



**PT JM FINANCIAL SECURITIES INDONESIA.**

***AUDITED FINANCIAL STATEMENT  
For the Financial year 2013-14***

P.T. JM FINANCIAL SECURITIES INDONESIA  
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Independent Auditors' Report

No. GA114 0498 JMFSIMLN

The Stockholders, Board of Commissioners and Directors  
P.T. JM Financial Securities Indonesia

We have audited the accompanying financial statements of P.T. JM Financial Securities Indonesia, which comprise the statement of financial position as of March 31, 2014, and the statements of 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 the 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 the 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.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of P.T. JM Financial Securities Indonesia as of March 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

OSMAN BING SATRIO & ENY

Sd/-

Marlinna  
License Public Accountant No. AP.0952

May 5, 2014

PT JM FINANCIAL SECURITIES INDONESIA

STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2014

Particulars	Note No.	As at 31.03.2014 IDR	As at 31.03.2013 IDR
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	42,448,432,075	45,752,076,301
Other accounts receivable - related party	11	9,604,490,000	-
Accrued interest income		26,746,502	45,197,886
Advances		-	2,250,580
Prepaid expenses	6	-	13,703,664
<b>Total current assets</b>		<b>52,079,668,577</b>	<b>45,813,228,431</b>
<b>Non-current Assets</b>			
Premises and equipment - net of accumulated depreciation of Rp 272,890,492 at March 31, 2014 and Rp 792,864,169 at March 31, 2013	7	571,323,188	4,074,939,865
Deposits		213,520,000	212,520,000
<b>Total non-current assets</b>		<b>784,843,188</b>	<b>4,287,459,865</b>
<b>TOTAL ASSETS</b>		<b>52,864,511,765</b>	<b>50,100,688,296</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities and provisions</b>			
Other accounts payable			
Third parties		-	299,456,458
Related party	11	-	7,308,808
Accrued expenses		117,132,206	152,194,861
Taxes payable	10	327,865,595	9,111,677
<b>Total current liabilities and provisions</b>		<b>444,997,801</b>	<b>468,071,804</b>
<b>EQUITY</b>			
Capital stock - Rp 10,000,000 par value per share Authorised - 6,000 shares (Rp. 60,000,000,000) Issued and paid-up - 5,000 shares	8	50,000,000,000	50,000,000,000
Retained earnings		2,419,513,964	(367,383,508)
<b>Total equity</b>		<b>52,419,513,964</b>	<b>49,632,616,492</b>
<b>TOTAL LIABILITIES AND EQUITIES</b>		<b>52,864,511,765</b>	<b>50,100,688,296</b>

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

PT JM FINANCIAL SECURITIES INDONESIA

STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED MARCH 31, 2014

Particulars	Note No.	For the year ended March 31, 2014 IDR	For the year ended March 31, 2013 IDR
<b>REVENUES</b>			
Interest income		1,733,661,334	1,305,583,930
Foreign currency fluctuation gain – net		6,719,703,931	1,142,730,745
<b>TOTAL REVENUES</b>		<b>8,453,365,265</b>	<b>2,448,314,675</b>
<b>EXPENSES</b>			
General and administrative expenses	9	2,608,360,743	2,554,581,397
Loss on sales of equipment		2,388,859,243	-
<b>TOTAL EXPENSES</b>		<b>4,997,219,986</b>	<b>2,554,581,397</b>
<b>INCOME (LOSS) BEFORE TAX</b>		<b>3,456,145,279</b>	<b>(106,266,722)</b>
<b>TAX EXPENSE</b>	10	<b>(669,247,807)</b>	<b>(261,116,786)</b>
<b>NET INCOME (LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>2,786,897,472</b>	<b>(367,383,508)</b>

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  
YEAR ENDED MARCH 31, 2014

	Note	Capital stock IDR	Surplus/ (Deficit) IDR	Total equity IDR
Issuance of 5,000 shares on August 15, 2012	8	50,000,000,000	-	50,000,000,000
Net income for the period and total comprehensive income		-	(367,383,508)	(367,383,508)
<b>Balance at March 31, 2013</b>		<b>50,000,000,000</b>	<b>(367,383,508)</b>	<b>49,632,616,492</b>
Net income for the period and total comprehensive income		-	2,786,897,472	2,786,897,472
<b>Balance at March 31, 2014</b>		<b>5,000,000</b>	<b>2,786,897,472</b>	<b>52,419,513,964</b>

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

**PT JM FINANCIAL SECURITIES INDONESIA  
CASH FLOW STATEMENT  
YEAR ENDED MARCH 31, 2014**

Particulars	For the year ended March 31, 2014 IDR	For the year ended March 31, 2013 IDR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before tax	3,456,145,279	(106,266,722)
Adjustments for:		
Depreciation expense	1,177,683,314	792,864,169
Loss on sales of equipments	2,388,859,243	-
Unrealized foreign currency exchange (gain) loss	(503,389,772)	45,207,292
Interest income	(1,733,661,334)	(1,305,583,930)
<b>Operating cash flows before changes in working capital</b>	<b>4,785,636,730</b>	<b>(573,779,191)</b>
Changes in working capital:		
Other accounts payable - third parties	(299,456,458)	292,733,739
Other accounts payable - related party	(7,308,808)	-
Other accounts receivable - related party	(9,604,490,000)	-
Accrued expense	(35,062,655)	152,194,861
Tax payable	-	72,100
Advances and deposits	88,885,580	(214,770,580)
Prepaid expenses	13,703,664	(13,703,664)
Taxes paid	(350,493,889)	(252,077,209)
<b>Net Cash (used in) Operating Activities</b>	<b>(5,408,585,836)</b>	<b>(609,329,944)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	1,752,112,718	1,260,386,044
Acquisition of premises and equipment	(230,993,138)	(4,867,804,034)
Sale of premises and equipment	168,067,258	-
<b>Net Cash generated from / (used in) Investing Activities</b>	<b>1,689,186,838</b>	<b>(3,607,417,990)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	50,000,000,000
Proceeds from short term loan - net	-	7,179,560
<b>Net Cash generated from Financing Activities</b>	<b>-</b>	<b>50,007,179,560</b>
Effect of Foreign Exchange (gain) Loss on Cash and Cash equivalents	(415,754,772)	38,355,325
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,303,644,226)</b>	<b>45,752,076,301</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>45,752,076,301</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>42,448,432,075</b>	<b>45,752,076,301</b>

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

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND FOR THE YEAR THEN ENDED**

**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, 2014.

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, 2014 and 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, 2013.

Amendment to PSAK 60, Financial Instruments: Disclosure

Among other things, the standard requires the disclosures of the description of collateral held as security and of other credit enhancements, and their financial effect (e.g., quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

The revised standard adopted in financial statements that has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions is PSAK 38 (revised 2012), Business Combination of Entities Under Common Control.

**b. Standards and interpretations in issue not yet adopted**

- i. Effective for periods beginning on or after January 1, 2014 :
  - ISAK 27, Transfers of Assets from Customers
  - ISAK 28, Extinguishing Financial Liabilities with Equity Instruments
  - ISAK 29, Stripping Cost in the Production Phase of a Surface Mine
  - PPSAK 12, Withdrawal of PSAK 33, Stripping Cost Activity and Environmental Management in the Public Mining
- ii. Effective for periods beginning on or after January 1, 2015:
  - PSAK 1 (revised 2013), Presentation of Financial Statements
  - PSAK 4 (revised 2013), Separate Financial Statements
  - PSAK 15 (revised 2013), Investments in Associates and Joint Ventures
  - PSAK 24 (revised 2013), Employee Benefits
  - PSAK 65, Consolidated Financial Statements
  - PSAK 66, Joint Arrangements
  - PSAK 67, Disclosures of Interests in Other Entities
  - PSAK 68, Fair Value Measurements

As of the issuance date of the financial statements, management is evaluating the effect of these standards and interpretations on the financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Statement of Compliance**

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

**b. Basis of Preparation**

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.

**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

**c. Foreign Currency Transactions**

The books of account of the Company are maintained in Indonesian Rupiah, the currency of the primary economic environment in which it operates (its functional currency). Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the 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 profit or loss.

**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 applies:
  - 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 is 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.

The Company's financial assets represents loans and receivables.

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

Loans and receivables

Cash and cash equivalents and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortized cost using the effective interest method less impairment.

Interest is recognized by applying the effective interest method, except for 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.

Income is recognized on an effective interest basis.

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 investment 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 amortized 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.

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets 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 derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognize their retained interest in the asset and an associated liability for amounts they may have to pay. If the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

**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.

**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

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 amortized cost

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

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**g. Netting of Financial Assets and Financial Liabilities**

The Company only offsets financial assets and liabilities and present the net amount in the statement of financial position when, and only when:

- currently have a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize 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 amortized 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:

	<u>Years</u>
Leasehold Improvement	3
Furniture and fixtures	10
Office equipment	5
Computer and hardware	5

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

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.

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.

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

**n. Revenue and Expense Recognition**

Interest Revenue

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when 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 realized, 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 taxes 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, which are described in Note 3, 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.

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.

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**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

**Critical Judgments in Applying Accounting Policies**

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**  
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**5. CASH AND CASH EQUIVALENTS**

	March 31, 2014	March 31, 2013
	Rp	Rp
Cash on hand	3,053,465	27,392,339
Cash in banks - Bank of India Indonesia		
Rupiah	202,995,047	527,684,424
U.S. Dollar	454,363,563	538,731,538
Time deposits - Bank of India Indonesia		
Rupiah	4,500,000,000	4,000,000,000
U.S. Dollar	37,288,020,000	40,658,268,000
<b>Total</b>	<b>42,448,432,075</b>	<b>45,752,076,301</b>
Interest rate per annum of time deposits		
Rupiah	8.75%	7.00%
U.S. Dollar	3.25%	3.00%

**6. PREPAID EXPENSES**

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

**7. PREMISES AND EQUIPMENT**

	April 1, 2013	Additions	Deductions	March 31, 2014
	Rp	Rp	Rp	Rp
At cost				
Leasehold improvement	1,994,308,279	230,993,138	2,225,301,417	-
Furniture and fixtures	1,256,247,445	-	1,256,247,445	-
Office equipment	1,054,924,778	-	773,034,630	281,890,148
Computer and hardware	562,323,532	-	-	562,323,532
<b>Total</b>	<b>4,867,804,034</b>	<b>230,993,138</b>	<b>4,254,583,492</b>	<b>844,213,680</b>
Accumulated depreciation				
Leasehold improvement	513,142,243	766,229,050	1,279,371,293	-
Furniture and fixtures	78,759,431	108,760,053	187,519,484	-
Office equipment	132,066,221	190,229,505	230,766,214	91,529,512
Computer and hardware	68,896,274	112,464,706	-	181,360,980
<b>Total</b>	<b>792,864,169</b>	<b>1,177,683,314</b>	<b>1,697,656,991</b>	<b>272,890,492</b>
<b>Net Carrying Value</b>	<b>4,074,939,865</b>			<b>571,323,188</b>

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	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 expenses charged to operations amounting to Rp 1,177,683,314 and Rp 792,864,169 as of March 31, 2014 and 2013, respectively.

**8. CAPITAL STOCK**

Name of Stockholder	31/03/2014 and 31/03/2013		
	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.

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NOTES TO FINANCIAL STATEMENTS  
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**9. GENERAL AND ADMINISTRATIVE EXPENSES**

	2014	2013
	Rp	Rp
Depreciation (Note 7)	1,177,683,314	792,864,169
Rental	921,700,664	1,057,060,457
Communication expenses	178,671,280	233,954,323
Membership & subscription charges	103,264,668	83,036,701
Audit fees	87,005,380	74,540,158
Other administrative expenses	39,983,494	46,636,810
Electricity charges	36,689,889	27,993,950
Travelling and conveyance expenses	33,451,777	23,163,513
Professional fees	29,445,106	199,190,851
Office expenses	465,171	16,140,465
<b>Total</b>	<b>2,608,360,743</b>	<b>2,554,581,397</b>

**10. TAXATION**

The Company's tax expense consists of following:

	2014	2013
	Rp	Rp
Current tax		
Final	346,100,739	261,116,786
Non-final	323,147,068	-
Deferred tax	-	-
<b>Total tax expense</b>	<b>669,247,807</b>	<b>261,116,786</b>

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Current Tax

A reconciliation between income (loss) before tax per statement of comprehensive income and taxable income (loss) is as follows:

	2014	2013
	Rp	Rp
Income (loss) before tax per statement of of comprehensive income (loss)	3,456,145,279	(106,266,722)
Temporary difference		
Depreciation expenses	604,241,638	374,555,701
Nontaxable income		
Interest income subject to final tax	(1,730,503,693)	(1,305,583,930)
Taxable income (loss)	<u>2,329,883,224</u>	<u>(1,037,294,951)</u>
Fiscal loss carry forward	(1,037,294,951)	-
Taxable income (loss) - net	<u>1,292,588,273</u>	<u>(1,037,294,951)</u>

As of March 31, 2014 and 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, 2014 and 2013, the Company's current tax expense and corporate income tax payable are as computed as follows:

	March 31, 2014	March 31, 2013
	Rp	Rp
Current tax		
Final tax on interest income	346,100,739	261,116,786
Non-final	323,147,068	-
Less prepaid final tax	(341,382,212)	(252,077,209)
Final tax payable	<u>327,865,595</u>	<u>9,039,577</u>
Tax payable art. 23	-	72,100
Total Taxes Payable	<u>327,865,595</u>	<u>9,111,677</u>

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NOTES TO FINANCIAL STATEMENTS  
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**11. 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 – JM Financial Overseas Holdings Pvt. Ltd.

Other accounts receivable as of March 31, 2014 represents the Company's loan to JM Financial Overseas Holdings Pvt Ltd, amounting to Rp 9,604,490,000 repayable on demand or upon expiry of two years, whichever is earlier. The Borrower and Lender may agree to vary the interest rate from time to time as per the rate prevailing to the market.

Other accounts payable amounting to Rp. 7,308,808 or USD 755 as of March 31, 2013 represents reimbursement of expenses paid in advance by the shareholder.

**12. BUSINESS OPERATION**

The financial statements have been prepared assuming that the Company is a going concern. The Company has not been able to commence its operations since the Company does not currently have the required local licensed persons. Due to this, the Company could not obtain the necessary license to commence operations. In order to reduce its operating and others related cost, the Company has surrendered its office premises and sold its equipment. At present, the Company intends to have its presence in Indonesia and the management has not made any plan to wind up the Company. The management is currently evaluating the business viability and future growth potential in Indonesia vis-à-vis the licensing requirements. Hence, the financial statements do not include any adjustments that might result from this uncertainty.

**13. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

As of March 31, 2014 and 2013, the Company had monetary assets and liabilities in foreign currencies as follows:

Assets		
Cash and cash equivalents	3,340,211	37,742,383,563
Other accounts receivable - related party	<u>850,000</u>	<u>9,604,490,000</u>
Total	4,190,211	47,346,873,563
Liabilities		
Accrued expenses	<u>(10,306)</u>	<u>(116,450,486)</u>
Net Assets	<u>4,179,905</u>	<u>47,230,423,077</u>

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	March 31, 2013	
	Foreign currency US\$	Equivalent in Rupiah
<b>Assets</b>		
Cash and cash equivalents	4,255,651	41,196,999,538
<b>Liabilities</b>		
Other accounts payable - related party	(755)	(7,308,808)
Other accounts payable - third party and accrued expense	<u>(37,914)</u>	<u>(367,027,994)</u>
<b>Total</b>	<u>(38,669)</u>	<u>(374,336,802)</u>
<b>Net Assets</b>	<u>4,216,982</u>	<u>40,822,662,736</u>

The conversion rate used by the Company on March 31, 2014 and 2013 and the prevailing rates on May 05, 2014 are Rp 11,299.40, Rp 9,680.54 and Rp 11,507.50 per US\$ 1, respectively.

**PT JM FINANCIAL SECURITIES INDONESIA  
NOTES TO FINANCIAL STATEMENTS  
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**14. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS**

	March 31, 2014		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
<b>Financial Assets</b>			
Cash and cash equivalents	42,448,432,075	-	42,448,432,075
Accrued interest income	26,746,502	-	26,746,502
Other accounts receivable - related party	9,604,490,000	-	9,604,490,000
Deposit for premises	213,520,000	-	213,520,000
<b>Total</b>	<b>52,293,188,577</b>	<b>-</b>	<b>52,293,188,577</b>
<b>Financial Liabilities</b>			
Accrued expenses	-	117,132,206	117,132,206
<b>Total</b>	<b>-</b>	<b>117,132,206</b>	<b>117,132,206</b>

	March 31, 2013		
	Loans and receivables	Liabilities at amortized cost	Total
	Rp	Rp	Rp
<b>Financial Assets</b>			
Cash and cash equivalents	45,752,076,301	-	45,752,076,301
Accrued interest income	45,197,886	-	45,197,886
Deposit for premises	212,520,000	-	212,520,000
<b>Total</b>	<b>46,009,794,187</b>	<b>-</b>	<b>46,009,794,187</b>
<b>Financial Liabilities</b>			
Other accounts payable - related party	-	7,308,808	7,308,808
Other accounts payable - third parties and accrued expenses	-	451,651,319	451,651,319
<b>Total</b>	<b>-</b>	<b>458,960,127</b>	<b>458,960,127</b>

**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 optimization 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 8) and deficit of the Company.

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.

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**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 10% in 2014 and 5% in 2013 increase and decrease in Rupiah against the relevant foreign currencies to the profit (loss) of the Company in 2014 and 2013. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as disclosed in Note 13 and adjusts their translation at period end for 10% in 2014 and 5% in 2013 change in foreign currency rates based on increase/decrease in Indonesian Rupiah currency, respectively.

A positive number below indicates an increase in profit or loss where the Rupiah weakened against the relevant currency. For the 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>
Profit or loss 2014	4,723,041,856
Profit or loss 2013	2,041,133,277

**ii. Interest rate risk**

As of March 31, 2014 and 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.

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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 details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2014				
Less than 1 month	1 - 3 months	3 months to 1 year	Total	
Rp	Rp	Rp	Rp	
Accrued expenses	117,132,206	-	-	117,132,206

March 31, 2013				
Less than 1 month	1 - 3 months	3 months to 1 year	Total	
Rp	Rp	Rp	Rp	
Other accounts payable -				
Third parties	299,456,458	-	-	299,456,458
Related parties	7,308,808	-	-	7,308,808
Accrued expenses	76,022,303	76,172,558	-	152,194,861
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.

**PT JM FINANCIAL SECURITIES INDONESIA  
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**16. OPERATING LEASE COMMITMENTS**

As of March 31, 2014 and 2013, respectively, the commitments in respect of operating lease for the premises were as follows:

	March 31, 2013
	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	<u>1,078,768,344</u>

On February 11, 2014 the Company transferred the operating lease commitments to PT. Cakra Alam Semesta.

**17. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS**

The preparation and fair presentation of the financial statements on pages 2 to 24 where the responsibilities of the management, and were approved by the Directors and authorized for issue on May 05, 2014.

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