

PT PIDILITE INDONESIA
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
MARCH 31, 2017 AND 2016



ACHMAD, RASYID, HISBULLAH & JERRY
REGISTERED PUBLIC ACCOUNTANTS

Member of: **Nozaka Japan Certified Public Accountant Firm**

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**PT PIDILITE INDONESIA
FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2017 AND 2016**

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STATEMENT LETTER OF DIRECTORS
CONCERNING
RESPONSIBILITY UPON AUDITED FINANCIAL STATEMENT
FOR THE YEARS ENDED MARCH 31, 2017
PT PIDILITE INDONESIA

We the undersigned :

Name : Cheng Feng Chen
Office Address : Rukan Artha Gading Niaga Blok H 16 Kelapa Gading
Number Telephone : 021-45857672
Position : Director

States that :

1. To take responsibility upon the composing and presenting of the financial report of the company;
2. The financial report of the company has been composed and presented in accordance with general accepted accounting principle;
3. a. Any information in the financial report of the company has been composed completely and rightfully;
b. The financial report of the company does not contain of any misstatement and does not eliminate any material information;
4. To take responsibility upon internal control system in the company.

This statement has been made in good.

Jakarta, April 10, 2017

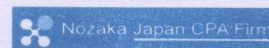


Cheng Feng Chen
(Director)

PT. Pidilite Indonesia
Artha Gading Niaga Block H No.16
Jl. Bulevar Artha Gading, Jakarta 14240, Indonesia.
Tel: +62 21 4585 7672. Fax: +62 21 4585 0913. <http://www.pidilite.com/>
OFFICE: Regent Chambers, 7th Floor, Jamnalal Bajaj Marg, 208 Nariman Point,
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ACHMAD, RASYID, HISBULLAH & JERRY
REGISTERED PUBLIC ACCOUNTANTS
KANTOR PUSAT : NIU. KAP : 586/KM.I/2007



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Cabang : Jakarta Mampang, Bandung & Semarang

INDEPENDENT AUDITOR'S REPORT

No. 61/ARHJ-RD/CRS-PI/GA/04.17

The Commissioners and Directors

PT Pidilite Indonesia

Jakarta

We have audited the accompanying financial statements of **PT Pidilite Indonesia**, which comprise the statement of financial position as of March 31, 2017, and statements of comprehensive income, statements changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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.



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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, financial statements present fairly, in all material respects, the financial position of **PT Pidilite Indonesia** as of March 31, 2017, its financial performance and cash flows for the year then ended, in conformity with Indonesian Financial Accounting Standards.

Other Matter

The Company's financial statements ended March 31, 2016 and for the year ended on that date, which is presented as comparative figures March 31, 2017 and for the year ended on that date, were audited by other independent auditors with the Number : 01-NNS/LHP/IV/2016, which expressed an unqualified opinion on these financial statements dated April 25, 2016.

Kantor Akuntan Publik
Achmad, Rasyid, Hisbullah & Jerry



DR. Achmad R K., AK., MM., CPA.,CA
NRAP AP. 0102

Jakarta, April 10, 2017

PT PIDILITE INDONESIA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

	<u>Notes</u>	<u>2 0 1 7</u>	<u>2 0 1 6</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalents	2b, 3	59.119.663	1.242.709
Other Receivable	4	76.210.322	59.397.959
Prepaid Expense	5	29.466.667	31.280.000
Total Current Assets		<u>164.796.652</u>	<u>91.920.668</u>
NON CURRENT ASSETS			
Deferred Tax Asset	2i, 7c	33.687.487	14.344.434
Fixed Assets - net of accumulated depreciation of Rp 51,900,838 as of March 31, 2017 and Rp 48,613,588 as of March 31, 2016	2f, 6	3.289.915.567	3.293.202.817
Total Non Current Assets		<u>3.323.603.054</u>	<u>3.307.547.251</u>
TOTAL ASSETS		<u>3.488.399.706</u>	<u>3.399.467.919</u>

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

PT PIDILITE INDONESIA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

	Notes	2 0 1 7	2 0 1 6
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Provision For Employee Benefits	2g, 8	134.749.944	57.377.740
Taxes Payable	7a	4.479.189	4.457.750
Total Current Liabilities		<u>139.229.133</u>	<u>61.835.490</u>
EQUITY			
Capital Stock - USD 10 per value per share			
Authorized - 342,000 shares			
Subscribed and paid-up - 110,850 shares as of			
March 31, 2017 and 107,977 shares			
as of March 31, 2016	9	11.151.510.000	10.862.486.200
Accumulated Losses		(7.802.339.427)	(7.524.853.771)
Total Equity		<u>3.349.170.573</u>	<u>3.337.632.429</u>
TOTAL LIABILITIES AND EQUITY		<u>3.488.399.706</u>	<u>3.399.467.919</u>

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

PT PIDILITE INDONESIA
STATEMENTS OF COMPREHENSIVE INCOME
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

	<u>Notes</u>	<u>2 0 1 7</u>	<u>2 0 1 6</u>
REVENUE	2h	-	-
COST OF SALES	2h	-	-
GROSS PROFIT		-	-
OPERATING EXPENSES	2h, 10	<u>(1.061.969.418)</u>	<u>(1.346.084.681)</u>
LOSS FROM OPERATIONS		(1.061.969.418)	(1.346.084.681)
OTHER INCOME (EXPENSES)	2h, 11	<u>765.140.709</u>	<u>1.433.751.697</u>
PROFIT (LOSS) BEFORE TAX		(296.828.709)	87.667.016
TAX INCOME (EXPENSES)			
Deferred Tax	2i, 7c	<u>19.343.053</u>	<u>(62.910.515)</u>
Total Tax Expense		<u>19.343.053</u>	<u>(62.910.515)</u>
NET PROFIT (LOSS) AFTER TAX		<u>(277.485.656)</u>	<u>24.756.501</u>

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

PT PIDILITE INDONESIA
STATEMENTS OF CHANGES IN EQUITY
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

	<u>Paid-up capital stock</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Balance as of March 31, 2015	10.527.287.000	(7.549.610.272)	2.977.676.728
Paid up capital	335.199.200	-	335.199.200
Net loss for the year	<u>-</u>	<u>24.756.501</u>	<u>24.756.501</u>
Balance as of March 31, 2016	10.862.486.200	(7.524.853.771)	3.337.632.429
Paid up capital	289.023.800	-	289.023.800
Net loss for the year	<u>-</u>	<u>(277.485.656)</u>	<u>(277.485.656)</u>
Balance as of March 31, 2017	<u>11.151.510.000</u>	<u>(7.802.339.427)</u>	<u>3.349.170.573</u>

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

PT PIDILITE INDONESIA
STATEMENTS OF CASH FLOWS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

	<u>2 0 1 7</u>	<u>2 0 1 6</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	(277.485.656)	24.756.501
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	3.287.250	1.355.622
Deferred Tax Assets	(19.343.053)	62.910.515
Operating cash flows before changes in working capital	<u>(293.541.459)</u>	<u>89.022.638</u>
Changes in Working capital :		
Other Receivables	(16.812.363)	69.785.701
Prepaid Expenses	1.813.333	(4.215.555)
Account Payables	-	(151.477.430)
Accrued Expense	-	(71.179.861)
Tax Payables	21.439	(4.494.256)
Provisions for employee benefits	<u>77.372.204</u>	<u>(251.642.060)</u>
Net cash flows used by operating activities	<u>(231.146.846)</u>	<u>(324.200.823)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of Fixed Assets	<u>-</u>	<u>(13.149.000)</u>
Net cash flows used by financing activities	<u>-</u>	<u>(13.149.000)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Paid up capital	<u>289.023.800</u>	<u>335.199.200</u>
Net cash flows provided from financing activities	<u>289.023.800</u>	<u>335.199.200</u>
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	57.876.954	(2.150.623)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1.242.709</u>	<u>3.393.332</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>59.119.663</u></u>	<u><u>1.242.709</u></u>

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

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

1. GENERAL

a. The Company's establishment

PT Pidilite Indonesia ("the Company") is a company domiciled in Indonesia located at Jl. Penjaringan 1 Jakarta. The Company was established by deed of public notary Bonardo Nasution, Sarjana Hukum, No. 08 dated December 19, 2005. This deed was approved by the Ministry of Law and Human Rights Republic Indonesia under No. C-05827.HT.01.01-Th.2006. The Company Articles of Association has been amended based on the notarial deed of Grace Supena Sundah, Sarjana Hukum, No. 01 dated August 1, 2008, in relation to an increase in the authorized share capital of the Company and to comply with the new Corporate Law. These changes was approved by the Ministry of Law and Human Rights Republic of Indonesia in a decision letter No. AHU-88033.AH.01.02.Tahun 2008 dated November 20, 2008. The company's articles has been amended based on notarial deed No. 8 dated November 29, 2013 by notary Amalia Hanifah, S.H., M.Kn regarding change of shareholders composition. The last amended based on notarial deed No.1 by notary Amalia Hanifah, S.H., M.Kn, dated January 8, 2016 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia in decision letter No. AHU-AH.01.03-0002401 dated January 13, 2016. The company's articles has been amended based on notarial deed No. 2 dated February 14, 2017 by notary Amalia Hanifah, S.H., M.Kn. and has been approved by the Ministry of Law and Human Rights Republic of Indonesia in decision letter No. AHU-AH.01.03-0068664 dated February 16, 2017.

The Company is mainly engaged in selling adhesives, sealants, resins, and special chemical product. The Company commenced its commercial operation in January 2006.

The Company's commissioner and director as of March 31, 2017 and 2016 are as follows:

Commissioner	: Mr. Arangannal S/O Kathamuthu
Director	: Mr. Priykant Chhotalal Patel

b. Issuance of Financial Statements

The financial statements have been authorised to be issued by the Board of Directors of the Company, who responsible for the preparation and completion of financial statements on April 10, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards ("SAK") which comprises statement of Financial Accounting Standards ("PSAK") and the Interpretation of Financial Accounting Standards ("ISAK") issued by Financial Accounting Standards Board of the Indonesian Institute of Accountants.

The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in the preparation of the consolidated financial statements in respect of the previous years, except for the adoption of several amended and new PSAK and ISAK effective January 01, 2015 as disclosed in this Note.

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Preparation of Financial Statements (Continued)

Adoption of new / revised Statement of Financial Account Standards ("PSAK") and Interpretation of Financial Accounting Standards ("ISAK")

New standards, amendments and interpretations issued effective for the financial year beginning January 01, 2015 are as follows:

- PSAK 1 (revised 2013) "Presentation of financial statements"
- PSAK 4 (revised 2013) "Separate financial statements"
- PSAK 15 (revised 2013) "Investment in associates and joint ventures"
- PSAK 24 (revised 2013) "Employee benefits"
- PSAK 46 (revised 2014) "Income tax"
- PSAK 50 (revised 2014) "Financial instrument: Presentation"
- PSAK 55 (revised 2014) "Financial instrument: Recognition and measurement"
- PSAK 60 (revised 2014) "Financial instrument: Disclosures"
- PSAK 65 "Consolidated financial statement"
- PSAK 66 "Joint arrangements"
- PSAK 67 "Disclosure of interests in other entities"
- PSAK 68 "Fair value measurement"
- ISAK 26 "Reassessment of embedded derivatives"

The company evaluates the impacts of implementation of the above PSAK and ISAK do not have a significant impact to the consolidated financial statements as a whole.

b. Cash and Cash Equivalents

Cash and Banks consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the dates of placement.

c. Trade Receivables

Trade receivables are recognized and carried at original invoice amount less allowance for doubtful accounts. An allowance for doubtful accounts is made when collection of the full amount is no longer probable. Bad debt are written off as insured.

d. Related Parties Transactions

A related party is a person or entity that is related to 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.

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Related Parties Transactions (Continued)

- 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 Company (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 Company 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 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 significant transactions with related parties are disclosed in the consolidated financial statements.

e. Foreign Currency Transaction and Balances

- i. Functional and presentation currency

The reporting currency used in the preparations of the financial statements is the Indonesian Rupiah, which is the functional currency.

- ii. Transactions and balances

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. Exchange rate used as benchmark is the rate which is issued by Bank Indonesia.

Foreign exchange gains and losses that relate to borrowings with cash and cash equivalents are presented in the profit or loss as "finance income or costs".

f. Fixed Assets

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Year</u>
Vehicles	: 8 years
Office Equipment	: 4 years

The cost of maintenance and repairs is charged to operations as incurred. When assets are retired or otherwise disposed of, their carrying values and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current operations.

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Fixed Assets (Continued)

The company conducts a review to determine whether there is any indication of assets impairment at the end of the year, in accordance with PSAK No. 48. "Impairment of Assets Value" if any such indication exists. When assets are retired or otherwise disposed of their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss on the disposals is recognized in the income statements.

g. Employee Benefit

The Company recognized the estimated liabilities for employees' benefits in accordance with the Labour Law No. 13/2003 dated March 25, 2003. Based on this law, the Company is required to pay severance, gratuity and compensation benefit if certain conditions in the law are met. Past service cost is amortized over the average expected remaining working life of the employee.

h. Revenue and Expense Recognition

Revenue is recognized when the services are completely rendered to customers. Expenses are recognized when incurred.

i. 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 carrying amounts of existing 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 is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statements of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the balance sheet, except if these are for different legal entities. In the same manner the current tax assets and liabilities are presented.

j. Financial Assets

All financial assets are recognised and derecognised 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, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The company's financial assets are classified as available-for-sale, loans and receivables.

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial Assets (Continued)

Available-for-sale (AFS) financial assets

Investments in unlisted equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are also classified as AFS, measured at cost less impairment.

Dividends on AFS equity instruments, if any, are recognised in profit or loss when the Company right to receive the dividends are established.

Loans and receivables

Customer receivables 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 amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when 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 listed and unlisted equity investments classified as AFS, a significant or prolonged decline in fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

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

Loans and receivables that are assessed not to be impaired individually, are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could includes the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio over the average credit of period, as well as observation of changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimation of discounted future cash flow using the financial asset's original effective interest rate.

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial Assets (Continued)

The carrying amount of the financial asset is deducted by the impairment loss directly for all financial assets with the except the receivables, where the carrying amount is deducted 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 Statement of comprehensive income.

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 it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

k. Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as “at amortized cost”.

Financial liabilities at amortized cost

Trade and other payables, bonds and notes payable, bank and other borrowings are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, The Company’s obligations are discharged, cancelled or expired.

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Use of Estimates

The preparation of financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

3. CASH AND CASH EQUIVALENTS

The details are as follows :

	2 0 1 7	2 0 1 6
	Rp	Rp
Bank :		
City Bank	59.119.663	1.242.709
Total	59.119.663	1.242.709

4. OTHER RECEIVABLES - RELATED PARTIES

The details are as follows :

	2 0 1 7	2 0 1 6
	Rp	Rp
Pidilite India Limited	76.210.322	59.397.959
Total	76.210.322	59.397.959

5. PREPAID EXPENSES

This account represents prepaid expenses of PT Pidilite Indonesia amounting to Rp 29.466.667 and Rp 31,280,000 as of March 31, 2017 and 2016.

6. FIXED ASSETS

The details are as follows :

	2 0 1 7			
	Beginning Balance	Additions	Reclassifications	Ending Balance
	Rp	Rp	Rp	Rp
At Cost :				
Land	3.280.601.692	-	-	3.280.601.692
Office Equipment	61.214.713	-	-	61.214.713
Total	3.341.816.405	-	-	3.341.816.405
Accumulated Depreciation :				
Office Equipment	48.613.588	3.287.250	-	51.900.838
Total	48.613.588	3.287.250	-	51.900.838
Net Book Value	3.293.202.817			3.289.915.567

(Continued)

PT PIDILITE INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah)

6. FIXED ASSETS (Continued)

	2 0 1 6			
	Beginning Balance	Additions/ Reclassifications	Deductions/ Reclassifications	Ending Balance
	Rp	Rp	Rp	Rp
At Cost				
Land	3.280.601.692	-	-	3.280.601.692
Office Equipment	48.065.713	13.149.000	-	61.214.713
Total	<u>3.328.667.405</u>	<u>13.149.000</u>	<u>-</u>	<u>3.341.816.405</u>
Accumulated Depreciation				
Office Equipment	47.257.966	1.355.622	-	48.613.588
Total	<u>47.257.966</u>	<u>1.355.622</u>	<u>-</u>	<u>48.613.588</u>
Net Book Value	<u>3.281.409.439</u>			<u>3.293.202.817</u>

7. TAXATION

The details are as follows :

a. Taxes Payables

	2 0 1 7	2 0 1 6
	Rp	Rp
Tax Art 21	3.562.500	4.117.750
Tax Art 23	916.689	340.000
Total	<u>4.479.189</u>	<u>4.457.750</u>

The statements showing reconciliation between tax expenses (income) and the theoretical tax amount on the company's profits before income tax for the year ended March 31, 2017 and 2016.

(Continued)

PT PIDILITE INDONESIA
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7. TAXATION (Continued)

b. Current Tax

The details of current tax expenses and tax payable (prepaid tax), are as follows :

	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	Rp	Rp
Income Before Tax	(296.828.709)	87.667.016
Temporary Difference :		
Employee Benefit	77.372.204	-
Permanent Difference :		
Medical	9.442.776	23.433.555
Tax Expenses	29.826.602	39.638.538
Insurance	-	19.500.000
Others	-	2.474.216
Total	<u>116.641.582</u>	<u>85.046.309</u>
Taxable Income	(180.187.127)	172.713.325
Prior years fiscal losses	<u>(5.890.000.615)</u>	<u>(6.062.713.940)</u>
Estimated taxable loss per tax wise	<u>(6.070.187.742)</u>	<u>(5.890.000.615)</u>

c. Deferred Tax Income

	<u>31 March 2016</u>	Credited (charged) to income statement	<u>31 March 2017</u>
	Rp	Rp	Rp
<u>Deferred Tax Assets (Liabilities)</u>			
Employee Benefit Expenses	<u>14.344.434</u>	<u>19.343.053</u>	<u>33.687.487</u>
Total Deferred Tax Assets (Liabilities)	<u>14.344.434</u>	<u>19.343.053</u>	<u>33.687.487</u>
		Credited (charged) to income statement	
	<u>31 March 2015</u>	Rp	<u>31 March 2016</u>
	Rp	Rp	Rp
<u>Deferred Tax Assets (Liabilities)</u>			
Employee Benefit Expenses	<u>77.254.949</u>	<u>(62.910.515)</u>	<u>14.344.434</u>
Total Deferred Tax Assets (Liabilities)	<u>77.254.949</u>	<u>(62.910.515)</u>	<u>14.344.434</u>

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8. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFIT

The details of employees' benefit cost were are follows :

	2 0 1 7	2 0 1 6
	Rp	Rp
Current Service Cost	52.806.529	-
Interest Expenses	24.565.675	-
Total Expenses Recognized	77.372.204	-
Beginning Balance	57.377.740	309.019.800
Retirement Payment for current year	-	(251.642.060)
Retirement Cost for current year	77.372.204	-
Ending Balance	134.749.944	57.377.740

9. CAPITAL STOCK

The details of the Company's capital stock as of March 31, 2017 and 2016 are as follows:

Name of Shareholder	2 0 1 7		
	Shares Issued and Fully Paid		
	Number of Shares	Percentage of Ownership %	Amount IDR
Pidilite International Pte Lte	109.743	99%	11.040.145.800
Pidilite Middle East Ltd	1.107	1%	111.364.200
Total	110.850	100%	11.151.510.000
Name of Shareholder	2 0 1 6		
	Shares Issued and Fully Paid		
	Number of Shares	Percentage of Ownership %	Amount IDR
Pidilite International Pte Lte	106.898	99%	10.753.938.800
Pidilite Middle East Ltd	1.079	1%	108.547.400
Total	107.977	100%	10.862.486.200

(Continued)

PT PIDILITE INDONESIA
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9. CAPITAL STOCK (Continued)

In 2006 the company has issued 85,500 shares (Rp 7,795,890,000) and paid Rp 3,897,945,000, which is 50% of shares issued, as per Law Number 1 of 1995 regarding Limited Liabilities Companies (March 7, 1996), article 26(3) as well as Pidilite Deed of Establishment Article 4 (3), shares issued has fully paid after receipt of deed of establishment approval the Minister of Law and Human Right which was issued on March 1, 2006 by its letter no. C-05827-HT.01.01.TH.2006. In 2009, 95,500 shares issued has been fully paid by the company based on amended the notarial deed of Grace Superia Sundan, S.H., No. 1 dated August 1, 2008. Until the period ended March 31, 2013, the company has received the share application money amounting to Rp 527,453,338 (from Pidilite International Pte. Ltd Rp 522,178,808 and Pidilite Middle East Ltd Rp 5,274,533) for which company is yet to issue shares as on March 31, 2013. In 2014 the company has issued and paid capital amounted Rp 554,166,049 based on amended most recently the notarial deed of Amalia Hanifah, S.H., M.Kn No. 8 dated November 29, 2013. The company has issued and paid capital amounted Rp 1,276,336,051 based on amended the notarial deed of Amalia Hanifah, S.H., M.Kn., No. 2 dated December 23, 2014 and has been approved by Ministry of Law and Human Right of Republic of Indonesia No. AHU-0001457.AH.01.03.Year 2015 dated January 9, 2015. In 2016 the company has issued and paid capital amounted Rp 335,199,200 based on amended the notarial deed of Amalia Hanifah, S.H., M.Kn No. 1 dated January 8, 2016 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia in decision letter No. AHU-AH.01.03-0002401 dated January 13, 2016. In 2017 the company has issued and paid capital amounted Rp 289,023,800 based on amended the notarial deed of Amalia Hanifah, S.H., M.Kn No. 2 dated February 14, 2017 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia in decision letter No. AHU-AH.01.03-0068664 dated February 16, 2017.

10. OPERATING EXPENSES

The details are as follows :

	2 0 1 7	2 0 1 6
	Rp	Rp
Selling Expenses		
Salary and Wages	385.766.667	463.618.567
Travel	54.602.811	83.704.913
Transportation	13.399.612	26.616.950
Sample	3.901.568	35.130.423
	<u>457.670.658</u>	<u>609.070.853</u>
General and Administration Expenses		
Professional Fee	352.542.621	279.870.989
Post Employment Benefit	77.372.204	-
Rental	46.013.333	42.704.445
Deem Tax	28.726.602	39.638.538
Allowance	26.910.600	-
Land Tax	16.830.871	16.830.871
Medical	9.442.776	23.433.555
Office Expense	8.835.000	82.160.470
Phone and Fax	6.859.861	15.756.793
Fuel, Gas, and Oil	6.418.698	23.041.031
Promotion	5.580.500	10.953.110
Utility and Rent	4.549.440	-
Official Travel	3.435.504	160.996.678
Depreciation	3.287.250	1.355.622
Sub-Total	<u>596.805.260</u>	<u>696.742.102</u>

(Continued)

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10. OPERATING EXPENSES (Continued)

	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	Rp	Rp
General and Administration Expenses (Continued)		
Moved Balance	596.805.260	696.742.102
Repair and Maintenance	3.207.500	-
Bank Charges	3.117.000	2.353.998
Tax Expense	1.100.000	-
Stationary	69.000	3.208.000
Import Tax	-	11.015.800
Insurance	-	19.500.000
Postage, Mail, and Courier	-	1.719.712
Others	-	2.474.216
	<u>604.298.760</u>	<u>737.013.828</u>
Total	<u>1.061.969.418</u>	<u>1.346.084.681</u>

11. OTHERS INCOME AND EXPENSES

The details are as follows :

	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	Rp	Rp
Other Income :		
Application service income	705.679.134	1.218.035.090
Other	-	151.477.429
	<u>705.679.134</u>	<u>1.369.512.519</u>
Other Expenses :		
Realize Gain or Loss	59.461.575	64.239.178
	<u>59.461.575</u>	<u>64.239.178</u>
Total Other Income and Expenses	<u>765.140.709</u>	<u>1.433.751.697</u>

12. MANAGEMENT PLAN

The company does not have sales transactions and has reported losses in the past and the current year.

The company is currently working on strategy for future business growth. This is expected to result in higher investment in capital and human resources in coming year. These investments are expected to improve financial position of the company.

The shareholders have undertaken to provide continued financial support to the company keeping the future business strategy in mind, therefore there is no doubt on the going concern of the company.

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13. AMENDMENTS AND ISSUANCE OF NEW FINANCIAL ACCOUNTING STANDARDS

In October and November 2015, DSAK-IAI has approved the amendments to several financial accounting standards and also the issuance of several new financial accounting standards which will be effective for annual periods beginning on or after:

January 1, 2016

1. Amendments to PSAK No. 4: Separate Financial Statements - Equity Method in Separate Financial Statements
2. Amendments to PSAK No. 15: Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception
3. Amendments to PSAK No. 16: Fixed Assets - Clarification of Acceptable Methods of Depreciation and Amortization
4. Amendments to PSAK No. 19: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization.
5. Amendments to PSAK No. 24: Employee Benefits - Defined Benefit Plans: Employee Contributions
6. Amendments to PSAK No. 65: Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception
7. Amendments to PSAK No. 66: Joint Arrangement - Acquisition of an Interest in Joint Operation
8. Amendments to PSAK No. 67: Disclosure of Interest in Other Entities - Investment Entities: Applying the Consolidation Exception
9. ISAK No. 30: Levies

January 1, 2017

1. Amendments to PSAK 1: Presentation of Financial Statements - Disclosure Initiative *)
2. ISAK No. 31: Interpretation for the Scope of PSAK No. 13: Investment Property

*) Early adoption is permitted

Management is evaluating the amendments and issuance of new financial accounting standards as mentioned above.

Audit, System, Tax & Management Counsultants