CONFIDENTIAL

DUE DILIGENCE REVIEW
RENOX GROUP OF COMPANIES

RENOX

PT RENOX INDONESIA

Prepared by:

SALIHIN (683802-A)
CAPITAL SDN BHD

8 AUGUST 2016

DISCLAIMER

This report is prepared by Salihin Capital Sdn. Bhd., a Company under group of SALIHIN, as a result of an engagement by the shareholders of Renox Stainless Steel Sdn. Bhd. to carry out a Financial Due Diligence Review of Renox Group of Companies, comprising: (i); Renox Stainless Steel Sdn. Bhd. (ii) Renox Stainless Steel Co. Ltd.; (iii) Abo Green Solution Co. Ltd., and (iv) PT Renox Indonesia ("Company"), collectively referred to as "RENOX". This report is for sole and exclusive use of the shareholders of the Company, hereinafter referred to as "the shareholders".

This report is considered to be a joint proprietary of SALIHIN, RENOX and the shareholders and shall not be made available in whole or in part, to any party other than the Shareholders and directors of the Company (collectively referred to as "the management"), unless the written permission of SALIHIN is obtained.

Only the hardcopy version of the report, printed on paper and signed by authorized personnel of SALIHIN constitutes the official version of the report. The date of this report is stipulated on its cover letter and any queries with respect to this report should be addressed to the undersigned as per cover letter.

ABOUT SALIHIN

SALIHIN introduced its name on January, 2002. The genesis of the 14 years' journey began with an ardent determination to spread our wings and make our presence felt. Since then, each year that passes confirms and demonstrates our commitment to our vision.

The past decade spent has witnessed continuing efforts to build our brand, which has now become identical to our commitment of integrity. SALIHIN is a **MSC Status Company**, a **certified Company of 1-innoCert** and **Enterprise 50**.

SALIHIN is an established boutique firm specializing in all aspects of assurance, taxation, corporate secretarial, corporate finance, business advisory and investment management which provides services to the Government, Ministries, Multinational Companies, Public Listed Companies, Government Linked Institutions, Commercial Banks and Private Companies.

SALIHIN is **licensed by the Securities Commission Malaysia** to advice on Corporate Finance under the Capital Markets and Services Act 2007. We have undertaken various assignments including Strategic Transaction Advisory, Fund Raising Exercise for both Debt and Equity Markets, Strategic and Financial Advisory on Public Private Partnership and Private Finance Initiatives, Corporate Restructuring Exercises, Mergers & Acquisitions and Takeovers.

ABOUT THE ENGAGEMENT

INTRODUCTION

SALIHIN has undertaken a review of relevant latest management accounts, statutory documents and agreements as presented by the Company and had it verified to the extent that the relevant documents are made available to SALIHIN.

SCOPES OF THE ENGAGEMENT

The engagement entails the review of the Company's financial performance for the financial year ended 31 December 2015 ("FYE 2015") and for the financial period ended 30 April 2016 ("FPE 30/04/16"),and the statements of financial position of the Company as at 31 December 2015 and 30 April 2016.

The scopes of this engagement also include the review of the financial systems and processes surrounding the operations which include the scrutiny and examination of relevant documents, records, agreements and files pertaining to accounting, finance and operational matters as follows:

Segment	Scope
Business Review	• Discussion with the directors and management of the Company (collectively referred to as "the Management") to gain an understanding of the nature of business and principal activities of the Company. • Review the licenses and insurance coverage of the Company. • Review the registered intellectual property of the Company, if any.
Governance Review	• Review the profile of the key management and employees of the Company, including an assessment of academic qualification & experience. • Review the organizational reporting structure. • Review the statutory records and registers, in regards to shareholders, shareholding structure and the board of directors. • Review the minutes of meetings of board of directors.
Financial Review	• Review the key drivers of historical growth and profitability • Review and ascertain the amount of guarantees and any off-balance sheet items that may exist • Review and ascertain the effectiveness of the financial internal control of the Company
Tax Review	• Review corporate income tax and withholdings tax obligations for Years of Assessment 2011 to 2015. • Review and ascertain compliance with Value-Added Tax ("VAT") regulations

LIMITATION OF WORKS

Verification

In completing the engagement, SALIHIN has relied on the integrity of the information and data presented. SALIHIN does not independently verify the information or documentation provided to us unless expressly stated in this report. Accordingly, SALIHIN does not express an audit opinion on the information included in this report.

Disclaimer on Post Dated Events

This report is issued on the understanding that the Management has drawn SALIHIN's attention to all significant matters that the management is aware of concerning the Company's financial position and financial performance which may have an impact on the report up to the date of signature of the final report. SALIHIN has no responsibility to update this report for events and circumstances occurring after date of completion of the engagement fieldwork but will be obliged to consider carrying out any further instructions as may be requested, for additional remuneration to be negotiated.

Limitations of the Report

Due to the limitation in scope of work and time constraints, the report should not be regarded as comprehensive as there may be certain information and/or confirmation from external parties that may not have been addressed or reported. Accordingly, SALIHIN is not in a position to provide any assurance to the addressee of the Report, namely the shareholders of the Company that the scope of work carried out by SALIHIN and the information contained in the Report would adequate address their intent and purposes.

In addition, SALIHIN did not perform any legal review to interpret the enforceability of any agreements that the Company will be entering into, to ascertain if there are restrictive covenants therein or whether any of the terms in the agreement are not commercially favorable to the Company.

SOURCES OF INFORMATION

For the purpose of this engagement, SALIHIN has relied on the following sources of information:

- Management Accounts for the financial year ended 31 December 2015 and for the financial period ended 30 April 2016;
- Employment files of employees;
- Minutes of relevant meetings, related agreements, accounting data and other records deemed relevant; and
- Deliberations and representations made by the Management and employees of the Company.

OTHER TERMS OF ENGAGEMENT

This report has been prepared at the request of the shareholders of RENOX and is exclusively for the intended internal use of the same. It is not for general circulation or publication and it is not to be reproduced, either in part or in full for any other purpose without our prior written consent and permission. We do not assume any responsibility or liability for any losses, financial or otherwise, that may arise as a result of the circulation, publication, reproduction or use of this report contrary to the provisions in our terms of engagement.

This engagement does not constitute an audit as we have not carried out all the necessary audit procedures in accordance with approved Standards of Auditing in Malaysia. Accordingly, SALIHIN does not express an audit opinion. In addition, the review should not be relied upon to disclose any material errors, irregularities and illegal acts, including fraud or defalcations that may have occurred during the financial year / period under review. Nevertheless, any such matters, which come to SALIHIN's attention during the course of the review, will be included in this report accordingly.

The review is strictly based on the information set out in "Sources of Information". Where necessary, SALIHIN has carried out further discussions with the Management to obtain further information or clarifications on matters pertaining to the financial statements.

PROFESSIONAL TEAM OF KEY CONSULTANTS

Salihin Abang – Engagement Partner

Salihin Abang holds a Bachelor and Master Degree in Accounting from International Islamic University Malaysia ("IIUM"). He is a Member with Malaysian Institute of Accountants ("MIA"), an Associate Member with CPA Australia, a Fellow with Chartered Tax Institute of Malaysia ("CTIM") and a Certified Financial Planner ("CFP"). Additionally, he is involved in other professional associations including a Committee Member of Malay Chartered Accountants Firms Malaysia and a Member of the Malaysian Association of Tax Accountants ("MATA"). Salihin Abang is an Approved Company Auditor since 2002 under the Companies Act 1965.

He holds an audit and tax agent license from the Ministry of Finance, Approved Cooperative Auditor from Malaysian Cooperative Commission and Approved Auditor-Labuan Offshore Financial Services Authority ("LOFSA"). He has over 15 years' experience in providing professional and commercial accounting services in wide range of industries. He has also been engaged in consulting many industries from SMEs to public listed companies.

He is the founder and the innovative thinker spearheading SALIHIN in the provision of auditing and assurance, taxation, GST, Islamic accounting, corporate finance, corporate secretarial and business advisory services. Built the Firm on solid track record of success and was acknowledged nationally for his innovative efforts and entrepreneurial acumen, he has been appointed by the government as the Investment Committee Member of Rubber Industry Smallholders Development Authority ("RISDA"), a government link company. On top of that, he won the Young Entrepreneur and Top 50 SME's Awards in 2010 and to crown it all, the firm is certified by 1-innoCERT in 2010 and 2012.

Lee King Loon – Engagement Director I

Lee King Loon started his accountancy career with KPMG in 1992 and qualified as a full member of MIA and CPA Australia.

He joined Crowe Horwath in year 2000 and has led several engagements as the reporting accountants for corporate exercise undertaken by the listed companies. He was appointed as Chief Financial Officer of CSF Group PLC in March 2010. He has been involved in formulation of financial strategies to facilitate the expansion of the Group's business.

In September 2013, he was appointed as a Licensed Director and a Licensed Capital Market Services Representative of SALIHIN.

Ahmad Izwan Adnan – Engagement Director II

Ahmad Izwan Adnan holds a Bachelor Degree in Accounting from IIUM. He is a member of MIA and Institute of Internal Auditors Malaysia ("IIAM").

Upon graduation from IIUM, Ahmad Izwan served as an Analyst at Bank Simpanan Nasional, and subsequently has his career at PricewaterhouseCoopers from 2003 till 2007 in Assurance & Business Advisory Services.

He later joined Dataprep Holdings Berhad as a Senior Manager, Internal Audit. In 2009, he was with Tropicana Corporation Berhad as a Director of Internal Audit, Risk Management and Corporate Governance and joined SALIHIN since 2011.

Norlin Mainir – Assistant Manager

Norlin Mainir graduated with a Degree in Accounting from Universiti Utara Malaysia. She started her career with Wong Yeng Mun & Co. in 2008 and later joined SALIHIN in 2011. She is a member of MIA and IIAM.

Mohd Arifuddin Jiran – Assistant Manager

Mohd Arifuddin Jiran graduated with a Degree in Accounting from Universiti Teknologi MARA. He later joined SALIHIN in 2008. He is a member of MIA and IIAM.

EXECUTIVE SUMMARY

A) ABOUT THE COMPANY

The Company, PT Renox Indonesia is a Private Limited Company incorporated under the Badan Koordinasi Penanaman Modal ("BKPM") Indonesia, on 11 March 2011, and domiciles at Ruko Mega Interkon, Blok W IV No. 14, Jl, Raya Joglo, Pos Pengumben, Jakarta Barat 11630 Indonesia.

The Company is principally engaged in the trading of stainless steel pipes, valves and fittings that are used mainly in food and beverage manufacturing plants in Indonesia. The Company purchases most of the inventories from a related party companies namely Renox Stainless Steel Co, Ltd., and Abo Green Solution Co. Ltd, both based in Bangkok, Thailand. As at 30 April 2016, both companies represented 39% of total trade payables.

B) FINANCIAL PERFORMANCE

Description	Management Account FYE 2015 IDR	Management Account FPE 30/04/16 IDR	Management Account FYE 2015 RM	Management Account FPE 30/04/16 RM
Revenue	6,399,994,634	2,198,629,119	1,993,103	652,540
Gross Profit	2,409,456,853	1,201,300,143	750,359	356,539
Profit Before Tax	615,553,168	589,572,549	191,697	174,983
Working Capital	390,787,880	629,838,414	121,700	186,932
Equity	566,553,937	823,178,188	176,438	24,314

*The currency exchange rate as at 31/12/15 and 30/04/16 is **1MYR: 3,211 IDR** and **1 MYR: 3,369 IDR** respectively.*

C) FINANCIAL RATIOS PERFORMANCE

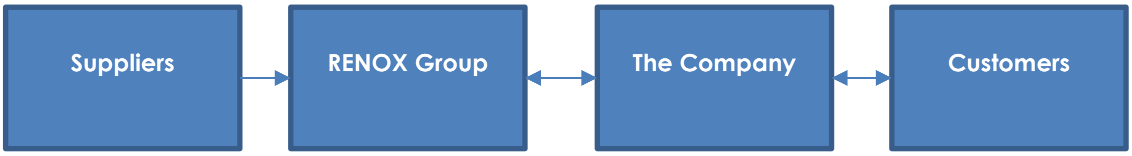
Ratio	Management Account FYE 2015	Management Account FPE 30/04/16
Current	1.11	1.19
Cash	0.02	0.02
Asset Turnover	14.22	5.15
Receivable Turnover	2.83	3.18
Payable Turnover	6.37	2.99
Debt	0.87	0.81
Gross Profit Margin	38%	55%
Operation Margin	10%	30%
Net Profit Margin	10%	27%
Return on Equity	11.3	2.7

CONTENT

BUSINESS REVIEW

1. BUSINESS MODEL

The Company derives revenue from sales of RENOX branded products comprising hygienic stainless steel pipes, valves and fittings to companies in the F&B industry in Indonesia. The Company's business model is illustrated as follows:



No.	Parties	Description
1	Suppliers	• Supply of valves, welded pipes and Butt-weld fittings for F&B, dairy pharmaceuticals, brewery and chemical industry to RENOX Group. • The Company procured the inventories mostly from related parties companies namely Renox Stainless Steel Co. Ltd. and Abo Green Solution Co. Ltd. which represented 39% of total trade payables as at 30 April 2016.
2	RENOX Group	• Supply of valves, welded pipes, butt weld fittings and hose adaptors to F&B, dairy, pharmaceuticals, brewery and chemicals industry to its entities & customers. • Established regional presence in Thailand, China, Indonesia, Malaysia & Singapore as follows: o Renox Stainless Steel Co. Ltd. – Thailand o Abo Green Solution Co. Ltd - Thailand o Renox Stainless Steel Co. Ltd. – China o PT. Renox – Indonesia o Renox Stainless Steel Sdn. Bhd. – Malaysia o Renox Stainless Pte. Ltd - Singapore
3	The Company	• Engaged in trading of the products of RENOX Group in Indonesia
4	Customers	• Consist mainly of contractors and end-users (manufacturers)

2. S.W.O.T. ANALYSIS

The Company has peculiar strengths and opportunities that provide it with the competitive advantage. At the same time, there are threats and weaknesses that the Company has to address moving forward. In summary, the S.W.O.T. analysis presented as follows:

<table>
<tr><th>Internal Factors</th><th>External Factors</th></tr>
<tr><td>Strength
• Regional presence in major countries in South East Asia.
• Experienced management team. The directors of the Company has been engaged in this business for 10 years.
• Established network of suppliers and customers across countries in South East Asia.</td><td>Opportunity
• Growing population in South East Asia, the existing regional market of RENOX.
• Opportunities to penetrate to the global market.</td></tr>
<tr><td>Weakness
• The Company does not provide any value-adding services such as fabrication or engineering services. In this regard, the activities of the Company, which is the trading of goods, can be relatively easily substituted or replicated by other companies.
• Limited financial resources due to following factors:
o The Company has recorded negative cash ratios for FYE2015 & FPE2016 since it utilize its cash to procure inventories.</td><td>Threat
• Competition from international competitors.
• Fluctuation in foreign exchange rates.</td></tr>
</table>

GOVERNANCE REVIEW

1. CORPORATE INFORMATION

Company Name	PT. Renox Indonesia
Company Number	00705/1/PPM/PMA/2011
Incorporation Date	11 March 2011
Type	Private Limited
Registered / Business Address	Ruko Mega Interkon, Blok W IV No. 14, Jl, Raya Joglo, Pos Pengumben, Jakarta Barat 11630 Indonesia
Principal Activities	Trading of Valve & Fittings of Machinery
Authorised Share Capital	5,000 units of ordinary shares at IDR877,400 each
Issued / Paid-Up Share Capital	1,250 units of ordinary shares at IDR877,400 each
Shareholders / Directors	• Neo Wee Hoe (701206-04-5039): 99.2% • Nyonya Ruswati (3603240302650002) : 0.8%
Financial Year End	31 December

2. KEY MANAGEMENT & ORGANIZATIONAL STRUCTURE

The Company employs 7 employees inclusive a director as detailed as follows:

No.	Name	Joined Date	Position	Monthly Salary	Monthly Salary
1	Neo Wee Hoe	1st Director		IDR14,100,000	RM4,184
2	Arikuan Alamsjah	15/04/11	Sales Manager	IDR17,820,000	RM5,288
3	Ngadianto	01/04/13	Sales	IDR10,200,000	RM3,026
4	Frengky	01/01/16	Sales	IDR10,000,000	RM2,968
5	Yuliana Lilianti	07/07/14	Finance	IDR4,000,000	RM1,187
6	Liliwati Sutantio	n/a	Accounting	IDR4,000,000	RM1,187
7	Esin Kuraesin	05/10/12	General Worker	IDR3,100,000	RM919
TOTAL				**IDR63,220,000**	**RM18,759**
Yearly Salary				**IDR758,640,000**	**RM225,108**

The Company has provided employment files & latest payroll list as at 30 June 2016 for our verification purpose. All the information as disclosed in the above table was extracted accordingly.

The contributions to Employees' Provident Fund ("EPF") and Social Securities are not compulsory in Indonesia. Thus, the Company has opted not to contribute to both contribution.

The above monthly salary has matched with salary expenses as disclosed in the Operation Expenses for FPE2016.

*The currency exchange rate as at 30/04/16 is **1MYR: 3,369.3403IDR**.*

3. SHARE CAPITAL

	Management (IDR) As at 31/12/15	Management (IDR) As at 30/04/16	Management (RM) As at 31/12/15	Management (RM) As at 30/04/16
Authorized: Ordinary shares of IDR 877,400 per share	4,387,000,000	4,387,000,000	1,366,211	1,302,035
TOTAL	**4,387,000,000**	**4,387,000,000**	**1,366,211**	**1,302035**
Issued & fully paid: Ordinary shares of IDR 877,400 per share	1,096,750,000	1,096,750,000	341,553	325,509
TOTAL	**1,096,750,000**	**1,096,750,000**	**341,553**	**325,509**

Details of shareholdings are as follows:

No of ordinary shares of IDR 877,400 each:

Name	I/D Number	No. of Share
Neo Wee Hoe	701206-04-5039	1,240 units
Nyonya Ruswati	3603240302650002	10 units

4. LICENSES & ACCREDITATIONS

Details of the license obtained are as follows:

No.	Licence / Certificate	License No.	Expiry Date	Licensor
1	Company Registration	00705/1/PPM/PMA/2011	n/a	Badan Koordinasi Penamaan Modal
2	Import & Export License	090409373-B	08/04/16 – 07/04/21	Ministry of Trade

5. CONTRACTS & AGREEMENTS

A) Tenancy Agreement – Business Premise

The Company has entered into a tenancy agreement for its business premises comprising an office-cum-warehouse, the salient terms of which are as follows:

Item	Business Premises
Landlord	Harrison Law
Address	Bizpark Daan Mogot DM 1 No.11 Kaliders Jakarta Barat
Date	17 February 2016
Rate	IDR165,000,000 / RM48,971 per year
Period	15 May 2016 – 14 May 2017
Deposit	IDR20,000,000 / RM5,936

B) <u>Tenancy Agreement – Apartment for Employees</u>

The Company has entered into a tenancy agreement for apartment for use of employees, and the salient terms of which are as follows:

Item	Business Premises
Landlord	Tay Tjiu Fung
Address	Apartment Mediterania Garden Residensis 2, Tower Kenangan Lantai 19, Block KA, Jl, Tanjung Duren, Jakarta Barat
Date	8 May 2012
Rate	IDR3,000,000 per month
Period	8 May 2012 to 7 June 2012
Deposit	IDR3,000,000 @ 1 Month Tenancy

<u>The above agreement has expired on 7 June 2012</u>, and we were informed that the Landlord is in opinion to continue the tenancy in absence of renewal tenancy agreement upon expiry of the tenancy agreement on 7 June 2012. In addition, <u>the deposit was not reflected in Other Receivables</u> in the balance sheet.

C) <u>Hire Purchase Agreement</u>

Details of the hire purchase agreements concluded by the Company are as follows:

Item	Detail	Detail
Financier	PT OTO Multiartha	PT Mandiri Tunas Finance
Date	19 November 2015	27 July 2015
Ref. No.	10-013-15-03182	0001501930
Registration No.	MHXWF31RMCJ202509	MHKM1BA3JFJ121649
Model	Hyundai	Toyota Avanza
Financed Amount	IDR 160,229,600 / RM 47,555	IDR 150,912,000 / RM 44, 790
Monthly Instalment	IDR 5,906,300 / RM 1,321	IDR 4,192,000 / RM 1,244
Period	36 months @ 3 years	36 months @ 3 years

We have conducted the physical sighting of the motor vehicles and reviewed the registration cards, and we ascertained that the above motor vehicles are registered under the Company's name.

6. LITIGATION STATUS

The Management has confirmed that there is no litigation cases relating to the Company.

7. INSURANCE

The Company has obtained the following insurance coverage for its motor vehicles:

Insurance Provider	PT Ansuransi Sinar Mas	Mandiri Tunas Finance
Policy Number	B1514UON	M010107201500007332
Type	Hyundai	Toyota Avanza
Period	16/11/15 – 16/11/18	28/07/15 - 28/07/18
Sum Insured	IDR 212,000,000 / RM 62,920	IDR 168,390,000 / RM 49,977
Premium	IDR 1,844,400 / RM 547	IDR 12,477,699 / RM 3,703

The Company has insured its business premise inclusive of inventories from Asuransi Sinarmas as follows:

Description	Earthquake	Property All Risk
Policy Number	34.114.2016.01309	22.114.2016.00997
Period	20/07/16 to 20/07/17	20/07/16 to 20/07/17
Sum Insured	IDR1,000,000,000	IDR1,000,000,000
Premium	IDR1,461,000	IDR1,758,000

8. PATENT & INTELLECTUAL PROPERTY

The Management has confirmed that there are no patents & intellectual properties held by the Company.

9. FINANCIAL CHARGES

The Management has confirmed that there were no charges on the assets of the Company.

FINANCIAL REVIEW

Financial Position – Balance Sheets

	Management Account		Management	
	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
Property, Plant & Equipment	449,943,057	427,123,573	140,122	126,768
	449,943,057	**427,123,573**	**140,122**	**126,768**
Current Assets				
Inventories	1,329,447,225	1,302,441,167	414,020	386,557
Trade Receivables	2,265,078,778	2,076,076,969	705,397	616,167
Other Receivables	128,966,000	332,739,250	40,163	98,755
Tax Receivables	-	94,348,600	-	28,002
Cash & Bank	66,308,400	78,787,155	20,650	23,384
	3,789,800,403	**3,884,393,141**	**1,180,229**	**1,152,865**
Current Liabilities				
Trade Payables	1,004,725,477	734,347,387	312,894	217,950
Tax Payables	20,075,369	40,962,180	6,252	12,157
Other Payables & Accruals	11,721,362	75,631,060	3,650	22,447
Loan Payables	2,362,490,315	2,403,614,099	735,733	713,378
Current Liabilities	**3,399,012,523**	**3,254,554,727**	**1,058,529**	**965,932**
Net Current Assets / (Liabilities)	**390,787,880**	**629,838,414**	**121,700**	**186,933**
	840,730,937	**1,056,961,987**	**261,823**	**313,701**
Capital & Reserve				
Share Capital	1,096,750,000	1,096,750,000	341,553	325,509
Retained Profits	(530,196,063)	(273,571,813)	(165,115)	(81,194)
	566,553,937	**823,178,187**	**176,438**	**244,315**
Non-Current Liabilities				
Hire Purchase Payables	**274,177,000**	**233,783,800**	**85,385**	**69,386**
	274,177,000	**233,783,800**	**85,385**	**69,386**
	840,730,937	**1,056,961,987**	**261,823**	**313,701**

The currency exchange rate are as follow:

*As at **31/12/15** is **1 MYR: 3,211.0708 IDR***

*As at **30/04/16** is **1MYR: 3,369.3403 IDR***

ANALYSIS OF BALANCE SHEET ITEMS

Property, Plant & Equipment ("PPE")

Net Book Value	Management Account As at 31/12/15 IDR	Management Account As at 30/04/16 IDR	Management Account As at 31/12/15 RM	Management Account As at 30/04/16 RM
Motor Vehicles	390,687,484	373,805,616	121,669	110,943
Building	52,708,325	47,916,657	16,415	14,221
Office Equipment	6,547,248	5,401,300	2,039	1,603
Net Book Value	**449,943,057**	**427,123,573**	**140,122**	**126,768**
Variance	-	(5%)		

The relevant details of PPE of the Company as at 30 April 2016 are as follows:

PPE	No.	Type of Assets	Acquisition Date	NBV (IDR)	NBV (RM)
Motor Vehicles	1	Toyota Avanza	27/07/15	175,055,616	51,955
	2	Hyundai 8 1514 UON	19/11/15	198,750,000	58,988
		TOTAL		**373,805,616**	**110,943**
Building	1	Old Factory	09/08/11	47,916,657	14,221
		TOTAL		**47,916,657**	**14,221**
Office Equipment	1	HP Samsung Galaxy Young Duos	09/05/12	37,500	11
	2	TV Led Sony 32EX 330N/S	01/12/12	437,500	130
	3	Laptop ACER E1-422	11/05/14	2,068,182	614
	4	Printer Canon MF 4720 W	03/07/14	1,557,292	462
	5	Prolink Pro 700	03/07/14	292,500	87
	6	Finger Print	29/12/15	1,008,333	299
		TOTAL		**5,401,300**	**1,603**
TOTAL				**427,123,573**	**126,768**

The above PPE are recorded in the Company's Fixed Asset Register but we noted that the items PPE were not tagged.

<u>We were informed that the building is not own by the Company, thus we would propose for declassification from the Balance Sheet.</u>

Depreciation is calculated on a straight line basis at rates calculated to write off the cost of each PPE over its estimated useful life as follows:

PPE	Rate
Motor Vehicles	25%
Building	12.5%
Office Equipment	2.5%

Inventories

	Management Account As at 31/12/15 IDR	As at 30/04/16 IDR	Management Account As at 31/12/15 RM	As at 30/04/16 RM
Inventories	1,329,447,225	1,302,441,167	414,020	386,557
Variance	-	(2%)		

We reviewed the Company's inventory listing as at 30 April 2016 and the analysis is as follows:

No.	Description	IDR	%
1	Valve	239,475,481	18%
2	Gasket	265,364,123	20%
3	Filter	45,120,237	4%
4	Food Hose	63,951,852	5%
5	Manhole	29,598,570	2%
6	Others	658,930,904	51%
TOTAL / COVERAGE		**1,302,441,167**	**100%**

We have conducted the physical sighting on the inventories and it is properly located in the Company's office-cum-warehouse.

Tax Receivables

	Management Account As at 31/12/15 IDR	As at 30/04/16 IDR	Management Account As at 31/12/15 RM	As at 30/04/16 RM
Tax Receivables	-	94,348,600	-	28,002
Variance	-	100%		

Tax Receivables resulted from advancement made on Import Taxes of goods received from suppliers.

Trade Receivables

	Management Account As at 31/12/15 IDR	As at 30/04/16 IDR	Management Account As at 31/12/15 RM	As at 30/04/16 RM
Trade Receivables	2,265,078,778	2,076,076,969	705,397	616,167
Variance	-	(8%)		

Details of major trade receivables as 31 December 2015 and 30 April 2016 in Indonesia Rupiah are as follows:

No.	Trade Receivables	31/12/15 IDR	%	30/04/16 IDR	%
1	Unilever Indonesia	772,904,721	34%	821,189,595	40%
2	Sinar Multi Pakarindo	635,383,217	28%	379,026,944	18%
3	**Renox Stainless Steel Sdn Bhd**	**218,331,320**	**10%**	**260,079,368**	**13%**
4	Triteknika Anugerah	216,871,550	10%	69,058,550	3%
5	Procter & Gambler	154,440,660	7%	-	0%
6	**Renox Steel Pte Ltd**	**76,000,943**	**3%**	**76,000,945**	**4%**
7	Indolakto Ice Cream	25,776,400	1%	-	0%
8	**Renox Stainless Steel Co Ltd**	**25,372,719**	**1%**	**25,355,125**	**1%**
9	Trimsumber Makmur Indah	21,483,000	1%	-	0%
10	Eddy Bapak	18,578,000	1%	-	0%
11	DTerm Engineering Services Pte Ltd	17,308,021	1%	-	0%
12	Daesuko Engineering Indonesia	16,791,720	1%	-	0%
13	Tirta Fresindo Jaya PT	16,751,246	1%	-	0%
14	**Abo Green Solution**	**-**	**0%**	**69,038,488**	**3%**
15	Pudji Bapak	-	0%	64,800,000	3%
16	Indofarma Persero TBK	-	0%	49,320,616	2%
17	Desain Terminal Indonesia	-	0%	48,736,710	2%
18	Procter & Gambler	-	0%	38,993,900	2%
19	Kalbe Morinaga Indonesia	-	0%	38,787,584	2%
20	Ciptasena Prima PT	-	0%	25,699,929	1%
	TOTAL / COVERAGE	**2,215,983,517**	**98%**	**1,966,087,754**	**95%**

As at 31 December 2015 and 30 April 2016, related party companies i.e. Renox Stainless Steel Sdn. Bhd., Renox Stainless Steel Co. Ltd. and Abo Green Solution Co. Ltd. represented 11% and 17% of total trade receivables, respectively. We were informed that the transaction with related party companies were on arms-length basis.

The details for subsequent receipts in Indonesia Rupiah after 30 April 16 are as follows:

Note	Trade Receivables	30/04/16 IDR	Subsequent Receipts IDR
1	Triteknika Anugerah PT	69,058,550	(26,678,300)
2	**Abo Green Solution**	**69,038,488**	**(69,217,679)**
3	Unilever Indonesia	821,189,595	(809,034,998)
4	Sinar Multi Pakarindo	379,026,944	(132,260,000)
5	Kalbe Moringa Indonesia	38,787,584	(62,816,292)
6	**Renox Stainless Steel Co Ltd**	**25,355,125**	**(560,672)**
7	**Renox Stainless Steel Sdn Bhd**	**260,079,368**	**(278,934)**
	TOTAL	**1,662,535,654**	**(1,100,846,875)**

Trade Receivables Ageing Analysis as at 30 April 2016

No.	Trade Receivables	1 Month IDR	2 Month IDR	3 Month & > IDR	Total IDR
1	*Unilever Indonesia Tbk	419,520,200	389,714,798	11,954,597	821,189,595
2	*Sinar Multi Pakarindo	172,425,000	206,601,945	-	379,026,945
3	***Renox Stainless Steel Sdn Bhd**	**-**	**-**	**260,079,368**	**260,079,368**
4	**Renox Steel Pte. Ltd**	**-**	**-**	**76,000,945**	**76,000,945**
5	*Triteknika Anugerah	15,400,000	13,616,350	40,042,200	69,058,550
6	***Abo Green Solution**	**-**	**69,038,488**	**-**	**69,038,488**
7	Bapak Pudji	-	-	64,800,000	64,800,000
8	Indofarma Tbk	9,320,025	40,000,591	-	49,320,616
9	Desain Terminal Indonesia	48,736,710	-	-	48,736,710
10	Procter & Gamble	17,211,150	19,896,250	1,886,500	38,993,900
11	*Kalbe Morinaga Indonesia	38,787,584	-	-	38,787,584
12	Ciptasena Prima	-	-	25,699,929	25,699,929
13	***Renox Stainless Steel Co. Ltd**	**-**	**-**	**25,355,125**	**25,355,125**
14	Hokkan Indonesia	20,518,575	-	-	20,518,575
15	Trimsumber Makmur Indah	550,000	15,455,000	2,686,750	18,691,750
16	Daesuko Engineering Indonesia	-	-	16,791,720	16,791,720
17	Detrm Engineering Service Pte. Ltd	-	-	14,845,074	14,845,074
18	Kao Indonesia	14,822,500	-	-	14,822,500
19	Tirta Fresindo jaya	2,156,000	5,143,490	-	7,299,490
20	Bapak Alex	-	-	5,962,156	5,962,156
21	Bapak Fraudy	-	-	5,940,000	5,940,000
22	Astina	-	-	3,175,000	3,175,000
23	Cahaya Makmur Industri	1,155,000	-	-	1,155,000
24	Diamond Cold Storage	-	508,200	-	508,200
25	Multi Makmur Teknikatama	-	279,750	-	279,750
TOTAL		**760,602,744**	**760,254,861**	**555,219,364**	**2,076,076,969**
PERCENTAGE		**37%**	**37%**	**27%**	**100%**

*subsequent payments from the trade receivables have been received from 1 May 2016 till the date of this Report.

As at 30 April 2016, trade receivables which have long overdue of 3 months & above represent 27% of total trade receivables.

Other Receivables

	Management Account As at 31/12/15 IDR	Management Account As at 30/04/16 IDR	Management Account As at 31/12/15 RM	Management Account As at 30/04/16 RM
Other Receivables	-	1,469,120	-	436
Advance to Employees	2,000,000	6,475,000	623	1,922
Prepayment - Others	82,789,000	159,787,130	25,782	47,424
Prepayment – Office	44,177,000	165,008,000	13,758	48,973
TOTAL	**128,966,000**	**332,739,250**	**40,163**	**98,755**

1) Other Receivables – Overpayment to the Supplier

No.	Other Receivables	30/04/16 IDR	%	30/04/16 RM	%
1	PT Zimmoah Marine	1,469,120	100%	436	100%

2) Advances to Employees

No.	Employee	31/12/15 IDR	%	30/04/16 IDR	%	31/12/15 RM	%	30/04/16 RM	%
1	Ngadianto	2,000,000	100%	2,000,000	31%	623	100%	594	31%
2	Arikuan Alamshah	-	0%	2,975,000	46%	-	0%	883	46%
3	Frengky	-	0%	1,500,000	23%	-	0%	445	23%
	TOTAL	**2,000,000**	**100%**	**6,475,000**	**100%**	**623**	**100%**	**1,922**	**100%**

The amount represents advances given to employees of the Company and the Company has indicated the balance is recoverable.

3) Prepayment - Others

No.	Prepaid Payment	31/12/15 IDR	%	30/04/16 IDR	%	31/12/15 RM	%	30/04/16 RM	%
1	Prepaid Tax (withholding tax)	62,789,000	76%	-	0%	19,554	76%	-	0%
2	Deposit on rental of business premise	20,000,000	24%	20,000,000	24%	6,228	24%	6,228	24%
3	*Others	-	0%	139,787,130	76%	-	0%	41,196	76%
	TOTAL	**82,789,000**	**100%**	**159,787,130**	**100%**	**25,782**	**100%**	**47,424**	**100%**

*Others was related to overpayments to 3 suppliers i.e. Shanghai LF, Wintec and Newman.

4) Prepayment – Office

The balance was related to advance payment for rental of office. Based on our review of the tenancy agreement, the Company is required to make a lump sum payment of IDR 165,000,000 / RM 48,971 on 18 February 2016 for period of 12 months.

Cash & Bank

	Management Account		Management Account	
	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
Bank	58,774,599	77,283,179	18,304	22,937
Cash	7,533,801	1,503,976	2,346	446
TOTAL	**66,308,400**	**78,787,155**	**20,650**	**23,384**
Variance	-	20%		

Bank	Branches	Account type	Currency	Account No.	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
CIMB Niaga	Srengseng	Current Account	IDR	800074641800	51,189,280.41	64,713,104.43	15,942	19,206
CIMB Niaga	Srengseng	Current Account	USD	800074833140	7,585,318.70	12,570,075.00	2,362	3,732
Cash					7,533,801	1,503,976	2,346	446
TOTAL					**66,308,400**	**78,787,155**	**20,650**	**23,384**

We have sighted the bank statements of the Company and confirm that both accounts are registered under Company's name.

Trade Payables

	Management Account		Management Account	
	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
Trade Payables	1,004,725,477	734,247,387	312,894	217,950
Variance	-	(27%)		

The details of trade payables as at 31 December 2015 & 30 April 2016 are as follows:

No.	Trade Payables	31/12/15 IDR	%	30/04/16 IDR	%
1	**Renox Stainless Steel Co Ltd**	**328,423,083**	**32%**	**227,684,332**	**30%**
2	**Abo Green Solution**	**273,319,093**	**27%**	**64,358,963**	**9%**
3	**Neoinox Sdn Bhd**	**245,713,091**	**24%**	**-**	**0%**
4	Gao Li	89,496,442	9%	53,288,046	7%
5	Hygienic Pigging System limited	43,728,563	4%	348,094,824	46%
6	TNT Skypark	13,778,551	1%	19,321,759	3%
7	Triways	6,207,750	1%	-	0%
8	**Renox Steel Pte Ltd**	**4,058,903**	**1%**	**2,863,573**	**1%**
9	Winson Express Transindo	-	0%	18,735,900	1%
	TOTAL	**1,004,725,477**	**100%**	**734,247,387**	**100%**

As at 31 December 2015 and 30 April 2016, related party companies represents 59% and 39% of total trade payables, respectively.

Tax Payables

	Management Account As at 31/12/15 IDR	Management Account As at 30/04/16 IDR	Management Account As at 31/12/15 RM	Management Account As at 30/04/16 RM
Tax Payables	20,075,369	40,962,180	6,252	12,157
Variance	-	>100%		

- Tax payables consist of the payment of Value-Added Tax (VAT) and Withholding tax (PPh 21 & PPh 22).
- Employers are required to withhold PPh 21 from the salaries payable to the employees and pay the tax to the State Treasury on the behalf of the employees.
- PPh 22 is typically applicable to the payment of tax which involves purchase of steels products by local distributor which is 0.3% of total selling price.

Other Payables & Accruals

	Management Account As at 31/12/15 IDR	Management Account As at 30/04/16 IDR	Management Account As at 31/12/15 RM	Management Account As at 30/04/16 RM
Other Payables & Accruals	11,721,362	75,631,060	3,650	22,447
Variance	-	>100%		

The details of Other Payables & Accruals as at 31 December 2015 and 30 April 2016 are as follows:

No.	Details	31/12/15 IDR	%	30/04/16 IDR	%	31/12/15 RM	%	30/04/16 RM	%
1	Balance B/F	-	0%	11,721,362	15%	-	0%	3,479*	78%
2	Import Duty - Renox Thailand	-	0%	777,000	1%	-	0%	231	1%
3	**Abo Green Solution Co. Ltd**	-	0%	710,000	1%	-	0%	211	1%
4	Service Mobile Hyundai	-	0%	1,702,698	1%	-	0%	505	1%
5	Director's & Staff's salaries	-	0%	60,720,000	60%	-	0%	18,021	19%
6	FEDEX Express	5,591,193	48%	-	0%	1,741	48%	-	0%
7	Mr Neo Hand Carry – TBH 15,889.50	6,130,169	52%	-	0%	1,909	52%	-	0%
	TOTAL	**11,721,362**	**100%**	**75,631,060**	**100%**	**3,650**	**100%**	**22,447**	**100%**

*Note: The difference in balance carry forward as at 30/04/16 was due to currency exchange rate.

Loan Payables

	Management Account		Management Account	
	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
Loan Payables	2,362,490,315	2,403,614,099	735,733	713,378
Variance	-	2%		

The above balances represent Amount Due to Director – Neo Wee Hoe and we would propose for reclassification.

Hire Purchase Payables

	Management Account		Management Account	
	As at 31/12/15 IDR	As at 30/04/16 IDR	As at 31/12/15 RM	As at 30/04/16 RM
Hire Purchase Payables	274,177,000	233,783,800	85,385	69,386
Variance	-	(15%)		

The Company has entered into 2 Hire Purchase Agreements as highlighted in Paragraph 5(c) as above for acquisition of 2 motor vehicles.

FINANCIAL RATIOS

Current Ratio

Current Assets / Current Liabilities

This ratio reflects the number of times short-term assets cover short-term liabilities and provides a fair indication of a company's ability to service its current obligations. A higher number is preferred because it indicates a stronger ability to service short-term obligations.

	As at 31/12/15	As at 30/04/16
Current	1.11	1.19

The Company has recorded negative ratio in FPE2016 which indicate that the Company has inability to finance its short-term obligations upon due. Negative ratio was due to increase of current liabilities in particular of Other Payables & Accruals and Loan Payables.

Cash Ratio

Cash & Cash Equivalent / Current Liabilities

This ratio measures a company's liquidity. It can therefore determine if, and how quickly, the company can repay its short-term debt. A strong cash ratio is useful to creditors when deciding how much credit, if any, they would be willing to extend to the Company.

	As at 31/12/15	As at 30/04/16
Cash	0.02	0.02

The Company has recorded negative ratios for the financial year and financial period under review which indicates the Company did not have sufficient cash to cover all its current liabilities upon due. Negative ratios were due to utilization of cash to procure inventories.

Asset Turnover

Revenue / Total Assets

This ratio measures a company's ability to generate revenue in relation to total assets to determine the productivity of the company's asset base. A higher number is preferred as it indicates that the company is utilizing its assets effectively to generate revenue.

	As at 31/12/15	As at 30/04/16
Asset Turnover	14.22	5.15

In FPE 2016, for every IDR1 of asset, it has generated IDR5.15 of revenue which indicates positive utilization of assets.

Trade Receivables Turnover

Revenue / Trade Receivables

This ratio measures the number of times receivables turn over in a year and reveals how effective the Company is in collecting its outstanding receivables. A higher number is preferred because it indicates a shorter time between sales and cash collection.

	As at 31/12/15	As at 30/04/16	Extrapolating to 12 months
Trade Receivables Turnover	2.83	1.06	3.18

Trade Receivables Turnover ratio for FPE 2016 is computed by extrapolating the revenue for FPE 2016 to 12 months.

Trade Payables Turnover

Cost of Sales / Trade Payables

This ratio measures the number of times payables turn over in a year and reveals how promptly the Company pays its suppliers. A higher number is preferred because it indicates a shorter time between purchase and cash payment.

	As at 31/12/15	As at 30/04/16	Extrapolating to 12 months
Trade Payables Turnover	6.37	2.99	8.98

Trade Payables Turnover ratio for FPE 2016 is computed by extrapolating the direct expenses for FPE 2016 to 12 months.

Debt Ratio

Total Liabilities / Total Assets

This ratio measures the proportion of debt a company is carrying relative to its assets. Naturally, companies and creditors prefer a lower number.

	As at 31/12/15	As at 30/04/16
Debt	0.87	0.81

The Company recorded ratios less than 1.0 which indicate that the Company has sufficient assets to cover its debts as at 31 December 2015 and as at 30 April 2016.

Financial Position – Income Statement

	Management Account		Management Account	
	FYE 2015 IDR	FPE 2016 IDR	FYE 2015 RM	FPE 2016 RM
Revenue	6,399,994,634	2,198,629,119	1,993,103	652,540
Less: Direct Expenses	(3,990,537,781)	(997,328,976)	(1,242,744)	(296,001)
Gross Profit	**2,409,456,853**	**1,201,300,143**	**750,359**	**356,539**
Add: Other Income	12,938,052	134,991,274	4,029	40,065
Less: Operation Expenses	(1,794,145,168)	(674,681,749)	(558,737)	(200,241)
Profit From Operation	**628,249,737**	**661,609,668**	**195,651**	**196,363**
Less: Finance Costs	(12,696,569)	(72,037,119)	(3,954)	(21,380)
Profit Before Tax	**615,553,168**	**589,572,549**	**191,697**	**174,983**
Less: Taxation	-	-	-	-
Profit After Tax	**615,553,168**	**589,572,549**	**191,697**	**174,983**

ANALYSIS OF INCOME STATEMENT ITEMS

Revenue

	FYE 2015 IDR	FPE 2016 IDR	Extrapolated to 12 months IDR	FYE 2015 RM	FPE 2016 RM	Extrapolated to 12 months RM
Revenue	6,399,994,634	2,198,629,119	6,595,887,357	1,993,103	652,540	1,957,620
Variance	n/a	n/a	3%			

The Company derived revenue through sales of various component parts of equipment and stainless steel to manufacturer s and end users. Detail on top 10 customers' contribution on revenue for FYE 2015 and FPE16 in Indonesia Rupiah are as follows:

No.	Company	FYE 2015 IDR	FYE 2015 %	FPE 2016 IDR	FPE 2016 %
1	PT Unilever Indonesia TBK	2,089,533,518	30%	735,668,180	33%
2	PT Sinar Multi Pakarindo	1,288,254,850	18%	402,912,000	18%
3	PT Amerta Indah Otsuka	914,200,000	13%	-	0%
4	CV Triteknika Anugrah	518,891,000	7%	-	0%
5	PT Procter & Gambler Operations	484,360,412	7%	39,315,000	2%
6	**Renox Stainless Steel Co Ltd**	**286,230,557**	**4%**	**-**	**0%**
7	**Renox Stainless Steel Sdn Bhd**	**253,832,197**	**4%**	**53,911,184**	**2%**
8	Bapak Eddy	195,913,055	3%	-	0%
9	PT Combiphar	137,500,000	2%	-	0%
10	PT Ciptasena Prima	116,705,909	2%	-	0%
11	**Abo Green Solution Co Ltd**	**-**	**0%**	**429,151,797**	**19%**
12	PT Hokkan Indonesia	-	0%	287,100,000	13%
13	PT Indofarma (Persero) TBK	-	0%	49,320,616	2%
14	PT Desain Terminal Indonesia	-	0%	46,638,000	2%
15	PT Kalbe Morinaga Indonesia	-	0%	35,261,440	2%
16	PT Firmenich Aromatics Indonesia	-	0%	32,261,600	1%
	TOTAL	**6,285,421,498**	**90%**	**2,111,539,817**	**96%**

- Detail on top products' categories contribution on revenue for FYE 2015 and FPE 2016 are as follows:

No.	Category	FYE 2015 IDR	FYE 2015 %	FPE 2016 IDR	FPE 2016 %	FYE 2015 RM	FYE 2015 %	FPE 2016 RM	FPE 2016 %
1	Fittings	1,526,529,378	24%	345,097,308	15%	475,396	24%	102,423	20%
2	Gaskets	842,187,146	13%	470,233,637	21%	262,276	13%	139,563	27%
3	Tank Equipment	1,104,247,063	17%	71,481,500	3%	343,887	17%	21,215	3%
4	Others	2,927,031,047	46%	1,311,816,674	61%	911,544	46%	389,339	50%
	TOTAL	**6,399,994,634**	**100%**	**2,198,629,119**	**100%**	**1,993,103**	**100%**	**652,540**	**100%**

Direct Expenses

	FYE 2015 IDR	FPE 2016 IDR	Extrapolated to 12 months IDR	FYE 2015 RM	FPE 2016 RM	Extrapolated to 12 months RM
Direct Expenses	3,990,537,781	997,328,976	2,991,986,928	1,242,744	296,001	888,003
Variance	n/a	n/a	(25%)			

The details of the expenses are as follows:

No.	Component	FYE 2015 IDR	FPE 2016 IDR	FYE 2015 RM	FPE 2016 RM
1	Beginning Inventory	2,487,803,644	1,329,447,225	774,758	394,573
2	Purchase	2,832,181,362	802,713,232	882,005	238,240
3	Freight	-	70,966,331	-	21,062
4	Import Duty	-	68,763,000	-	20,408
5	Clearance Customs	-	27,880,355	-	8,275
6	Ending Inventory	(1,329,447,225)	(1,302,441,167)	(414,020)	(386,557)
	TOTAL	**3,990,537,781**	**997,328,976**	**1,242,744**	**296,001**

Other Income

	FYE 2015 IDR	FPE 2016 IDR	Extrapolated to 12 months IDR	FYE 2015 RM	FPE 2016 RM	Extrapolated to 12 months RM
Other Income	12,938,052	134,991,274	404,973,822	4,029	40,065	120,195
Variance	n/a	n/a	>100%			

The details of other income are as follows:

No.	Component	FYE 2015 IDR	%	FPE 2016 IDR	%	FYE 2015 RM	%	FPE 2016 RM	%
1	Gain On Foreign Exchange	-	0%	135,595,081	101%	-	0%	40,292	100%
2	Bank Interest	1,492,716	12%	(605,807)	(1%)	465	12%	(180)	(1%)
3	Others	11,445,336	88%	-	-	3,564	88%	48	1%
	TOTAL	**12,938,052**	**100%**	**134,991,274**	**100%**	**4,029**	**100%**	**40,065**	**100%**

Operation Expenses

	FYE 2015	FPE 2016	Extrapolated to 12 months	FYE 2015	FPE 2016	Extrapolated to 12 months
	IDR	IDR	IDR	RM	RM	RM
Operation Expenses	1,794,145,168	674,681,749	2,024,045,247	558,737	200,241	600,723
Variance	n/a	n/a	13%			

List of major components of operation expenses in Indonesia Rupiah are as follows:

No.	Details	FYE 2015		FPE 2016		Extrapolated to 12 months	Variance		Note
		IDR	%	IDR	%	IDR	IDR	%	
1	Salary	372,650,000	21%	242,880,000	36%	728,640,000	355,990,000	96%	1
2	Commissions	145,604,748	8%	115,504,008	17%	346,512,024	200,907,276	>100%	4
3	Rental	285,637,722	16%	67,715,012	10%	203,145,036	(82,492,686)	(29%)	2
4	Trip – Owner & Employee	100,573,859	6%	55,569,208	8%	166,707,624	66,133,765	66%	
5	Parking & Toll	64,427,710	4%	27,917,571	4%	83,752,713	19,325,003	30%	
6	Depreciation	40,554,983	2%	22,819,484	3%	68,458,452	27,903,469	69%	
7	Tax 21 Employee	25,121,875	1%	21,905,008	3%	65,715,024	40,593,149	>100%	3
8	Delivery	29,724,186	2%	19,569,500	3%	58,708,500	28,984,314	98%	
9	License Permit	38,412,000	2%	15,876,000	2%	47,628,000	9,216,000	24%	
10	Entertainment	31,575,737	2%	14,324,088	2%	42,972,264	11,396,527	36%	
11	Telephone, Internet & Tax	43,844,293	2%	12,077,439	2%	36,232,317	(7,611,976)	(17%)	
12	Loss in Foreign Exchange	325,107,084	18%	-	0%	-	(325,107,084)	(100%)	
	TOTAL / COVERAGE	**1,503,234,197**	**84%**	**616,157,318**	**91%**	**1,848,471,954**	**345,237,757**	**23%**	

Note 1: Salary

The salary expenses for FPE2016 have matched with the latest payroll lists as disclosed by the Company.

Note 2: Rental

No.	Rental	Monthly Payment	Yearly Payment
1	Warehouse Factory	IDR 13,750,000	IDR 165,000,000
2	Apartment	IDR 3,000,000	IDR 36,000,000
	Total	**IDR 16,750,000**	**IDR 201,000,000**

The above rental has matched with the respective tenancy agreements.

Note 3: Tax 21 Employee (PPh21)

This relates to payment of withholding tax on behalf of employees (PPh21) as at 30 April 2016 as detailed as follows:

No.	Name	IDR
1	Arikuan Alamsjah	16,652,108
2	Frengky	2,076,092
3	Ngadianto	1,750,746
4	Neo Wee Hoe	821,006
5	Yuliana	296,278
6	Liliwati Sutantio	192,000
7	Esin	116,778
	TOTAL	**21,095,008**

Note 4: Commission

No.	Name	IDR	RM
1	Yanto	46,027,730	13,661
2	Setiyo	29,823,165	8,851
3	Hery	10,000,000	2,968
4	Fraudy	7,050,000	2,092
5	Ationg	4,947,390	1,468
6	Marudut	3,849,950	1,143
7	Ameng	3,210,000	953
8	Eko & Yasa	3,000,000	890
9	Edy Easpati	1,171,200	348
10	Firmenich	1,000,000	297
11	Wahyu	1,000,000	297
12	Dian	1,000,000	297
13	Hendra	1,000,000	297
14	Ilham & Ikhsan	1,000,000	297
15	Condro	857,648	255
16	Holoho	500,000	148
17	Frenky – Employee	66,925	20
Total		**115,504,008**	**34,281**

The above commission represent 5.2% of revenue posted in FPE2016. We were further informed that the commission rate range from 1% to 3%, which is subject to full recovery of trade receivables within 4 months. The above expenses inclusive of prior year commission payable.

Finance Costs

	FYE 2015	FPE 2016	Extrapolated to 12 months	FYE 2015	FPE 2016	Extrapolated to 12 months
	IDR	IDR	IDR	RM	RM	RM
Finance Costs	12,696,569	72,037,119	216,111,357	3,954	21,380	64,140
Variance	n/a	n/a	>100%			

The details of finance costs are as follows:

No.	Component	FYE 2015		FPE 2016		FYE 2015		FPE 2016	
		IDR	%	IDR	%	RM	%	RM	%
1	Bank Charges	10,600,910	82%	7,809,236	10%	3,301	82%	2,318	10%
2	*Others	1,807,561	14%	64,106,332	88%	563	14%	19,026	88%
3	Tax Interest	292,453	2%	121,241	1%	91	2%	36	1%
4	Rounding	(4,355)	1%	309	1%	(1)	1%	1	1%
TOTAL		**12,696,569**	**100%**	**72,037,119**	**100%**	**3,954**	**100%**	**21,380**	**100%**

*Others consist of the following:

No.	Component	FYE 2015		FPE 2016	
		IDR	%	IDR	%
1	Airport Taxes	1,807,561	100%	-	-
2	Import Tax	-	-	8,035,958	12%
3	Penalty - VAT	-	-	56,070,374	88%
TOTAL / COVERAGE		**1,807,561**	**100%**	**64,106,332**	**100%**

The above i.e. *others will be reclassified to the Operation Expenses.

FINANCIAL RATIOS

Gross Profit Margin

((Revenue – Direct Costs) / Revenue) * 100

The margin measures the difference between revenue & direct expenses.

	As at 31/12/15	As at 30/04/16
Gross Profit Margin	38%	55%

The Company has recorded positive margin for the respective financial year and financial period. Increase in margin in FPE2016 was due to lower purchases of inventory made by the Company which has lead to decrease of Direct Expenses.

Operation Margin

((Revenue – Direct Costs – Operating & Admin Expenses) / Revenue) * 100

The Margin is an indicator of profitability after taken into consideration of the operation expenses.

	As at 31/12/15	As at 30/04/16
Operating Margin	10%	30%

The Company has recorded positive operation margin for FYE2015 and FPE2016.

Net Profit Margin

Profit before Taxes / Revenue * 100

The Margin measures profitability of the Company.

	As at 31/12/15	As at 30/04/16
Net Profit Margin	10%	27%

The Company has recorded positive net profit margin for FYE2015 and FPE2016.

Return on Equity

Profit Before Taxes / Total Equity * 100

Return on Equity shows the amount of net profit returned as a percentage of shareholders equity.

	As at 31/12/15	As at 30/04/16
Return on Equity	11.30	2.7

The Company has recorded positive return to shareholders for FYE2015 and FPE2016.

TAX REVIEW

TAX REVIEW

The agreed scopes of tax review are as follows:

<table>
<tr><th>Scopes</th><th>Areas for Review</th><th>Remarks</th></tr>
<tr><td>Review of corporate income tax and withholding tax obligations for the respective year of assessment</td><td>Review of the income taxes paid and income taxes incentives by the Company
Review of the compliance and obligation to the tax laws and regulations, and its established control environment to ensure adherence
Review the tax disclosure as per audited financial statements and tax computations to arises at difference, if any and to assess the potential tax liability
Review of the tax attributes i.e. incentives, unabsorbed losses and capital allowance and assessment of its financial impact and obligation
Review of the subjectivity to tax audit by tax governing bodies
Review of the applicability of Transfer Pricing and impact of related parties transactions to tax liability</td><td>The Company income tax number is 086-01-00016966

The Company has submitted its tax returns for year of assessment 2011 to 2015 to the Revenue Department. The details are as follows:
<table>
<tr><th>Taxable Period</th><th>Submission Date</th><th>Amount Paid</th></tr>
<tr><td>01/01/11 to 31/12/11</td><td>30/04/12</td><td>Nil</td></tr>
<tr><td>01/01/12 to 31/12/12</td><td>26/04/13</td><td>Nil</td></tr>
<tr><td>01/01/13 to 31/12/13</td><td>24/04/14</td><td>Nil</td></tr>
<tr><td>01/01/14 to 31/12/14</td><td>28/04/15</td><td>Nil</td></tr>
<tr><td>01/01/15 to 31/12/15</td><td>27/04/16</td><td>IDR176,750</td></tr>
</table></td></tr>
<tr><td>Review of VAT obligation & compliance</td><td>Review of VAT registration status, process and procedures to ensure compliance and obligation are fulfilled.</td><td>The Company has registered with Ministry of Finance of Republic Indonesia as a VAT company on 18 July 2011 with the VAT registration number 03.078.397.1-086.000

The 5 years VAT monthly submission in Indonesia Rupiah currency and Malaysia Ringgit currency are in the Appendix 1.</td></tr>
</table>