,021 |
| Article 15 | | 8,173 |
| Article 21 | 272,397 | 245,140 |
| Article 23 | 118,054 | 48,562 |
| Article 25 | - | 1,251,300 |
| Article 26 | - | 16,621 |
| Article 29 | - | 2,875,208 |
| Total | 1,937,924 | 4,451,025 |

Income Tax Expense – Current

The reconciliation between income before income tax, as shown in the statements of income and taxable income for six months ended September 30, 2012 and end of March 31, 2012, are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Income before income tax expense per statements of income | 51,474,847 | 97,049,449 |

(Expressed in US Dollars, unless Otherwise Stated)

## 16. TAXES PAYABLES (continued)

| | | |
|---|---|---|
| Add (deduct) temporary differences: | | |
| Provision for inventories obsolescence | 354,000 | (47,088) |
| Provision for employee benefit | 1,100,913 | 1,012,107 |
| Depreciation of property and equipment | (769,836) | 80,706 |
| Depreciation of leased assets | - | 2,626 |
| Loss (gain) on sale of property and equipment | (71,405) | (3,814) |
| Impairment loss on receivables value | 149,774 | 239,431 |
| Taxes and licenses | 39,162 | 1,316,204 |
| Entertainment | 58,180 | 289,964 |
| Promotion | - | 64,351 |
| Donation | 21,788 | 32,397 |
| Inventories written off | - | (357,603) |
| Others expenses | 281,249 | 668,790 |
| Add (deduct) permanent differences: | | |
| Interest income already subject to final tax | (54,505) | (138,427) |
| Payment of finance lease obligation | - | (2,303) |
| Rental revenue | - | - |
| Taxable Income | 52,584,167 | 100,206,790 |

**Deferred Income Tax**

The computations of deferred income tax benefit (expense) on temporary differences between commercial and tax reporting purposes using the maximum tax rate of 25% ended September 30, 2012 and the year ended March 31, 2012, respectively, are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Provision for employee - benefit net | 275,228 | 253,026 |
| Provision for impairment losses | 37,444 | 59,858 |
| Depreciation of fixed assets | (192,459) | 20,177 |
| Leased assets | - | 80 |
| Inventories written-off | - | (89,401) |
| Provision (reversal of provision) for decline in market value | 88,500 | (11,772) |
| Loss (gain) on disposal of fixed assets - net | (17,851) | (953) |
| Adjustment on deferred tax asset | - | - |
| Deferred income tax benefit - net | 190,862 | 231,015 |
| Income before corporate income tax | 52,584,167 | 97,049,449 |
| Corporate income tax expense at applicable tax rate | (13,146,000) | (24,262,362) |
| Tax effect on permanent differences | - | (558,320) |
| **Corporate income tax expense-net** | **(13,146,000)** | **(24,820,682)** |

The deferred tax assets and liabilities as of September 30, 2012 and March 31,2012, are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| Deferred tax assets | US$ | US$ |
| Trade receivables - net | 144,832 | 107,388 |
| Inventories - net | 966,050 | 877,550 |
| Liability for employee benefits | 1,570,164 | 1,294,936 |
| **Total deferred tax assets** | **2,681,046** | **2,279,874** |

(Expressed in US Dollars, unless Otherwise Stated)

## 16. TAXES PAYABLES (continued)

| | | |
|---|---|---|
| Deferred tax liabilities | | |
| Fixed assets and leased assets | (294,124) | (101,665) |
| Depreciation of leased assets | - | - |
| Gain on sale of property and equipment | (17,851) | - |
| Total deferred tax liabilities | (311,975) | (101,665) |
| **Deferred tax assets - net** | 2,369,071 | 2,178,209 |

The computations of income tax expense and tax payable as of September 30, 2012 and March 31,2012, are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Taxable income (rounded-off) | 52,584,000 | 100,206,790 |
| Income tax expense - current | (13,146,000) | (25,051,697) |

| | Sep-12 | Mar-12 |
|---|---|---|
| Prepayment of income taxes: | US$ | US$ |
| Article 22 | 4,613,879 | 8,354,597 |
| Article 23 | 760,646 | 1,933,415 |
| Article 25 | 6,224,002 | 11,888,477 |
| Total prepayment of income tax | 11,598,527 | 22,176,489 |
| Estimated tax (receivable) payable | (1,547,473) | (2,875,208) |

## 17. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

This account consists of:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Employees' benefits liability | 6,094,080 | 5,179,744 |
| Current maturities | (102,667) | - |
| Long term portion | 5,991,413 | 5,179,744 |

The movement of estimated liability for employees' benefits during the period are as follows:

| | Sep-12 | Mar-12 |
|---|---|---|
| | US$ | US$ |
| Balance at beginning of year | 5,179,744 | 4,167,637 |
| Provisions during the year | 1,267,709 | 1,726,512 |
| Payment during the period | (353,373) | (523,914) |
| Loss (gain) on foreign exchange | - | (190,491) |
| Ending balance | **6,094,080** | **5,179,744** |

(Expressed in US Dollars, unless Otherwise Stated)

## 18. SHARE CAPITAL

The share ownership as of September 30, 2012 and March 31, 2012 based on the report from PT Sirca Datapro Perdana, the shares administrator bureau, are as follows:

September-12

| Shareholders | Number of Shares Issued and fully Paid Rp 100 | Percentage of Ownership | Amount US$ |
|---|---|---|---|
| Commissioner | | | |
| - Donald Christian Sie | 64,500 | 0.008% | 1,784 |
| Hitachi Construction Machinery Co.., Ltd,. Japan | 408,180,000 | 48.593% | 11,289,543 |
| Itochu Corporation, Japan | 210,400,000 | 25.048% | 5,819,295 |
| Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore | 42,620,000 | 5.074% | 1,178,794 |
| Public (below 5% ownership each) | 178,735,500 | 21.278% | 4,943,510 |
| Balance as of September 30, 2012 | 840,000,000 | 100.00% | 23,232,926 |

March-12

| Shareholders | Number of Shares Issued and fully Paid Rp 100 | Percentage of Ownership | Amount US$ |
|---|---|---|---|
| Commissioner | | | |
| - Donald Christian Sie | 64,500 | 0.008% | 1,784 |
| Hitachi Construction Machinery Co.., Ltd,. Japan | 408,180,000 | 48.593% | 11,289,543 |
| Itochu Corporation, Japan | 210,400,000 | 25.048% | 5,819,295 |
| Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore | 42,620,000 | 5.074% | 1,178,794 |
| Public (below 5% ownership each) | 178,735,500 | 21.278% | 4,943,510 |
| Balance as of March 31, 2012 | 840,000,000 | 100.00% | 23,232,926 |

## 19. ADDITIONAL paid-in CAPITAL – NET

This account consists of:

| | Sep-12 US$ | Mar-12 US$ |
|---|---|---|
| Additional paid-in capital | 8,115,419 | 8,115,419 |
| Stock issuance costs | (116,583) | (116,583) |
| **Net** | 7,998,836 | 7,998,836 |

(Expressed in US Dollars, unless Otherwise Stated)

## 20. CASH DIVIDENDS AND GENERAL RESERVE

In accordance with the minutes of the Annual Shareholders' Meeting of the Company held on September 21, 2012, the minutes of which were notarized by Notarial Deed No. 89 on the same date of Humberg Lie, S.H., S.E., MKn., the shareholders resolved to declare cash dividends totaling US$32,508,000 from the net income for the the year 2011 for the outstanding and issued shares of 840,000,000 or US$0.0387 per share and to appropriate for general reserve from retained earnings amounting to US$500,000). The cash dividends will pay to the shareholders on November 5, 2012.

In accordance with the minutes of the Annual Shareholders' Meeting of the Company held on September 8, 2011, the minutes of which were notarized by Notarial Deed No. 1 on the same date of Humberg Lie, SH, SE, MKn Notaris , the shareholders resolved to declare cash dividends totaling US$17,262.000) for the 840,000,000 shares or US$0.0205 per share, and to appropriate for US$500,000. The cash dividends were fully paid to the shareholders on October 17, 2011.

## 21. NET REVENUES

Details of net revenues are as follows:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| Sales, rental of heavy equipment and commission income | | |
| Third parties | 237,361,070 | 202,175,463 |
| Related parties | 4,450,781 | 6,002,723 |
| Sales of spare parts | | |
| Third parties | 70,870,575 | 53,647,049 |
| Repairs and maintenance services | | |
| Third parties | 41,379,831 | 32,977,832 |
| Related parties | 8,369,580 | 1,827,259 |
| Total Revenue | 362,431,837 | 296,630,326 |

## 22. COST OF REVENUES

Details of cost of revenues are as follows:

| | Sep-12 | Sep-11 |
|---|---|---|
| Sales, rental of heavy equipment and commission income | US$ | US$ |
| Beginning balance of inventories | 155,310,422 | 44,123,460 |
| Purchasing | 215,333,809 | 208,126,349 |
| Available Inventories for sales | 370,644,231 | 252,249,809 |
| Allowance for inventories obsolescence | | - |
| Ending Inventories | (163,358,274) | (74,478,393) |
| Cost of sales, rental heavy equipment and commission | **207,285,957** | **177,771,416** |
| Spare-parts: | | |
| Beginning balance of inventories | 78,674,087 | 57,137,992 |
| Purchasing | 78,192,436 | 50,092,824 |
| Available parts inventories | 156,866,523 | 107,230,816 |
| Allowance for inventories obsolescence | 354,000 | 444,475 |
| Ending balance of part inventories | (112,335,854) | (74,049,946) |
| Cost of spare-parts sales | **44,884,669** | **33,625,345** |
| Repairs and maintenance services cost | **35,375,490** | **23,426,349** |
| Total cost of revenue | 287,546,116 | 234,823,110 |

(Expressed in US Dollars, unless Otherwise Stated)

## 23. OPERATING EXPENSES

Details of operating expenses are as follows:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| **a. Selling Expenses:** | | |
| Salaries, wages and employee benefits | 5,714,168 | 5,151,029 |
| Travelling | 2,032,147 | 1,779,034 |
| Depreciation | 881,271 | 784,662 |
| Communication | 409,676 | 445,365 |
| Warehousing and shipping | 188,019 | 84,264 |
| Transportation | 2,795,891 | 2,319,461 |
| Repairs and maintenance | 237,870 | 227,376 |
| Entertainment | 193,932 | 102,555 |
| Rental | 358,559 | 191,520 |
| After sales services | 43,918 | 380,208 |
| Training and education | 197,657 | 140,315 |
| Professional fees | 176,907 | 285,523 |
| Sales and promotion | 27,835 | 103,463 |
| **Total selling expenses** | **13,257,850** | **11,994,775** |
| **b. General and Administrative Expenses:** | | |
| Salaries, wages and employee benefits | 5,333,474 | 4,591,922 |
| Stationery and office supplies | 2,954,646 | 2,625,463 |
| Depreciation | 692,427 | 616,521 |
| Repairs and maintenance | 202,630 | 291,920 |
| Communication | 348,983 | 379,385 |
| Bank charges | 47,546 | 46,325 |
| Insurance | 427,003 | 346,369 |
| Water, gas and electricity | 409,119 | 351,369 |
| Taxes | 130,541 | 137,759 |
| Donation | 21,788 | 13,890 |
| Membership | 37,522 | 19,946 |
| Others | 60,932 | 188,753 |
| Total General and administrative expenses | **10,666,612** | **9,609,621** |
| Total Operating expenses | 23,924,462 | 21,604,396 |

## 24. OTHER OPERATING INCOME

The details of other operating income are as follows:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| Warranty Income - net | 572,274 | 450,560 |
| Gain on disposal of fixed assets - net | 71,405 | 27,704.00 |
| Claim to supplier | 56,676 | 31,922 |
| Others | 998,959 | 874,598 |
| **Total Operating income** | **1,699,314** | **1,384,784** |

## 25. OTHER OPERATING EXPENSES

The details of other operating expenses are as follows:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| Provision for impairment losses | 149,774 | 69,540 |
| Net losses of foreign exchange of operating activities | 234,104 | 434,502 |
| Loss on disposal of fixed assets - net | 2,488 | 6,699 |
| Others | 610,245 | - |
| | 996,612 | 510,741 |

(Expressed in US Dollars, unless Otherwise Stated)

## 26. INTEREST INCOME

This account represents interest income from:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| Current accounts | 54,505 | 91,828 |
| Financing leases | - | - |
| Trade receivables | - | 2,965 |
| Total | 54,505 | 94,793 |

## 27. FINANCE COST - NET

This account represents interest expense on:

| | Sep-12 | Sep-11 |
|---|---|---|
| | US$ | US$ |
| Bank loans | 243,619 | 78,182 |
| Net losses on foreign exchange of financing activities | - | 4,143 |
| Finance leases | - | 85 |
| **Total** | 243,619 | 82,410 |

## 28. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of September 30, 2012, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

| | Foreign Currencies | **Equivalent in** US$ |
|---|---|---|
| Assets | | |
| Cash on hand and in banks | | |
| Rupiah | IDR 59,381,470,949 | 6,193,487 |
| Japan Yen | JPY 1,749,296.67 | 22,559 |
| Trade receivables | | |
| Rupiah | IDR 57,042,838,363 | 5,949,568 |
| Non-Trade receivables | | |
| Rupiah | IDR 345,393,292 | 36,025 |
| Total Assets | | 12,201,639 |
| Liabilities | | |
| Trade payables | | |
| Rupiah | IDR 39,153,767,291 | 4,083,738 |
| AUD | AUD 200,579.48 | 209,997 |
| EURO | € - | - |
| Japan Yen | JPY 3,432,000 | 44,258 |
| SGD | SGD 0.00 | - |
| Other payables | | |
| Rupiah | IDR 10,142,959,273 | 1,057,911 |
| Japan Yen | JPY 9,129,600 | 117,733 |
| Bank loan | | |
| Rupiah | IDR 0 | - |
| Total Liabilities | | 5,513,637 |
| Net monetary liabilities | | **(6,688,001)** |

## 29. SIGNIFICANT AGREEMENTS AND COMMITMENTS

### a. Royalty Agreement

In May 1999, the Company entered into a royalty agreement with Hitachi Construction Machinery Co., Ltd., Japan (HCMJ), a shareholder. Based on this agreement, HCMJ agreed to furnish the Company with license, technical information and training in order to remanufacture heavy equipment components. As compensation, the Company shall pay HCMJ royalty fee for the license at 1% of certain product sales and technical assistance services related to heavy equipment component remanufacturing. This agreement will expire on December 31, 2009. Based on extension agreement dated january 1, 2010, this royalty agreement has been extended for a period of one year and shall be automatically extended annualy

### b. Distributorship Agreements

The Company has several distributorship agreements in relation to the sale of certain heavy equipment and its spare parts with several licensed companies, among others, HCMJ, Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP), a shareholder, PT Hitachi Construction Machinery Indonesia, a related party.

The above agreements generally cover a period of 1 year to 3 years and can be extended from time to time as agreed with the above companies. The agreements require the Company to achieve certain sales targets and provide after sales service on the heavy equipment sold.

### c. Three Parties Sales and Purchase Agreement

The Company entered into a three parties sales and purchase agreements with HMAP and a certain customer, whereby the Company was appointed as a sales agent on sales of heavy equipment from HMAP to certain customer in Indonesia. Based on these agreements, the Company is responsible to provide service in accordance with assembling of the product and to collect the payment of the product bought by customers.

As compensation, the Company received commission income, services income and administration income from HMAP for collection of receivable based on the certain percentage of the sales price of heavy equipment and collected receivables which is recorded as part of the "Net Revenues" account in the statements of income.

### d. Commission Agreement

The Company entered into a commission agreement with HCMJ, whereby based on the agreement, the Company receives commission fee from HCMJ based on the certain percentage of the sales price of heavy equipments sold to certain third parties in Indonesia. As compensation, the Company is responsible to provide the technical assistance of assembling of the product, perform periodic inspection during the warranty time and provide the training to certain third parties. The commission revenue received by the Company is recorded as part of "Net Revenues" account in the statements of income.

### e. Unused Credit Facility

As of September 30, 2012 the Company has unused credit facility obtained from :

- PT Bank Resona Perdania, under promissory note loan facility of US$ 2,000,000 that has been extended November 13, 2012

## 30. CONTINGENCY

On March 17, 2009, the Company obtained a summon letter from the Balikpapan District Court regarding a legal suit filed by certain third parties against the Company's piece of land located at Manggar, Batakan, Balikpapan which they claim as theirs. The legal suit was rejected by the Balikpapan District Court in a Decision Letter No. 32/Pdt.G/ 2009/PN.BPP dated October 22, 2009. Subsequently, these third parties filed an appeal in the Samarinda High Court. On October 21, 2010, the Company have filed the counter of memorandum of appeal on third parties' memorandum of appeal. Until the completion date of the financial statements, the case is still on going in the Samarinda High Court. The Company's management believes that based on the opinion of the legal counsel, this case will not incur any potential loss to the Company since the Company already bought and obtained the land in accordance with the prevailing laws and regulations in Indonesia.

(Expressed in US Dollars, unless Otherwise Stated)

## 31. INFORMASI SEGMEN

Information concerning the company's business segment is as follows :

| September 30, 2012 | Sales of heavy Equipment and Commision Income | Sales Of Spare Part | Repair and Maintenance Service | Unallocated | Total |
|---|---|---|---|---|---|
| **Business Segment Information** | | | | | |
| Segmented Revenues | 241,811,851 | 70,870,575 | 49,749,411 | | 362,431,837 |
| Segmented Gross Profit | 34,525,894 | 26,363,741 | 13,996,086 | - | 74,885,721 |
| Selling general and administrative expense | (9,003,128) | (4,198,544) | (3,362,703) | (7,360,087) | (23,924,462) |
| Unallocated other Operating income | | | | 1,699,314 | 1,699,314 |
| | | | | | - |
| Unallocated other Operating expense | | | | (996,612) | - (996,612) |
| Segmented Operating Income | 25,522,766 | 22,165,197 | 10,633,383 | (6,657,384) | 51,663,962 |
| Unallocated Interest Income | | | | 54,505 | 54,505 |
| Unallocated Finance Costs -net | | | | (243,619) | - (243,619) |
| Income Before corporate and ta | 25,522,766 | 22,165,197 | 10,633,383 | (6,846,499) | 51,474,847 |
| Corporate Income tax expense - net | | | | | (12,955,138) |
| **Income For the year** | | | | | 38,519,709 |
| Segmented Asset | 307,719,210 | 140,935,699 | 25,942,672 | 14,038,734 | 488,636,315 |
| Segmented Liability | 125,198,422 | 37,870,659 | 241,841 | 132,580,457 | 295,891,379 |
| Capital Expenditures | | | | | 4,332,162 |
| Depreciation | | | | | 2,229,807 |
| Non-cash expenses other Than depreciation: Provision(reversal of provision) for impairment losses of trade receivable | 47,163 | 47,473 | 55,138 | | 149,774 |
| Provision(reversal of provision) for decline in market value of inventories | | 354,000 | - | | 354,000 |
| **Geographical Segment Information :** | | | | | |
| Segment Revenue | | | | | |
| Java Island | 19,380,000 | 1,056,040 | 300,690 | - | 20,736,730 |
| Outside Java Island | 222,431,851 | 69,814,535 | 49,448,721 | - | 341,695,107 |
| **Total Segmented Revenues** | **241,811,851** | **70,870,575** | **49,749,411** | **-** | **362,431,837** |
| Segmented Gross Profit | | | | | |
| Java Island | 2,756,041 | 418,118 | 109,214 | - | 3,283,373 |
| Outside Java Island | 31,769,853 | 25,945,623 | 13,886,872 | - | 71,602,348 |
| **Segmented Gross Profit** | **34,525,894** | **26,363,741** | **13,996,086** | **-** | **74,885,721** |
| Operating Income | | | | | |
| Java Island | 2,449,110 | 305,038 | (181,563) | (64,617) | 2,507,968 |
| Outside Java Island | 23,073,656 | 21,860,159 | 10,814,946 | (6,781,882) | 48,966,879 |
| **Segmented Operating Income** | **25,522,766** | **22,165,197** | **10,633,383** | **(6,846,499)** | **51,474,847** |

(Expressed in US Dollars, unless Otherwise Stated)

| September 30, 2011 | Sales of heavy Equipment and Commision Income | Sales Of Spare Part | Repair and Maintenance Service | Unallocated | Total |
|---|---|---|---|---|---|
| **Business Segment Information** | | | | | |
| Segmented Revenues | 208,178,186 | 53,647,049 | 34,805,091 | | 296,630,326 |
| Segmented Gross Profit | 30,406,770 | 20,466,179 | 10,934,267 | - | 61,807,216 |
| Selling general and administrative expense | (9,902,251) | (2,551,788) | (1,655,547) | (7,494,810) | (21,604,396) |
| Unallocated other Operating income | | | | 1,384,784 | 1,384,784 |
| Unallocated other Operating expense | | | | (510,741) | (510,741) |
| Segmented Operating Income | 20,504,519 | 17,914,391 | 9,278,720 | (6,620,767) | 41,076,863 |
| Unallocated Interest Income | | | | 94,793 | 94,793 |
| Unallocated Finance Costs -net | | | | (82,410) | (82,410) |
| Incòme Before corporate and ta | 20,504,519 | 17,914,391 | 9,278,720 | (6,608,384) | 41,089,246 |
| Corporate Income tax expense - net | | | | | (10,333,818) |
| **Income For the year** | | | | | 30,755,428 |
| Segmented Asset | 122,196,996 | 95,397,285 | 18,196,945 | 70,137,421 | 305,928,647 |
| Segmented Liability | 87,319,463 | 20,931,078 | 683,742 | 51,734,476 | 160,668,759 |
| Capital Expenditures | | | | | 5,008,980 |
| Depreciation | | | | | 2,031,950 |
| Non-cash expenses other Than depreciation: Provision(reversal of provision) for impairment losses of trade receivable | 8,564 | 56,543 | 4,433 | - | 69,540 |
| Provision(reversal of provision) for decline in market value of inventories | | 444,475 | - | - | 444,475 |
| **Geographical Segment Information :** | | | | | |
| Segment Revenue | | | | | |
| Java Island | 20,220,100 | 1,164,815 | 272,262 | - | 21,657,177 |
| Outside Java Island | 187,958,086 | 52,482,234 | 34,532,829 | - | 274,973,149 |
| **Total Segmented Revenues** | 208,178,186 | 53,647,049 | 34,805,091 | - | 296,630,326 |
| Segmented Gross Profit | | | | | |
| Java Island | 3,122,194 | 541,897 | 71,395 | - | 3,735,486 |
| Outside Java Island | 27,284,576 | 19,924,282 | 10,862,872 | - | 58,071,730 |
| **Segmented Gross Profit** | 30,406,770 | 20,466,179 | 10,934,267 | - | 61,807,216 |
| Operating Income | | | | | |
| Java Island | 1,895,507 | 471,231 | 3,405 | (92,394) | 2,277,749 |
| Outside Java Island | 18,609,012 | 17,443,160 | 9,275,315 | (6,515,990) | 38,811,497 |
| **Segmented Operating Income** | 20,504,519 | 17,914,391 | 9,278,720 | (6,608,384) | 41,089,246 |

## 32. CHANGES ON THE REPORTING CURRENCY

In accordance with the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 25, 2008, as covered by Notarial Deed No. 123 on the same date of Robert Purba, S.H., the shareholders resolved to change the reporting currency from Rupiah to US Dollar that will be effective for 2009 fiscal year. The change was approved by the Department of Finance of Republic Indonesia in its decision letter No. KEP-159/WPJ.07/ WPJ.07/BD.04/2009.