

PT CROMPTON PRIMA SWITCHGEAR INDONESIA

Financial statements as of March 31, 2016 and
for the year then ended with independent auditors' report

**PT CROMPTON PRIMA SWITCHGEAR INDONESIA
FINANCIAL STATEMENTS
AS OF MARCH 31, 2016
AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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Independent Auditors' Report

Report No. RPC-1611/PSS/2016

The Shareholders and the Boards of Commissioners and Directors PT Crompton Prima Switchgear Indonesia

We have audited the accompanying financial statements of PT Crompton Prima Switchgear Indonesia, which comprise the statement of financial position as of March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' Report (continued)

Report No. RPC-1611/PSS/2016 (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Crompton Prima Switchgear Indonesia as of March 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja

A handwritten signature in black ink, appearing to read 'Deden Riyadi'.

Deden Riyadi
Public Accountant Registration No. AP.0692

April 29, 2016

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF FINANCIAL POSITION
As of March 31, 2016
(Expressed In United States Dollar, unless otherwise stated)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	4	79,073	71,984
Prepayments	5	13,798	-
Prepaid taxes	8a	204,909	327,933
Other current asset		1,613	208
TOTAL CURRENT ASSETS		299,393	400,125
NON-CURRENT ASSETS			
Fixed assets	6	5,022,046	3,456,274
Deferred tax asset	8e	99,248	11,650
Other non-current asset	7	739,521	-
TOTAL NON-CURRENT ASSETS		5,860,815	3,467,924
TOTAL ASSETS		6,160,208	3,868,049
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accrued expense	9	53,552	3,000
Taxes payable	8b	4,398	-
TOTAL LIABILITIES		57,950	3,000
EQUITY			
Share capital			
Authorized - 15,000 shares of par value			
US\$1,000 (full amount) each; issued			
and fully paid - 4,900 shares	10	4,900,000	3,900,000
Advances for future share capital contribution	11	1,500,000	-
Accumulated deficit		(297,742)	(34,951)
TOTAL EQUITY		6,102,258	3,865,049
TOTAL LIABILITIES AND EQUITY		6,160,208	3,868,049

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

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended March 31, 2016
(Expressed In United States Dollar, unless otherwise stated)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
OPERATING EXPENSES:			
General and administrative expense	12	342,469	20,750
Other operating expense, net	13	1,021	25,851
Total operating expense		343,490	46,601
OTHER EXPENSE:			
Finance expense	14	6,899	-
LOSS BEFORE CORPORATE INCOME TAX		350,389	46,601
CORPORATE INCOME TAX BENEFIT	8c	(87,598)	(11,650)
LOSS FOR THE YEAR		262,791	34,951
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		262,791	34,951

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

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF CHANGES EQUITY
For the Year Ended March 31, 2016
(Expressed In United States Dollar, unless otherwise stated)

	<u>Share Capital</u>	<u>Advances for Future Share Capital Contribution</u>	<u>Accumulated Losses</u>	<u>Total Equity</u>
Balance as of May 7, 2014	-	-	-	-
Issuance of share capital (Note 10)	3,900,000	-	-	3,900,000
Total comprehensive loss	-	-	(34,951)	(34,951)
Balance as of March 31, 2015	<u>3,900,000</u>	<u>-</u>	<u>(34,951)</u>	<u>3,865,049</u>
Issuance of share capital (Note 10)	1,000,000	-	-	1,000,000
Advances for future share capital contribution (Note 11)	-	1,500,000	-	1,500,000
Total comprehensive loss	-	-	(262,791)	(262,791)
Balance as of March 31, 2016	<u>4,900,000</u>	<u>1,500,000</u>	<u>(297,742)</u>	<u>6,102,258</u>

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

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2016
(Expressed In millions of Rupiah, unless otherwise stated)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before corporate income tax		(350,389)	(46,601)
Adjustments to reconcile loss before income tax to net cash used in operating activities:			
Depreciation of fixed assets	6	785	49
Changes in operating assets and liabilities:			
Prepayments	5	(13,798)	-
Prepaid taxes	8a	123,024	(327,933)
Other current asset		(1,405)	(208)
Other non-current assets	7	(739,521)	-
Accrued expense	9	50,552	3,000
Taxes payable	8b	4,398	-
Net cash used in operating activities		(926,354)	(371,693)
CASH FLOW FROM INVESTING ACTIVITY			
Purchases of fixed assets	6	(3,793)	(3,433,737)
Addition to construction in progress	6	(1,562,764)	(22,586)
Cash used in investing activity		(1,566,557)	(3,456,323)
CASH FLOW FROM FINANCING ACTIVITIES:			
Share capital contribution	10	1,000,000	3,900,000
Advances for future share capital contribution	11	1,500,000	-
Cash provided by financing activities		2,500,000	3,900,000
NET INCREASE IN CASH ON HAND AND IN BANKS		7,089	71,984
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR		71,984	-
CASH ON HAND AND IN BANKS AT END OF YEAR	4	79,073	71,984

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

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2016 and for the year then ended
(Expressed In United States Dollar , unless otherwise stated)

1. GENERAL

PT Crompton Prima Switchgear Indonesia (the "Company") is a limited liability company established in Indonesia by virtue of Notarial Deed No. 03 dated May 7, 2014 of Lenny Janis Ishak, S.H. The deed of establishment was approved by the Minister of Laws and Human Rights in his decision letter No. AHU-08265.40-2014 dated May 12, 2014. The approval from the Capital Investment Coordinating Board (the "BKPM") was obtained through letter No. 1375/1/IP/PMA/2014, dated on May 5, 2014.

The Articles of Association were amended several times. The latest amendment was notarized by Notarial Deed No. 11 of Lenny Janis Ishak, S.H., dated July 8, 2015. The Company's Articles of Association were approved by the Minister of Justice and Human Rights in decision letter No. AHU-3534776.AH.01.11 dated July 27, 2015 (Note 10).

The Company is principally engaged in control equipment industry and electricity distribution. The Company's office is located at Jl. Wijaya 1 No.61 Petogogan, Kebayoran Baru, Jakarta Selatan. It is yet to start commercial operations. As of March 31, 2016 and 2015, the Company has 5 employees (unaudited).

The members of the Company's Boards of Commissioners and Directors are as follows:

As of March 31, 2016

Board of Commissioners

Jean-Michel Aubertin - President Commissioner
Tonny Sarief - Commissioner

Board of Directors

Srinivasan Maruthuvakkudi - President Director
Sapta Hidayat Nurdin - Director
Manohar Murlidhar Shirode - Director

As of March 31, 2015

Board of Commissioners

Jayant Kulkarni - President Commissioner
Tonny Sarief - Commissioner

Board of Directors

Srinivasan Maruthuvakkudi - President Director
Sapta Hidayat Nurdin - Director
Manohar Murlidhar Shirode - Director

The composition of the Company's Board of Commissioners and Board of Directors as of March 31, 2016 is based on Notarial Deed No. 30 of Lenny Janis Ishak, S.H., dated May 26, 2015 which was acknowledged by the Minister of Justice and Human Rights through his letter No. AHU.3522581.AH.01.11 dated June 22, 2015.

The financial statements were completed and authorized for issuance by the Company's management on April 29, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise of the Statements of Financial Accounting Standards ("PSAK") and the Interpretations Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants.

The financial statements have been prepared using the accrual basis, and the measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the related accounting policies.

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2016 and for the year then ended
(Expressed In United States Dollar , unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the financial statements (continued)

The statement of cash flow is prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities using the indirect method.

The Company's financial statements are presented in US Dollars which is the functional currency of the Company.

The financial reporting period of the Company is April 1 - March 31.

b. Foreign Currency Transactions and Balances

Transaction in foreign currencies are initially recorded by the Company at their respective functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange at the reporting date.

The exchange rates used as of March 31, 2016 and 2015 are as follows (in full amount):

	2016	2015
US Dollar/Rupiah 1	13,276	13,084

c. Cash on hand and in bank

Cash and cash equivalents consist of cash on hand and in banks.

d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of profit or loss and other comprehensive income as incurred.

Land is not depreciated and stated at acquisition cost less accumulated loss on impairment.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Office equipment	<u>Years</u> 4
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An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

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

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NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2016 and for the year then ended
(Expressed In United States Dollar , unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Fixed Assets (continued)

Construction in progress represents the accumulated costs of material and other relevant costs up to the date when the asset is complete and ready for use. These costs are reclassified to the respective fixed assets accounts when the asset has been made ready for use.

e. Expenses recognition

Expenses are recognized when incurred (accrual basis).

f. Corporate income tax

Effective on January 1, 2015, the Company applied PSAK No. 46 (Revised 2014), "Income Taxes". The revised PSAK prescribes the accounting treatment for income taxes.

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised PSAK No. 46 as mentioned above, final tax is no longer governed by PSAK No. 46. Therefore, the Company has decided to present all of the final tax arising from office rent revenue and interest income which subject to final tax as separate line item.

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Tax Expense - Current".

Amendments to taxation obligation are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received. The additional taxes and penalty imposed through Tax Assessment Letter ("SKP") are recognized as income or expense in the current period profit or loss, unless objection/appeal action is taken. The additional taxes and penalty imposed through SKP are deferred as long as they meet the asset recognition criteria.

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Corporate income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

g. New and Revised Accounting Standards that have been Published but not yet Effective

The following are several issued accounting standards by DSAK that are considered relevant to the financial reporting of the Company but not yet effective for as of March 31, 2016 financial statements:

Effective on or after the date of January 1, 2016:

- PSAK 16 Amendment: Property, Plant and Equipment - Clarification of the accepted method for depreciation and amortization.
- PSAK 24 Amendment: Employee Benefits - Defined benefit plans: employee contributions.
- PSAK 7 (2015 improvement), Related Party Disclosures.
- PSAK 16 (2015 improvement), Property, Plant and Equipment.
- PSAK 25 (2015 improvement), Accounting Policies, Changes in Accounting Estimates and Errors.
- PSAK 68 (2015 improvement), Fair value Measurement.

Effective on or after the date of January 1, 2017:

- PSAK 1 Amendment: Presentation of Financial Statements - Disclosures initiative.

3. SOURCE OF ESTIMATION UNCERTAINTY

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 require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

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:

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NOTES TO THE FINANCIAL STATEMENTS
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3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Judgments (continued)

Determination of Functional Currency

The Company uses its judgment to determine the entity's functional currency such that the functional currency of the Company is the currency of the primary economic environment in which the Company operates. The functional currency is a currency that affects the revenues and expenses of the services rendered. The Company determined that its functional currency is United Stated Dollar.

Estimates and Assumptions

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

Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 4 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, and therefore, future depreciation charges could be revised. Further details are disclosed in Note 6.

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 corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable profits together with future tax planning strategies. Further are disclosed in Notes 8e.

4. CASH ON HAND AND IN BANKS

	<u>2016</u>	<u>2015</u>
Cash in banks		
US Dollar	74,641	18,993
Rupiah	4,432	52,991
	<u>79,073</u>	<u>71,984</u>

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2016 and for the year then ended
(Expressed In United States Dollar , unless otherwise stated)

5. PREPAYMENTS

	2016	2015
Prepaid insurance	12,966	-
Prepaid rental	832	-
	13,798	-

6. FIXED ASSETS

Movements in 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cost:</u>				
Land	3,432,426	-	-	3,432,426
Office equipment	1,311	3,793	-	5,104
Construction in progress	22,586	1,562,764	-	1,585,350
	3,456,323	1,566,557	-	5,022,880
<u>Accumulated depreciation:</u>				
Office equipment	49	785	-	834
Net book value	3,456,274			5,022,046

Movements in 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cost:</u>				
Land	-	3,432,426	-	3,432,426
Office equipment	-	1,311	-	1,311
Construction in progress	-	22,586	-	22,586
	-	3,456,323	-	3,456,323
<u>Accumulated depreciation:</u>				
Office equipment	-	49	-	49
Net book value	-			3,456,274

7. OTHER NON-CURRENT ASSET

	2016	2015
Advance for purchase fixed assets	678,578	-
Deferred charge of cost of loan	60,943	-
	739,521	-

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
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7. OTHER NON-CURRENT ASSET (continued)

Advance for purchase of fixed assets represent advance payment for purchase of equipments.

Deferred charges from cost of loan arising from provision fee and service fee in relation to obtaining loan and is amortized over the respective loan periods.

8. TAXATION

a. Prepaid taxes

	<u>2016</u>	<u>2015</u>
Value added tax	<u>204,909</u>	<u>327,933</u>

b. Taxes payables

	<u>2016</u>	<u>2015</u>
Withholding tax - article 21	<u>4,398</u>	<u>-</u>

The reconciliation between loss before income tax as shown in the statement of profit or loss and other comprehensive income and taxable loss are as follow:

	<u>2016</u>	<u>2015</u>
Loss before corporate income tax	<u>(350,389)</u>	<u>(46,601)</u>
Temporary difference:		
Cost of loan	(60,943)	-
Less:		
Utilization of tax loss carried forward	(46,601)	-
Estimated taxable loss	<u>(457,933)</u>	<u>(46,601)</u>
Corporate income tax expense:		
Corporate income tax expense on income subject to at standard statutory rates	-	-
Estimated corporate income tax (payable)/refundable	<u>-</u>	<u>-</u>

c. Component of corporate income tax expense

	<u>2016</u>	<u>2015</u>
Deferred tax income	<u>87,598</u>	<u>11,650</u>

PT CROMPTON PRIMA SWITCHGEAR INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
As of March 31, 2016 and for the year then ended
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8. TAXATION (continued)

d. Reconciliation of corporate income tax expense

The reconciliation between loss before corporate income tax multiplied by the tax rate of 25% and income tax is presented below:

	2016	2015
Loss before corporate income tax	(350,389)	(46,601)
Tax calculated at statutory rate of 25%	(87,598)	(11,650)
Corporate income tax benefit	(87,598)	(11,650)

e. Deferred tax asset and liability

	2016	2015
Deferred tax asset:		
Tax loss carried forward	114,483	11,650
Deferred tax liability:		
Cost of loan	(15,235)	-
Total deferred tax asset, net	99,248	11,650

The utilization of deferred tax asset recognized by the Company is dependent upon future taxable income in excess of income arising from the reversal of existing taxable temporary differences.

f. Analysis of changes in deferred tax asset and liability

	2016	2015
Deferred tax asset - beginning balance	11,650	-
Deferred tax benefit for the year	87,598	11,650
Deferred tax asset - ending balance	99,248	11,650

9. ACCRUED EXPENSE

	2016	2015
Accrued salary	46,766	-
Accrued rental	6,786	-
Accrued audit fees	-	3,000
Accrued expense	53,552	3,000

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed In United States Dollar , unless otherwise stated)

10. SHAREHOLDERS

2016			
Number of Shareholders	shares issued	Percentage of ownership	Issued and paid-up capital
CG International Holdings Singapore Pte. Ltd	2,499	51%	2,499,000
PT Prima Layanan Nasional Enjiniring	2,401	49%	2,401,000
	4,900	100%	4,900,000
2015			
Number of Shareholders	shares issued	Percentage of ownership	Issued and paid-up capital
CG International Holdings Singapore Pte. Ltd	1,989	51%	1,989,000
PT Prima Layanan Nasional Enjiniring	1,911	49%	1,911,000
	3,900	100%	3,900,000

Based on Notarial Deed No. 11 of Lenny Janis Ishak, SH, dated July 8, 2015, the authorized share capital was increased to be 15,000 shares with par value of US\$1,000 (full amount) per share and additional issued and fully paid share capital totaling to 4,900 shares. The increase in authorized, issued and paid share capital has been acknowledged and approved by the Ministry of Law and Human Rights through its letter No. AHU-3534776.AH.01.11.TAHUN 2015 dated July 27, 2015.

11. ADVANCE FOR FUTURE SHARE CAPITAL CONTRIBUTION

	2016	2015
CG International Holdings Singapore Pte. Ltd	765,000	-
PT Prima Layanan Nasional Enjiniring	735,000	-
	1,500,000	-

Advance for future share capital contribution represents paid-in capital which have not been notarized nor approved by the Ministry of Law and Human Rights.

12. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries	253,322	-
Transportation	24,742	4,954
Rental	20,093	-
Office	17,341	1,113
Insurance	12,889	-
Repair and maintenance	2,639	6,501
Others	11,442	8,182
	342,469	20,750

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(Expressed In United States Dollar , unless otherwise stated)

13. OTHER OPERATING EXPENSE, NET

	<u>2016</u>	<u>2015</u>
Foreign exchange loss, net	<u>1,021</u>	<u>25,851</u>

14. OTHER EXPENSE

	<u>2016</u>	<u>2015</u>
Finance expense	<u>6,899</u>	<u>-</u>

As of March 31, 2016, finance expense represent interest expense from provision and service fee of investment loan amounting to US\$6,899.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of cash on hand and in banks and accrued expense are based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to liquidity risk and foreign exchange risk.

Liquidity risk

Liquidity risk is the risk to a shortage of funds and to solve the problem using a liquidity planning tool. The Company manages its liquidity profile to be able to finance its capital expenditures by maintaining sufficient cash on hand and in banks. The Company regularly evaluates its projected and actual cash flow information.

Foreign Exchange Risk

The Company's assets and liabilities are often denominated in foreign currency (Indonesian Rupiah). Fluctuation of exchange rates can therefore significantly impact the Company's performance as well as its net profits. Currently, the Company does not have a formal hedging policy for local currency exposures. However, management believes that the fluctuation of local currency on certain transaction with suppliers can be adjusted to the prices traded in international markets denominated in Indonesian Rupiah. Such correlation in price fluctuation naturally minimizes the Company's foreign currency exposures.