



PT JM FINANCIAL SECURITIES INDONESIA

Financial statements

***FOR THE PERIOD FROM MAY 23, 2012
(DATE OF ESTABLISHMENT) TO MARCH 31, 2013
AND INDEPENDENT AUDITORS' REPORT***

PT JM FINANCIAL SECURITIES INDONESIA

DIRECTORS' STATEMENT ON
THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF
PT. JM FINANCIAL SECURITIES INDONESIA
FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT)
TO MARCH 31, 2013

We, the undersigned:

- | | | | |
|----|----------------|---|---|
| 1. | Name | : | Mr. Gregory Terry |
| | Office Address | : | Gedung Artha Graha, 27 Floor, Suite 2705
SCBD, Jl Jend Sudirman Kav 52-53,
Jakarta 12190, Indonesia |
| | Title | : | President Director |
| 2. | Name | : | Mr. Sameer Lumba |
| | Office Address | : | 51, Maker Chambers III, Nariman Point,
Mumbai 400 021 |
| | Title | : | Director |

Stated that:

1. We are responsible for the preparation and presentation for the financial statements of PT JM Financial Securities Indonesia.
2. The financial statements of PT JM Financial Securities Indonesia have been prepared and presented in accordance with Indonesian financial accounting standards.
3.
 - a. All information has been fully and correctly disclosed in the financial statements of PT JM Financial Securities Indonesia.
 - b. The financial statements of PT JM Financial Securities Indonesia do not contain materially misleading information or facts, and do not conceal any information or facts.
4. We are responsible for PT JM Financial Securities Indonesia internal control system.

This statement is true to the best of our knowledge and belief.

May 27, 2013

SD/-
(Gregory James Terry)

SD/-
(Sameer Lumba)

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**PT JM FINANCIAL SECURITIES INDONESIA
ANNUAL REPORT FOR THE PERIOD ENDED MARCH 31, 2013**

To the Shareholders,

We are pleased to present the 1st Annual Report of PT JM Financial Securities Indonesia (the **Company**) for the period ended March 31, 2013.

FINANCIAL REPORT

The financial report consisting of the audited Statements of Financial Position of the Company as of March 31, 2013, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash for the period ended March 31, 2013 are attached from page nos. 2 to 19.

ACTIVITIES

The Company was established on August 15, 2012. The Company has set-up its office and is in the process of obtaining necessary approvals to commence business operations.

COMPANY'S PERFORMANCE

The Company is yet to commence its business operations and as such there were no problems which arose during the financial year which influenced the Company's business activities.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Since the Company is yet to commence its business operations, it did not carry any CSR activities during the period ended March 31, 2013. The Company may undertake CSR activities, as decided by its management, after it is fully operational and financially capable to conduct CSR activities.

SUPERVISION BY BOARD OF COMMISSIONERS

During the year, the Board of Commissioners supervised the actions of the Board of Directors of the Company in setting-up the office. The Board of Commissioners shall supervise the management policies, the Company's business and shall provide necessary advice to the Board of Directors.

BOARD OF DIRECTORS (BOD) AND BOARD OF COMMISSIONERS (BOC)

The members of the Board of Commissioners and Board of Directors of the Company as on the date of this report are:

Board of Commissioners

1. Mr. Vishal Kampani - President Commissioner
2. Mr. Manish Sheth - Commissioner

Board of Directors

1. Mr. Gregory Terry - President Director
2. Mr. Sameer Lumba - Director

SALARY AND ALLOWANCES TO BOD AND BOC

The Company has not paid any amount as salary or allowances to the members of its BOD and BOC.

**The Board of Directors of
PT JM Financial Securities Indonesia**

Sd/-

Gregory Terry
President Director
Date: 27th May 2013

Sd/-

Sameer Lumba
Director
Date: 27th May 2013

**The Board of Commissioners of
PT JM Financial Securities Indonesia**

Sd/-

Vishal Kampani
President Commissioner
Date: 27th May 2013

Sd/-

Manish Sheth
Commissioner
Date: 27th May 2013

Independent Auditors' Report

No. GA113 0628 JMFSI MLN

The Stockholders, Boards of Commissioners and Directors
PT JM Financial Securities Indonesia

We have audited the accompanying statement of financial position of PT JM Financial Securities Indonesia as of March 31, 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the period from May 23, 2012 (date of establishment) to March 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT JM Financial Securities Indonesia as of March 31, 2013, and the results of its operations and its cash flows for the period from May 23, 2012 (date of establishment) to March 31, 2013, in conformity with Indonesian Financial Accounting Standards.

OSMAN BING SATRIO & ENY

Sd/-

Marlinna
License of Public Accountant No. AP.0952

May 27, 2013

The accompanying financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

PT JM FINANCIAL SECURITIES INDONESIA

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013**

	<u>Notes</u>	March 31, 2013
		Rp
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	45,752,076,301
Accrued interest income		45,197,886
Prepaid expenses	6	13,703,664
Advances		2,250,580
Total Current Assets		45,813,228,431
NONCURRENT ASSETS		
Premises and equipment - net of accumulated depreciation	7	4,074,939,865
Deposit for premises		212,520,000
Total Noncurrent Assets		4,287,459,865
TOTAL ASSETS		50,100,688,296
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	8	451,651,319
Taxes payable	11	9,111,677
Short term loan	12	7,308,808
Total Current Liabilities		468,071,804
EQUITY		
Capital stock - Rp 10,000,000 par value per share Authorised - 6,000 shares Issued and paid-up - 5,000 shares	9	50,000,000,000
Deficit		(367,383,508)
Total Equity		49,632,616,492
TOTAL LIABILITIES AND EQUITY		50,100,688,296
See accompanying notes to financial statements which are an integral part of the financial statements.		

PT JM FINANCIAL SECURITIES INDONESIA

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013**

	Notes	For the period ended March 31, 2013
		Rp
REVENUES		
Interest on time deposit and saving bank		1,305,583,930
Foreign currency fluctuation gain - net		1,142,730,745
Total Revenues		2,448,314,675
EXPENSES		
General and administrative expenses	10	2,554,581,397
Total Expenses		2,554,581,397
LOSS BEFORE TAX		(106,266,722)
TAX EXPENSE	11	(261,116,786)
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(367,383,508)
See accompanying notes to financial statements which are an integral part of the financial statements.		

PT JM FINANCIAL SECURITIES INDONESIA

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013**

	<u>Note</u>	<u>Capital stock</u> Rp	<u>Deficit</u> Rp	<u>Total equity</u> Rp
Issuance of 5,000 shares on August 15, 2012	9	50,000,000,000	-	50,000,000,000
Net loss and total comprehensive loss for the period		-	(367,383,508)	(367,383,508)
Balance as of March 31, 2013		<u>50,000,000,000</u>	<u>(367,383,508)</u>	<u>49,632,616,492</u>

See accompanying notes to financial statements
which are an integral part of the financial statements.

PT JM FINANCIAL SECURITIES INDONESIA

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013

	For the period ended March 31, 2013
	Rp
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(106,266,722)
Adjustments for:	
Depreciation expense	792,864,169
Unrealized foreign currency exchange loss	45,207,292
Interest income	(1,305,583,930)
Operating cash flows before changes in working capital	(573,779,191)
Changes in working capital:	
Trade payables and other payables	444,928,600
Tax payable	72,100
Advances and deposits for premises	(214,770,580)
Prepaid expenses	(13,703,664)
Taxes paid	(252,077,209)
Net Cash used in Operating Activities	(609,329,944)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1,260,386,044
Acquisition of premises and equipment	(4,867,804,034)
Net Cash used in Investing Activities	(3,607,417,990)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of shares	50,000,000,000
Proceeds from short term loan - net	7,179,560
Net Cash provided by Financing Activities	50,007,179,560
Effect of Foreign Exchange Loss on Cash and Cash equivalents	38,355,325
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,752,076,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-
CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD	45,752,076,301
See accompanying notes to financial statements which are an integral part of the financial statements.	

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013

1. GENERAL

PT JM Financial Securities Indonesia (the Company) was established based on deed No. 99 dated May 23, 2012 of Yualita Widhydhari, S.H, Notary in Jakarta. The Deed of Establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-0075264.AH.01.09 Year 2012 on August 15, 2012.

In accordance with article 3 of the Company's articles of association, the scope of its activities is mainly to operate as an underwriter in accordance with the rules and regulations of capital market in Indonesia, carry out activities as a Broker-Dealer in accordance with Capital Market Regulation in Indonesia and other activities that support the activities of as-Underwriter and Broker-Dealer.

Currently, the Company is still in the development stage and does not have any employees as of March 31, 2013.

The Company is domiciled in Gedung Artha Graha, 27 Floor, Suite 2705 SCBD, Jl. Jend. Sudirman Kav 52-53, Jakarta 12190, Indonesia.

The Company's management as of March 31, 2013 consists of the following :

President commissioner	:	Mr. Vishal Nimesh Kampani
Commissioner	:	Mr. Manish Chhabildas Sheth
President director	:	Mr. Gregory James Terry
Director	:	Mr. Sameer Anil Lumba

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATION OF PSAK ("ISAK")

a. Standards effective in the current year

In the current year, the Company has adopted all of the new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting periods beginning on January 1, 2012. The adoption of these new and revised standards and interpretations are the basis of the Company's accounting policies in the following areas, and affected the financial statement presentation and disclosures for the current or prior years:

- PSAK 60, Financial Instruments: Disclosures

This new standard supersedes the disclosure requirements of PSAK 50 (revised 2006), Financial Instruments: Presentation and Disclosure.

This new standard resulted in the disclosures concerning (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the end of the reporting period, and how the Company manages those risks.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

Revised standards and interpretations which are effective in the current period, which have no material impact to the financial statements:

- PSAK 10 (revised 2010), The Effects of Changes in Foreign Exchange Rates
- PSAK 16 (revised 2011), Property, Plant and Equipment
- PSAK 30 (revised 2011), Lease
- PSAK 46 (revised 2010), Income Taxes
- PSAK 50 (revised 2010), Financial Instruments: Presentation
- PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement

b. Standard in issue not yet adopted

Effective for periods beginning on or after January 1, 2013 is PSAK 38 (revised 2012), Business Combination Under Common Control and Amendment PSAK 60, Financial Instruments: Disclosures.

As of the issuance date of the financial statements, the effect of adoption of these standards on the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indonesian Financial Accounting Standards. These financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Financial Statement Presentation

The financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The reporting (presentation) currency used in the preparation of the financial statements is the Indonesian Rupiah, while the measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Translation

The books of account of the Company are maintained in Indonesian Rupiah, the currency of the primary economic environment in which the entity operates (its functional currency). Transactions during the year involving currencies other than Indonesian Rupiah are recorded at the rates of exchange prevailing on the date transactions are made. At reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to statement of comprehensive income.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

- a. A person or a close member of that person's family is related to the reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to the reporting entity if any of the following conditions apply:
 - i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity in itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the financial statements.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

Loans and receivables

Loans and receivables include cash and cash equivalents, accrued interest income, advances and other deposit that are measured at fair value on initial recognition. Subsequently, these are measured at amortised cost using the effective interest method less impairment, except for non-interest bearing or short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For all loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial asset with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment reversal does not exceed what the amortised cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

f. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost, using the effective interest method except for short term balances when the recognition would be immaterial.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expires.

g. Netting of Financial Assets and Financial Liabilities

The Company only offset financial assets and liabilities and present the net amount in the statement of financial position where:

- currently have a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

h. Cash and cash equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placements.

i. Prepaid Expenses

Prepaid expenses are amortised over their beneficial periods using the straight-line method.

j. Premises and Equipment

Premises and equipment held for use in the supply of services, or for administrative purposes are stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write-off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

	Years
Leasehold Improvement	3
Furniture and fixtures	10
Office equipment	5
Computer and hardware	5

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

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of premises and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in the profit or loss.

k. Impairment of Non-Financial Asset

At reporting dates, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of net selling price and value in use. If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3e.

l. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except another systematic basis is more representative in calculating the time pattern in which economic benefits from the leased asset are consumed.

m. Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n. Revenue and Expense Recognition

Interest income is recognized on accrual basis using the effective interest method. Expenses are recognized when it is incurred.

o. Income Tax

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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of 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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

I. Impairment Loss on Loans and Receivables

The Company assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are presented net of allowance for impairment, if any.

II. Estimated Useful Lives of Premises and Equipment

The useful life of each item of the Company's premises and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of premises and equipment would affect the recorded depreciation expense and decrease in the carrying values of these assets.

The carrying amounts of premises and equipment are disclosed in Note 7.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS**

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

5. CASH AND CASH EQUIVALENT

	March 31, 2013
	Rp
Cash on hand	27,392,339
<u>Cash in bank - current account (Bank of India Indonesia)</u>	
Rupiah	527,684,424
US Dollar	538,731,538
<u>Time deposits (Bank of India Indonesia)</u>	
Rupiah	4,000,000,000
US Dollar	40,658,268,000
Total	45,752,076,301
Interest rate per annum of time deposits	
Rupiah	7%
U.S. Dollar	3%

6. PREPAID EXPENSES

As of March 31, 2013, this account represents prepaid office rental and parking space.

7. PREMISES AND EQUIPMENT

	May 23, 2012	Additions	March 31, 2013
		Rp	Rp
At cost			
Leasehold improvement	-	1,994,308,279	1,994,308,279
Furniture and fixtures	-	1,256,247,445	1,256,247,445
Office equipment	-	1,054,924,778	1,054,924,778
Computer and hardware	-	562,323,532	562,323,532
Total	-	4,867,804,034	4,867,804,034
Accumulated depreciation			
Leasehold improvement	-	513,142,243	513,142,243
Furniture and fixtures	-	78,759,431	78,759,431
Office equipment	-	132,066,221	132,066,221
Computer and hardware	-	68,896,274	68,896,274
Total	-	792,864,169	792,864,169
Net Carrying Value	-	4,074,939,865	4,074,939,865

Depreciation charged to operation amounted to Rp 792,864,169.

PT JM FINANCIAL SECURITIES INDONESIA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

8. TRADE AND OTHER PAYABLES

	March 31, 2013
	Rp
Trade payables	299,456,458
Accrued expenses	152,194,861
Total	451,651,319

9. CAPITAL STOCK

Name of stockholders	March 31, 2013		
	Number of shares	Percentage of ownership	Total paid-up capital stock
		%	Rp
JM Financial Overseas Holdings Pvt Ltd	4,950	99%	49,500,000,000
Annie Sudarmini Terry	50	1%	500,000,000
Total	5,000	100%	50,000,000,000

Based on deed No. 99 dated May 23, 2012 of Notary Yualita Widhyadhari, S.H., JM Financial Overseas Holdings Pvt Ltd and Annie Sudarmini Terry established the Company with issued and paid-up capital of 5,000 shares at Rp 10,000,000 par value per share. A total of 5,000 shares with nominal value of Rp 50,000,000,000 have been issued and subscribed by JM Financial Overseas Holdings Pvt Ltd for 4,950 shares and Annie Sudarmini Terry for 50 shares.

10. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period ended March 31, 2013
	Rp
Rental (Note 16)	1,057,060,457
Depreciation (Note 7)	792,864,169
Communication expenses	233,954,323
Professional fees	199,190,851
Membership & subscription charges	83,036,701
Audit fees	74,540,158
Electricity charges	27,993,950
Travelling and conveyance expenses	23,163,513
Office expenses	16,140,465
Other administrative expenses	46,636,811
Total	2,554,581,398

11. TAXATION

As of March 31, 2013, the Company's tax expense consists only of final tax on interest income amounting to Rp. 261,116,786.

PT JM FINANCIAL SECURITIES INDONESIA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

Current Tax

A reconciliation between loss before tax per statements of comprehensive income and fiscal loss is as follows:

	For the period ended March 31, 2013
	Rp
Loss before tax	(106,266,722)
Permanent differences	
Interest income subject to final tax	(1,305,583,930)
Temporary differences	
Depreciation expenses	374,555,701
Fiscal loss	(1,037,294,951)

As of March 31, 2013, the Company does not recognize deferred tax asset since the Company believes it is not probable that future taxable income will be available against which unused tax loss can be utilized.

As of March 31, 2013, the Company's taxes payable are as follows:

	March 31, 2013
	Rp
Final tax computation	
20% x Rp	
1,305,583,930	261,116,786
Prepaid final tax	(252,077,209)
Final tax payable	9,039,577
Tax payable art. 23	72,100
Total Taxes Payable	9,111,677

12. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTY

Nature of Relationship

JM Financial Overseas Holdings Pvt Ltd, incorporated in Mauritius, is a shareholder of the Company.

Transaction with Related Party

The Company has an outstanding short-term loan amounting to Rp 7,308,808 or USD 755 which represents reimbursement of expenses paid in advance by the shareholder.

PT JM FINANCIAL SECURITIES INDONESIA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)

13. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of March 31, 2013, the Company had monetary assets and liabilities in foreign currencies as follows:

	March 31, 2013	
	Foreign currency US\$	Equivalent in Rupiah
Financial assets		
Cash in banks	55,651	538,731,538
Time deposit	4,200,000	40,658,268,000
Total	4,255,651	41,196,999,538
Financial liabilities		
Short term loan	(755)	(7,308,808)
Trade and other payable	(37,914)	(367,027,994)
Total	(38,669)	(374,336,801)
Total Net Monetary Assets	4,216,982	40,822,662,737

The conversion rate used by the Company as of March 31, 2013, was Rp 9,680.54 per USD 1.

14. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	Loan and receivables	Liabilities at amortized cost
	Rp	Rp
Financial Assets		
Cash and cash equivalents	45,752,076,301	-
Accrued interest income	45,197,886	-
Advances	2,250,580	-
Deposit for premises	212,520,000	-
Financial Liabilities		
Short term loan	-	7,308,808
Trade and other payables	-	451,651,319
Total	46,012,044,767	458,960,127

15. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

The Company manages capital risk to ensure that they will be able to continue as going concern, in addition to maximizing the profits for the shareholders through the optimisation of the balance of debt and equity.

The Company's capital structure consists of cash and cash equivalents (Note 5) and equity shareholder consisting capital stock (Note 9) and deficit of the Company.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)**

The Director of the Company periodically reviews the Company's capital structure. As part of this review, the director considers the cost of capital and related risk.

b. Financial risk management objectives and policies

The objectives and policy of the financial risk management are to ensure that the adequate financial resources are available for operations and business development, as well as to manage the risk of foreign currency exchange rate, sensitivity to fluctuations in foreign currency exchange rates, interest rate risk, credit risk and liquidity risk. The Company operates according to the guidelines that have been defined and approved by the Director.

i. Foreign currency risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the Company's transactions are in Rupiah currency, which is also its functional and reporting currency.

The Company has monetary assets and liabilities denominated in currencies other than Rupiah as presented in Note 13. The management reduces this risk exposure by monitoring the fluctuations of exchange rate and still maintaining the assets and liabilities position in foreign currency at the present and the future.

Sensitivity to fluctuations in foreign currency

The following details sensitivity to a 5% increase and decrease in Rupiah against the relevant foreign currencies to the profit (loss) of the Company. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as disclosed in Note 13 and adjusts their translation at period end for a 5% change in foreign currency rates based on increase/decrease in Indonesian Rupiah currency.

A positive number below indicates an increase in profit or loss where the Rupiah weakens 5% against the relevant currency. For a 5% strengthening of the Rupiah against the relevant currency, there would be a comparable impact on the profit or loss, and the balances below would be negative.

	<u>US\$ impact</u>
Gain or loss (in Rp)	2,041,133,277

ii. Interest rate risk

As of March 31, 2013, the Company has no market interest sensitive financial assets.

iii. Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in a loss to the Company.

The Company's credit risk is attributed to its cash and cash equivalent, advances and other deposits. The Company places their time deposits and other deposits with credit worthy financial institutions and third party. The Company's exposures and its counterparties are continuously monitored.

**PT JM FINANCIAL SECURITIES INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND FOR THE PERIOD FROM MAY 23, 2012 (DATE OF ESTABLISHMENT) TO MARCH 31, 2013 (Continued)**

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses represents the Company's exposure to credit risk.

iv. Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table detail the Company remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 month	1-3 months	3 months to 1 year	Total
Short term loan	7,308,808	-	-	7,308,808
Trade and other payables	375,478,761	76,172,558	-	451,651,319
Total	382,787,569	76,172,558	-	458,960,127

v. Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values either because of their short-term maturities or they carry market rates of interest.

16. OPERATING LEASE COMMITMENTS

As of March 31, 2013, the commitments in respect of operating lease for the premises were as follows:

	Rp
Due not later than one year	596,288,000
Due later than one year and not later than five years	482,480,344
Total	1,078,768,344

17. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 2 to 19 were the responsibilities of the management, and were approved by the Directors and authorised for issue on May 27, 2013.
