

PT PIDILITE INDONESIA

FINANCIAL STATEMENT
AS OF 31 MARCH 2023 AND
FOR THE YEAR ENDED 31 MARCH 2023
AND
INDEPENDENT AUDITOR'S REPORT



**DIRECTOR' STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR FINANCIAL STATEMENT
AS OF MARCH 31, 2023 AND
FOR THE YEAR ENDED MARCH 31, 2023
PT PIDILITE INDONESIA**

I, the undersigned:

Name : Dr. Dien Pandiman
Office Address : Artha Gading Niaga Blok H/16
Residential Address : Jl. Pantai Mutiara, Blok A. No 61 RT001 RW016
Position : President Director

Declare that:

1. I am responsible for the preparation and presentation of PT Pidilite Indonesia's financial statement.
2. PT Pidilite Indonesia's financial statement have been prepared and presented in accordance with Indonesian Financial Accounting Standards.
3. a. All information in the PT Pidilite Indonesia's financial statement have been disclosed in a complete and truthful manner.
b. PT Pidilite Indonesia's financial statement do not contain any incorrect material information or facts, and do not omit material information or facts.
4. I am responsible for PT Pidilite Indonesia's internal control system.

Thus this statement letter is made truthfully.

Sincerely,

Jakarta, 18th April 2023



**Dr Dien Pandiman
President Director**

PT. Pidilite Indonesia

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Jakarta Utara 14240, Indonesia.

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208 Nariman Point, Mumbai 400021 - India.



SAHAT HANDOKO DAN REKAN
REGISTERED PUBLIC ACCOUNTANTS



Nomor Izin Usaha : 613/KM.1/2017

Tanggal 12 Juni 2017

SENTRA BISNIS ARTHA GADING NIAGA

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INDEPENDENT AUDITOR'S REPORT

Reference No.: 00003/2.1123/AU.1/05/0309-5/1/IV/2023

**The Shareholders, Board of Commissioner and Directors
PT Pidilite Indonesia**

Opinion

We have audited the financial statements of PT Pidilite Indonesia ("the Company"), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements paragraph of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management responsible is for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT (continued)

Reference No.: 00003/2.1123/AU.1/05/0309-5/1/IV/2023 (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

KAP SAHAT HANDOKO DAN REKAN



 **SAHAT HANDOKO & REKAN**
REGISTERED PUBLIC ACCOUNTANTS

Sahat Pardede
Public Accountant License No. AP. 0309
18 April 2023

**PT PIDILITE INDONESIA
FINANCIAL STATEMENT
AS OF 31 MARCH 2023 AND
FOR THE YEAR ENDED 31 MARCH 2023
AND INDEPENDENT AUDITOR'S REPORT**

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PT PIDILITE INDONESIA

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2b, 3	1.548.819.254	682.486.555
Other Receivables	4	59.426.538	55.758.822
Prepaid Expenses	5	27.531.400	23.510.318
Total Current Assets		<u>1,635,777,192</u>	<u>761.755.695</u>
NON-CURRENT ASSETS			
Fixed Assets - net of accumulated depreciation of Rp61.214.713 as of March 31, 2023 and Rp61.214.713 as of March 31, 2022	2d, 6	3.280.601.692	3.280.601.692
Construction in Progress	7	184.841.640	-
Deferred Tax Assets	9c	3.839.449	1.323.537
Total Non-current Assets		<u>3.469.282.781</u>	<u>3.281.925.229</u>
TOTAL ASSETS		<u>5.105.059.973</u>	<u>4.043.680.924</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Provision For Employee Benefits	10	15.357.793	5.294.146
Accrued Expenses	8	30.608.000	28.698.000
Taxes Payables	2e, 8a	675.950	106.568
Total Current Liabilities		<u>46.641.743</u>	<u>34.098.714</u>
SHAREHOLDERS' EQUITY			
Share Capital- USD 10 per value per share Authorized - 342.000 shares	11	11.502.905.800	11.502.905.800
Share Application Pending Allotment	12	947.212.695	-
Accumulated Losses		(7.391.700.265)	(7.493.323.590)
TOTAL SHAREHOLDERS' EQUITY		<u>5.058.418.230</u>	<u>4.009.582.210</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>5.105.059.973</u>	<u>4.043.680.924</u>

Jakarta, April 18th, 2023



Dr. Dien Pandiman
President Director

The accompanying accounting policies and explanatory notes form an integral part of these financial statements taken as a whole.

PT PIDILITE INDONESIA

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

(Figures in table are presented in Rupiah, unless otherwise stated)

	Notes	<u>2023</u>	<u>2022</u>
Operating Expenses	13	(1.166.446.948)	(856.299.559)
INCOME (LOSS) FROM OPERATIONS		(1.166.446.948)	(856.299.559)
Other Income	14	1.292.352.234	1.030.242.939
NET INCOME (LOSS) BEFORE TAX		125.905.286	173.943.380
Current Tax Income (Expense)	9	(22.319.550)	(25.972.320)
Deferred Tax Income (Expense)	9c	1.396.331	(89.545.852)
Total Tax Benefit (Expenses)		(20.923.219)	(115.518.172)
NET PROFIT (LOSS) AFTER TAX		104.982.067	58.425.208
Other Comprehensive Income – Employee Benefit		(4.478.323)	(262.323)
Other Comprehensive Income – Tax on Employee Benefit		1.119.581	65.581
CURRENT OTHER COMPREHENSIVE INCOME (LOSS)		101.623.325	58.228.466

Jakarta, April 18th, 2023

Dr. Dien Pandiman
President Director

The accompanying accounting policies and explanatory notes form an integral part of these financial statements taken as a whole.

PT PIDILITE INDONESIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

	Paid Up Capital Stock	Share Application Pending Allotment	Retained Earnings	Total Equity
Balance as of March 31,2021	11.502.905.800	-	(7.551.552.056)	3.951.353.744
Net profit for the year	-	-	58.425.208	58.425.208
Other Comprehensive Income gains – OCI	-	-	(196.742)	(196.742)
Balance as of March 31,2022	11.502.905.800	-	(7.493.320.590)	4.009.582.210
Share application monies pending allotment	-	947.212.695	-	947.212.695
Comprehensive income				
Net profit for the year	-	-	104.982.067	104.982.067
Other Comprehensive Income gains – OCI	-	-	(3.358.742)	(3.358.742)
Balance as of March 31,2023	11.502.905.800	947.212.695	(7.391.697.265)	5.058.418.230

The accompanying accounting policies and explanatory notes form an integral part of these financial statements taken as a whole.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	101.623.325	58.228.466
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Deferred Tax Assets	(2.515.912)	89.480.271
Provisions for employee benefits	10.063.647	(357.921.079)
Operating cash flows before changes in working capital	<u>109.171.060</u>	<u>(210.212.342)</u>
Changes in Working Capital:		
Other Receivables	(3.667.716)	5.031.730
Prepaid Expenses	(4.021.082)	(4.618.318)
Accrued Expense	1.910.000	(77.440)
Tax Payables	569.382	(21.248.665)
Total Changes in Working Capital	<u>(5.209.416)</u>	<u>(20.912.693)</u>
Net cash flows used by operating activities	<u>103.961.644</u>	<u>(231.125.035)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Construction in Progress – Parameter wall	<u>(184.841.640)</u>	-
Net cash flows used by investing activities	<u>(184.841.640)</u>	-
CASH FLOWS FROM FINANCING ACTIVITY		
Share application monies pending allotment	<u>947.212.695</u>	-
Net cash flows used by financing activities	<u>947.212.695</u>	-
NET INCREASE/ (DECREASE) CASH AND CASH EQUIVALENTS	866.332.699	(231.125.035)
CASH AND CASH EQUIVALENTS AT BENINNING OF THE YEAR	<u>682.486.555</u>	<u>913.611.590</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>1.548.819.254</u>	<u>682.486.555</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements taken as a whole.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

a. The Company's Establishment

PT Pidilite Indonesia ("the Company") is a company domiciled in Indonesia located at Jl. Penjarangan 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 several times, the latest with Deed of Resolution in Circular in Lieu of Extra Ordinary General Meeting of Shareholder Number 20 dated 14 October 2022 by notary Fiefie Peiter, S.H. notary, regarding addition of the Company's aims and objectives of the business activities to include 46651 Wholesale of Goods and Chemicals and 20291 Industry of Adhesive/Glue, change of Commissionaire from Mr. Arangannal to Mr. Iyer, and legalized all of the Board of Directors and Board of Commissionaire's actions, and this has been approved by the Ministry of Law and Human Rights of Indonesia No. AHU-0075302.AH.01.02.TAHUN 2022 date 18 October 2022.

b. Business Activities

The Company is mainly engaged in selling adhesives, sealants, resins, and special chemical product. In addition in 2022 there are additions to the Company's business activities which are 46651 Wholesale of Goods and Chemicals and 20291 Industry of Adhesive/Glue. The Company commenced its commercial operation in January 2006.

c. Board of Management

The Company's commissioner and director as of March 31, 2023 are as follows:

Commissioner	:	Mr. Shanker Iyer
President Director	:	Dr. Dien Pandiman
Director	:	Mr. Sanjay Bahadur

The Company's commissioner and director as of March 31, 2022 are as follows:

Commissioner	:	Mr. Arangannal S/O Kathamuthu
President Director	:	Dr. Dien Pandiman
Director	:	Mr. Sanjay Bahadur

On Notary Deed No. 20, dated 14 October 2022, the Company pass a resolution to dismiss Dr. Dien Pandiman as President Director, Mr. Sanjay Bahadur as Director, Mr. Arangannal S/O Kathamuthu as Commissioner and to appoint again Dr. Dien Pandiman as President Director, Mr. Sanjay Bahadur as Director and Mr. Shanker Iyer as the new Commissioner for the period of 3 years. There is 1 employee in 2023 and 2022.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Completion Date of the Financial Statement

The management of the Company is responsible for the preparation of the financial statement which were authorized for issue on 18 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The following are significant accounting policies adopted in preparing the financial statements of the Company in accordance with Indonesian Financial Accounting Standards and authorized to be issued by Board of the Indonesian Institute of Accountants.

Significant accounting policies consistently applied in the preparation of financial statements for the period ended 31 March 2023 are as follows:

a. Basis for Preparation of Financial Statements

The financial statements have been prepared on the basis of historical cost. The account balances are presented in Rupiah. The statements of cash flows are prepared based on the indirect method, depending on the method adopted by classifying cash flow on the basis operating, investing and financing activities. For the purpose of the statements of cash flows, cash includes cash on hand, cash in bank and short-term deposits with maturity of three months or less and bank overdraft.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and time deposits and call deposits with maturities of three months or less.

c. Foreign Currency Transaction

Transactions denominated in foreign currency are converted into Rupiah at exchange rate prevailing at the date transaction, at the balance sheet date monetary assets and liabilities in foreign currencies are translated at exchange rates prevailing at the date.

Exchange gains and losses arising on transaction in foreign currency and on the translation of currency monetary assets and liabilities are recognized in the income statements. For 31 March 2023 and 2022, the rates of exchange used as benchmark is the middle rate which is issued by Bank Indonesia respectively: 2023 - IDR15.062,00 and 2022 - IDR14.349,01

d. Fixed Assets

Fixed assets and other assets are stated at cost less accumulated depreciation, except for land rights which are not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets are follows:

	%	Years
Office Equipment	25%	4 years

The cost maintenance and repairs is charged as an expense as incurred. When assets are retired or otherwise disposed of, their carrying values and related accumulated depreciation are eliminated from the financial statements and the resulting gains and losses on the disposal of fixed assets are recognized in the income statements.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Corporate Income Tax

Income tax is recognized using the tax payable method. Under this method, the provision for income tax is determined on the basis of estimated taxable income for the year. Deferred income (expenses) tax is provided, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

f. Other Income and Expense Recognition

Other income is recognised when the services have been performed, rendered and mutually accepted by the parties as per related terms and conditions set out in Service Agreement dated 8th April 2019 between Pidilite Industries Limited and PT. Pidilite Indonesia.

Expenses are recognized as they are incurred.

g. Employee Benefits

The Company has adopted PSAK 24 (revised 2010) "Employee Benefits" in 2016. The pension plan recognized in the Company's balance sheets are obligations calculated based on applicable labor-related laws UU No.13/2003 regulations and or the Company's policy with average pension age of 57 years. The UU No.13/2003 is amended UU No.11/2020 with the Presidential Regulation (PP) No. 35-37/2021. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheets date less the fair value of plan assets and unrecognized past service cost. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

h. Source of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgment

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Determination of Functional Currency

The functional currency of the Company is the currency from the primary economic environment where such entity operates. Those currencies are the currencies that influence the revenues and costs of the Company. The determination of functional currency may require judgment due to various complexity; the Company may transact in more than one currency in its daily business activities.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and Assumptions

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

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

i. Summary of Changes in Accounting Policies and Disclosure

The Company made first time adoption of all the new and/or revised standards effective for the periods beginning on or after January 1, 2022 and January 1, 2023, including the following revised standards that have affected the financial statements of the Company:

Effective beginning on or after January 1, 2022

• **Amendments to PSAK No. 22: Business Combinations - Reference to Conceptual Frameworks**

These amendments clarify the interactions between PSAK No. 22, PSAK No. 57, ISAK No. 30 and the Conceptual Framework of Financial Reporting.

In general, the amendments to PSAK No. 22 are 1) Add a description regarding “liabilities and contingent liabilities within the scope of PSAK No. 57 or ISAK No. 30”; 2) Clarifying the contingent liabilities recognized at the acquisition date; 3) Adds definition of a contingent asset and its accounting treatment.

• **Amendments to PSAK No. 57: Provisions, Contingent Liabilities, and Contingent Assets - Onerous Contract Fulfillment Costs**

These amendments of PSAK No. 57 provide that costs to fulfill an onerous contract consist of costs that are directly related to the contract, which consist of:

1. incremental costs to fulfill the contract, and
2. allocation of other costs that are directly related to fulfilling the contract.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Summary of Changes in Accounting Policies and Disclosure (Continued)

• **Amendment of PSAK 71: “Financial instrument”.**

The amendment clarifies the fees that an entity includes when assessing whether the modified terms of a financial liability required derecognition of the original financial liability and recognition of a new financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

• **Annual improvement of PSAK 73: “Lease”.**

The amendments prohibit entities to deduct from the cost of an item of fixed assets, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the profit or loss.

Effective January 1, 2023

- Amendment of PSAK 1: Presentation of financial statement - Disclosure of accounting policies.
- Amendments to PSAK No. 1: Presentation of Financial Statements - Classification of a Liability as Current or Non-current.
- Amendments to PSAK 16: Fixed Assets - Proceeds before Intended Use.
- Amendment of PSAK No. 25: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.
- Amendment of PSAK No. 46: Income Taxes - Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction

Effective January 1, 2024

- Amendment of PSAK 1: Non-current Liabilities with Covenants.
- Amendment to PSAK 73: Lease Liability in a Sale and Leaseback.

3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank – Citibank	1.548.819.254	682.486.555
Total	1.548.819.254	682.486.555

4. OTHER RECEIVABLES- RELATED PARTIES

	2023	2022
Ultimate holding company		
- Pidilite Industries Limited, India	59.426.538	55.758.822
Total	59.426.538	55.758.822

5. OTHER RECEIVABLES - PREPAID EXPENSES

	2023	2022
Prepaid expenses	27.531.400	23.510.318
Total	27.531.400	23.510.318

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

6. FIXED ASSETS

2023				
	<u>Beginning Balance</u>	<u>Additions/ Purchase</u>	<u>Deductions/ Disposal</u>	<u>Ending Balance</u>
Cost:				
Land	3.280.601.692	-	-	3.280.601.692
Office Equipment	61.214.713	-	-	61.214.713
Total	<u>3.341.816.405</u>		-	<u>3.341.816.405</u>
			-	
<u>Accumulated Depreciation:</u>				
Office Equipment	61.214.713	-	-	61.214.713
Total	<u>61.214.713</u>	-	-	<u>61.214.713</u>
Net Book Value	<u>3.280.601.692</u>	-	-	<u>3.280.601.692</u>

2022				
	<u>Beginning Balance</u>	<u>Additions/ Purchase</u>	<u>Deductions/ Disposal</u>	<u>Ending Balance</u>
Cost:				
Land	3.280.601.692	-	-	3.280.601.692
Office Equipment	61.214.713	-	-	61.214.713
Total	<u>3.341.816.405</u>	-	-	<u>3.341.816.405</u>
			-	
<u>Accumulated Depreciation:</u>				
Office Equipment	61.214.713	-	-	61.214.713
Total	<u>61.214.713</u>	-	-	<u>61.214.713</u>
Net Book Value	<u>3.280.601.692</u>			<u>3.280.601.692</u>

7. Construction in Progress

During the financial year, the Company commenced construction of parameter wall around the factory land plot. According to Purchase Order Number PTPI/PO-004/2223, the Company has made a commitment to pay the vendor in total IDR 924.208.200 of which 20% of work is completed and the Company have paid IDR 184.841.640. The balance of IDR 739.366.560 will be paid when the balance work will be completed.

8. ACCRUED EXPENSES

	<u>2023</u>	<u>2022</u>
Audit Fee	30.608.000	28.698.000
Total	<u>30.608.000</u>	<u>28.698.000</u>

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

(Figures in table are presented in Rupiah, unless otherwise stated)

9. TAXATION

a. Taxes Payables

	2023	2022
Income Tax Article 25/29	675.950	106.568
Total	675.950	106.568

b. Estimated Corporate Income Tax

	2023	2022
Net income (loss) before tax	125.905.286	173.943.380
<u>Temporary Differences</u>		
Employee Benefits	5.585.324	5.031.823
Entertainment	4.185.104	-
<u>Permanent Differences</u>		
Tax Expenses	33.479.593	30.265.434
Realize Gain or Loss	33.750.692	26.872.349
Fiscal Profit (Loss)	202.905.999	236.112.986
Tax / Fiscal Loss Carry Forward	-	-
Estimated Taxable Income (Fiscal Loss)	-	-
Estimated Corporate Income Tax		
Less Tax Credit:		
Income Tax Article 29	22.319.550	25.972.320

c. Deferred Tax Assets

The balance and changes of deferred tax assets for the years 31 March 2023 and 2022 are as follows:

2023				
<u>Description</u>	<u>Beginning Balance</u>	<u>In Profit or Loss</u>	<u>In OCI</u>	<u>Ending Balance</u>
<u>Deferred Tax Asset</u>				
Provision for Employee Benefits	1.323.537	1.396.331	1.119.581	3.839.449
Total	1.323.537	1.396.331	1.119.581	3.839.449
2022				
<u>Description</u>	<u>Beginning Balance</u>	<u>In Profit or Loss</u>	<u>In OCI</u>	<u>Ending Balance</u>
<u>Deferred Tax Asset</u>				
Provision for Employee Benefits	90.803.808	(89.545.852)	65.581	1.323.537
Total	90.803.808	(89.545.852)	65.581	1.323.537

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(Figures in table are presented in Rupiah, unless otherwise stated)

10. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

The Company has adopted PSAK 24 (revised 2010) concerning “Employee Benefits” in 2016. The pension plan recognized in the Company’s balance sheets are obligations calculated based on applicable labor-related laws UU No.13/2003 regulations and or the Company’s policy with average pension of 57 years. The UU No.13/2003 is amended UU No.11/2020 with the Presidential Regulation (PP) No. 35-37/2021. Estimated liability for employee benefits

The liability recognized in the balance sheets is the present value of the defined benefit obligation at the balance sheets date less the fair value of plan assets, with adjustments for unrecognized actuarial gains or losses and unrecognized past service cost using the projected unit credit method.

Variables	2023	2022
Discount rate	5,5%	5,5%
Annual salary increases	0%	0%
Mortality rate	TMI 2011	TMI 2011
Disable rate	5,00% of mortality rate	5,00% of mortality rate
Retirement age	58 years old	58 years old
Total employee	1	1

Reconciliation of the assets and liabilities recognized in the balance sheet as of 31 March 2023 and 2022 are as follows:

	2023	2022
Current Service Cost	5.031.823	4.769.501
Interest Expenses	553.501	262.322
Total Expense Recognized	5.585.324	5.031.823
Beginning Balance	5.294.146	363.215.225
Retirement Cost For Current Year	5.585.324	5.031.823
Payment For Current Year	-	(363.215.225)
Actuarial (gains)/ losses in OCI	4.478.323	(262.323)
Ending Balance	15.357.793	5.294.146

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(Figures in table are presented in Rupiah, unless otherwise stated)

11. CAPITAL STOCK

2023			
Name of Shareholder	Number of Shares	Percentage of Ownership	Amount IDR
Pidilite International Pte Ltd	113.201	99%	11.388.020.600
Pidilite Middle East Ltd	1.142	1%	114.885.200
Total	114.343	100%	11.502.905.800

2022			
Name of Shareholder	Number of Shares	Percentage of Ownership	Amount IDR
Pidilite International Pte Ltd	113.201	99%	11.388.020.600
Pidilite Middle East Ltd	1.142	1%	114.885.200
Total	114.343	100%	11.502.905.800

In 2006 the company has issued 85.500 shares (Rp7.795.890.000) and paid Rp3.897.945.000, 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. The Company Articles of Association has been amended several times, the latest with Deed of Resolution in Circular in Lieu of Extra Ordinary General Meeting of Shareholder Number 20 dated 14 October 2022 by notary Fiefie Peiter, S.H. notary, regarding addition of the Company's aims and objectives of the business activities to include 46651 Wholesale of Goods and Chemicals and 20291 Industry of Adhesive/Glue, change of Commissionaire from Mr. Arangannal to Mr. Iyer, and legalized all of the Board of Directors and Board of Commissionaire's actions, and this has been approved by the Ministry of Law and Human Rights of Indonesia No. AHU-0075302.AH.01.02.TAHUN 2022 date 18 October 2022.

12. Share Application Pending Allotment

The Company has received IDR 947.212.695 of the share application monies from Pidilite International Pte Ltd for some obligations of the Company to issue another equity claim. The shareholders do not lay claim to any repayment on this account.

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NOTES TO THE FINANCIAL STATEMENT
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(Figures in table are presented in Rupiah, unless otherwise stated)

13. OPERATING EXPENSES

	2023	2022
Selling Expenses:		
Salary and Wages	570.600.000	416.802.673
Transportation	32.324.648	275.000
Travel	5.746.765	1.087.250
Pension	-	33.414.953
Insurance Allowance	46.622.784	30.450.288
	<u>655.294.197</u>	<u>482.030.164</u>
General and Administration Expenses:		
Professional Fee	302.216.758	236.037.052
Auditor's remuneration – current year	30.608.000	28.698.000
Post Employment Benefit	5.585.324	5.031.823
Rental	30.558.468	28.412.000
Land Tax	43.162.619	31,875.015
Fuel, Gas, And Oil	32.753.369	8.374.500
Storage Expenses	1.118.880	1.108.800
Phone and Fax	6.250.746	4.006.071
Bank Charges	237,800	269.700
Entertainment	4.185.104	
Tax Expense	33.479.593	30.265.434
Repair and Maintenance	18.145.170	-
Stationary	444.410	191.000
Miscellaneous Expense	2.406.510	-
Postage, Mail, and Courier	-	-
	<u>511.152.751</u>	<u>374.269.395</u>
Total	<u>1.166.446.948</u>	<u>856.299.559</u>

14. OTHER INCOME (EXPENSES)

	2023	2022
Application Service Income (Note 2.f)	1.326.102.926	1.057.115.288
Realized Gains / (Losses)	(33.750.692)	(26.872.349)
Total	<u>1.292.352.234</u>	<u>1.030.242.939</u>

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
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(Figures in table are presented in Rupiah, unless otherwise stated)

15. FINANCIAL RISK MANAGEMENT

a. Objective and Policies

Exposure to risk arises in the normal course of the Company's business. The Company monitors its risk on an ongoing basis to ensure that the net exposure is at an acceptable level.

b. Credit Risk

Cash and cash equivalents are placed with reputable financial institutions with high credit rating and no history of default. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

c. Liquidity Risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operation and to mitigate the effects of fluctuations in cash flows.

d. Interest rate Risk

The Company has no interest-bearing liabilities or any significant interest-bearing assets, as such the Company's income is substantially independent of changes in market interest rates.

e. Foreign currency Risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Indonesian rupiah. The currency giving rise to this risk is primarily United States dollar.

16. CONTINGENT TAX LIABILITIES

On 4 November 2019, the tax authority sent a letter to the Company, No. SPD2K-1904/WPJ.07/KP.02/2019. This letter contains the research of the tax authority on the 2018 corporate tax return. The results of the research are:

1. Recalculation of 2018 corporate income tax liability of Rp.742.695.173.
2. PT Pidilite Indonesia should use the income tax rate of Tax Law Art. 17 or 31E. The final income tax of Art. 15 is applicable only to foreign tax subject as regulated in the Ministry of Finance Decree No. 634/KMK.04/1994.
3. The profit percentage of PT Pidilite Indonesia should be similar to Pidilite Industries Limited.
4. Based on the explanation above, the tax authority requests the Company to present clarification or explanation within 14 days after the letter is received.

On 12 December 2019 the Company sent a letter to the tax authority in reply to the letter No. SPD2K-1904/WPJ.07/KP.02/2019. This letter stated that:

1. PT Pidilite Indonesia has no sales until now. The sale of Pidilite Industries Limited is done directly from India to Indonesia
2. For the Consolidated Report from PT Pidilite Indonesia can be seen at the link below <http://www.pidilite.com/subsidiary-companies>
3. On the basis of the two points above, PT Pidilite Indonesia should not be owed the corporate income tax

The Company has stopped paying the income tax Art. 15 since October 2019 and has plan to pay income tax using the income tax rate of Art. 17 or 31E.

We assume that the matter has closed as there is no reply from Tax office since 12 December 2019 until now.