

PT PIDILITE INDONESIA

FINANCIAL STATEMENT
AS OF 31 MARCH 2021 AND
FOR THE YEAR ENDED 31 MARCH 2021
AND
INDEPENDENT AUDITOR'S REPORT



**DIRECTOR' STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR FINANCIAL STATEMENT
AS OF MARCH 31, 2021 AND
FOR THE YEAR ENDED MARCH 31, 2021
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, 20 April 2021



**Dr Dien Pandiman
President Director**

PT. Pidilite 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.: 00008/2.1123/AU.1/05/0309.3/1/IV/2021

The Shareholders, Board of Commissioners and Director PT Pidilite Indonesia

We have audited the accompanying financial statement of PT Pidilite Indonesia ("the Company"), which comprise the statement of financial position as at 31 March 2021, and 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 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 these 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 these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by 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 the 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

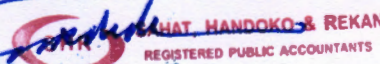
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of PT Pidilite Indonesia as at 31 March 2021, and its financial performance and its cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



SAHAT, HANDOKO DAN REKAN
Registered Public Accountants



Sahat Pardede

License of Public Accountant No. AP.0309

20 April 2021

**PT PIDILITE INDONESIA
FINANCIAL STATEMENT
AS OF 31 MARCH 2021 AND
FOR THE YEAR ENDED 31 MARCH 2021
AND INDEPENDENT AUDITOR'S REPORT**

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PT PIDILITE INDONESIA
STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

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

	Note	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2b, 3	913.611.590	633.737.973
Other Receivables	4	60.790.552	134.906.172
Prepaid Expenses	5	18.892.000	18.708.000
Total Current Assets		993.294.142	787.352.145
NON-CURRENT ASSETS			
Fixed Assets - net of accumulated depreciation	2d, 6	3.280.601.692	3.280.601.692
Deferred Tax Assets	8c	90.803.808	116.395.734
Total Non-current Assets		3.371.405.500	3.396.997.426
TOTAL ASSETS		4.364.699.642	4.184.349.571
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Provision For Employee Benefits	9	363.215.225	465.582.932
Accrued Expenses	7	28.775.440	32.299.540
Taxes Payables	2e, 8a	21.355.233	32.742.015
Total Current Liabilities		413.345.898	530.624.487
SHAREHOLDERS' EQUITY			
Share Capital- USD 10 per value per share Authorized - 342.000 shares	10	11.502.905.800	11.502.905.800
Other Comprehensive Income		106.714.105	(39.526.587)
Retained Earnings		(7.658.266.161)	(7.809.654.129)
TOTAL SHAREHOLDERS' EQUITY		3.951.353.744	3.653.725.084
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4.364.699.642	4.184.349.571

Jakarta, April 20, 2021

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 2021

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

	Notes	<u>2021</u>	<u>2020</u>
Operating Expenses	11	(1.169.092.184)	(1.356.786.892)
INCOME (LOSS) FROM OPERATIONS		(1.169.092.184)	(1.356.786.892)
Other Income	12	1.332.587.991	1.370.426.227
NET INCOME (LOSS) BEFORE TAX		163.495.807	13.639.335
Current Tax Income (Expense)	8b	(35.262.810)	(32.143.875)
Deferred Tax Income (Expense)	8c	23.154.971	29.680.912
Total Tax Benefit (Expenses)		(12.107.839)	(2.462.963)
NET INCOME (LOSS) AFTER TAX		151.387.968	11.176.372
Other Comprehensive Income – Employee Benefit		194.987.589	(41.247.077)
Other Comprehensive Income – Tax on Employee Benefit		(48.746.897)	10.311.769
CURRENT OTHER COMPREHENSIVE INCOME (LOSS)		297.628.660	(19.758.936)

Jakarta, April 20, 2021



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 2021

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

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>OCI</u>	<u>Total Equity</u>
Balance as of Mar. 31,2019	11.502.905.800	(7.820.830.501)	(8.591.279)	3.673.484.020
Net Income	-	11.176.372	-	11.176.372
Other Comprehensive Income/Loss - Net	-	-	(30.935.308)	(30.935.308)
Balance as of Mar. 31,2020	11.502.905.800	(7.809.654.129)	(39.526.587)	3.653.725.084
Net Income	-	151.387.968	-	151.387.968
Other Comprehensive Income/Loss - Net	-	-	146.240.692	146.240.692
Balance as of Mar. 31,2021	11.502.905.800	(7.658.266.161)	106.714.105	3.951.353.744

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

PT PIDILITE INDONESIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	151.387.968	11.176.372
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	-	2.739.375
Deferred Tax Assets	25.591.926	(39.992.681)
Provisions for employee benefits	43.872.984	129.035.417
Operating cash follows before changes in working capital	<u>220.852.879</u>	<u>102.958.483</u>
Changes in Working Capital:		
Other Receivables	74.115.620	182.478.654
Prepaid Expenses	(184.000)	1.152.000
Accrued Expense	(3.524.100)	(45.549.628)
Tax Payables	<u>(11.386.782)</u>	<u>32.433.986</u>
Net cash flows used by operating activities	<u>279.873.617</u>	<u>273.473.495</u>
NET INCREASE/ (DECREASE) CASH AND CASH EQUIVALENTS	279.873.617	273.473.495
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>633.737.973</u>	<u>360.264.478</u>
CASH AND CASH EQUIVALENTS AT ENDING OF THE YEAR	<u>913.611.590</u>	<u>633.737.973</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 2021

(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. 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 decision letter No. AHU-88033.AH.01.02 Tahun 2008 dated November 20, 2008. The Company Articles of Association 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 have 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 Articles of Association has been amended several times, the latest with Deed of Resolution in Circular in Lieu of General Meeting of Shareholder Number 1 dated February 5, 2018 by notary Amalia Hanifah S.H., M.Kn notary in Bogor, regarding change of the Company's Board of Director and Commisioner and has been approved by the Ministry of Law and Human Rights of Indonesia in decision letter No AHU-AH.01.03-0062908 dated February 12, 2018.

b. Business Activities

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

c. Board of Management

The Company's commissioner and director as of March 31, 2021 and 2020 are as follows:

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

On Notary Deed No. 1, dated 18 April 2019, the Company pass a resolution to dismiss Dr. Dien Pandiman as President Director, Mr. Priykant Chotalal Patel as Director, Mr. Arangannal S/O Kathamuthu as Commissionaire and to appoint again Dr. Dien Pandiman as President Director, Mr. Sanjay Bahadur as Director and again Mr. Arangannal S/O Kathamuthu as Commissionaire for the period of 3 years.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(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 20 April 2021.

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 2021 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 financial position 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 2021 and 2020, the rates of exchange used as benchmark is the middle rate which is issued by Bank Indonesia.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Fixed Assets (continued)

are eliminated from the financial statements and the resulting gains and losses on the disposal of fixed assets are recognized in the income statements.

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 financial position date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

f. Revenue and Expense Recognition

In relation to the rendering services, revenue is recognized by reference to the stage of completion of the transaction at the financial position date. Revenue is recognized when money transferred has already credited to the bank statements and adjusted by unearned revenue. Revenues from subscription are recognized over the period of subscription.

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 financial positions 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 Government Regulation (PP) No. 35-37/2021. The liability recognized in the financial positions in respect of defined benefit pension plans is the present value of the defined benefit obligation at the financial positions 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Source of Estimation Uncertainty (continued)

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.

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 main accounting policies applied in the preparation of financial statements of the Company are set out below.

Effective from January 1, 2019, the Company has implemented several new standards and interpretations or revisions relevant to the Company's operations is as follows:

- Amendment to PSAK 2, "Statement of Cash Flows on the Disclosures Initiative. Earlier application is permitted."

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(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)

These amendments require entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and noncash.

- SFAS No. 13 (2018 Amendment), "Investment Property".
These amendments revise paragraph 57 to reflect the principle that the usage change includes the assessment on whether the property meets, or stops meeting, the definition of investment property and the supporting evidence that the change of utility has occurred. Moreover, the amendment of SFAS No. 13 regarding the Diversion of Investment Property also recharacterized the list of conditions in paragraph 57(a)-(d) as an incomprehensive list of examples.
- SFAS No. 15 (2018 Adjustment), "Investments in Associates and Joint Ventures"
This adjustment regulates that at initial recognition, the entity may choose to measure its investee at fair value on an investment-by-investment basis.
- Amendment to PSAK 46, "Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses. Earlier application is permitted".
These amendments clarifies that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized; estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.
- SFAS No. 53 (2018 Amendment), "Share-Based Payment, Classification and Measurement of Share Based Payment Transactions",
These amendments aims to clarify the accounting treatment regarding the classification and measurement of share-based payment transactions.
- SFAS No. 67 (2018 Adjustment), "Disclosure of Interests in Other Entities",
This adjustment regulates that disclosure requirements in SFAS No. 67, other than those described in paragraphs PP 10 - PP 16, are also applied to any interest in an entity classified in accordance with SFAS No. 58 "Non-current Assets Held for Trading and Discontinued Operations".

Effective on or after January 1, 2020:

- Amendment PSAK No. 15: Long-term Interest in Associates and Joint Ventures. Earlier application is permitted.
This amendment regulates that the entity also implements PSAK No. 71 on financial instruments at associates and joint ventures when equity method is not applicable. This includes long-term interest which form net investment in associates and joint ventures substantially.
- PSAK No. 71: Financial Instruments. Earlier application is permitted.

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(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)

This standard revises the requirements related to the classification and measurement of financial instruments, including the expectation credit loss model for calculation of impairment of financial assets, and new general hedging accounting requirements.

- Amendment PSAK No. 71: Financial Instruments regarding Prepayment Features with Negative Compensation. Earlier application is permitted. This amendment regulates that financial assets which prepayment features that can results negative compensation meets qualification as contractual cash flows that are solely payments of principal and interest.
- PSAK No. 72: Revenue from Contracts with Customers. Earlier application is permitted. This standard sets out a comprehensive framework to determine how, when and how much revenue can be recognized. PSAK No. 72 supersedes some current revenue accounting standards, including PSAK No. 23: Revenue, PSAK No. 34: Construction Contracts, and ISAK No. 10: Customer Loyalty Programs.
- PSAK No. 73: Lease. Earlier application is permitted only for entities that apply PSAK No. 72.

This standard establishes the principles of recognition, measurement, presentation, and disclosure of leases by introducing a single accounting model specifically for lessee. Lessee are required to recognize right-of-use assets and lessee liabilities.

3. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Cash at bank – Citibank	913.611.590	633.737.973
Total	<u>913.611.590</u>	<u>633.737.973</u>

4. OTHER RECEIVABLES- RELATED PARTIES

	<u>2021</u>	<u>2020</u>
Ultimate holding company		
- Pidilite Industries Limited, India	60.790.552	134.906.172
Total	<u>60.790.552</u>	<u>134.906.172</u>

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

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

5. OTHER RECEIVABLES - PREPAID EXPENSES

	<u>2021</u>	<u>2020</u>
Prepaid expenses	18.892.000	18.708.000
Total	<u>18.892.000</u>	<u>18.708.000</u>

6. FIXED ASSETS

The balance and movement of fixed assets for the years of 2021 and 2020 are as follows:

2021				
	<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>-</u>	<u>-</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>-</u>	<u>-</u>	<u>61.214.713</u>
Net Book Value	<u>3.280.601.692</u>			<u>3.280.601.692</u>
2020				
	<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>-</u>	<u>-</u>	<u>3.341.816.405</u>
			-	
<u>Accumulated Depreciation:</u>				
Office Equipment	58.475.338	2.739.375	-	61.214.713
Total	<u>58.475.338</u>	<u>2.739.375</u>	<u>-</u>	<u>61.214.713</u>
Net Book Value	<u>3.283.341.067</u>			<u>3.280.601.692</u>

7. ACCRUED EXPENSES

	<u>2021</u>	<u>2020</u>
Fee Audited	27.686.800	32.299.540
Storage Expense	1.088.640	-
Total	<u>28.775.440</u>	<u>32.299.540</u>

PT PIDILITE INDONESIA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

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

8. TAXATION

a. Taxes Payables

	2021	2020
Income Tax Article 21	-	-
Income Tax Article 25/29	21.355.233	32.143.875
Income Tax Article 23	-	598.140
Total	21.355.233	32.742.015

b. Estimated Corporate Income Tax

	2021	2020
Net income (loss) before tax	163.495.807	13.639.335
<u>Temporary Differences</u>		
Employee Benefits	92.619.882	118.723.648
<u>Subtotal</u>	256.115.689	132.362.983
<u>Permanent Differences</u>		
Tax Expenses	25.555.000	84.377.933
Entertainment	-	4.687.009
Realize Gain or Loss	38.900.869	35.723.925
Subtotal	64.455.869	124.788.867
Fiscal Profit (Loss)	320.571.558	257.151.850
Income Tax Article 29	35.262.810	32.143.875

c. Deferred Tax Assets

The balance and changes of deferred tax assets for the years 31 March 2021 and 2020 are as follows:

<u>Description</u>	2021			
	<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	116.395.734	23.154.971	(48.746.897)	90.803.808
Total	116.395.734	23.154.971	(48.746.897)	90.803.808
<u>Description</u>	2020			
	<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	76.403.053	29.680.912	10.311.769	116.395.734
Total	76.403.053	29.680.912	10.311.769	116.395.734

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

9. 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 financial positions 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 Government Regulation (PP) No. 35-37/2021.

The liability recognized in the financial positions is the present value of the defined benefit obligation at the financial positions 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	2021	2020
<i>Discount rate</i>	5,5%	5,5%
<i>Annual salary increase</i>	0%	4,0%
<i>Mortality rate</i>	TMI 2011	TMI 2011
<i>Disable rate</i>	5,00% of mortality rate	5,00% of mortality rate
<i>Retirement age</i>	57 years old	57 years old
<i>Total employee</i>	1	1

Reconciliation of the assets and liabilities recognized in the financial position as of 31 March 2021 and 2020 are as follows:

	2021	2020
Current Service Cost	72.643.045	93.116.587
Interest Expenses	19.976.837	25.607.061
Total Expense Recognized	92.619.882	118.723.648
Beginning Balance	465.582.932	305.612.207
Retirement Cost For Current Year	92.619.882	118.723.648
Actuarial (gains) / losses in OCI	(194.987.589)	41.247.077
Ending Balance	363.215.225	465.582.932

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10. CAPITAL STOCK

2021			
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

2020			
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. 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 Rp527.453.338 (from Pidilite International Pte. Ltd Rp522.178.808 and Pidilite Middle East Ltd Rp5.274.533) for which company is yet to issue shares as on March 31, 2013.

In 2014 the company has issued and paid capital amounted Rp554.166.049 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 Rp1.276.336.051 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 Rp335.199.200 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 Rp289.023.800 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. In 2018 the company has issued and paid capital amounted Rp351.395.800 based on amended the notarial deed of Amalia Hanifah, S.H., M.Kn No. 1 dated February 5, 2018 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia in decision letter No. AHU-AH.01.03-0062908 dated February 12, 2018.

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11. OPERATING EXPENSES

	2021	2020
Selling Expenses:		
Salary and Wages	705.943.834	705.943.835
Travel	-	51.740.358
Transportation	-	4.783.640
Sample	-	42.500
Insurance Allowance	15.583.618	8.094.000
	<u>721.527.452</u>	<u>770.604.333</u>
General and Administration Expenses:		
Professional Fee	223.958.561	225.117.121
Auditor's remuneration – current year	27.686.800	32.897.680
Auditor's remuneration – prior year	-	17.110.800
Post-Employment Benefit	92.619.882	118.723.648
Deem Tax	-	41.322.933
Rental	28.154.000	29.214.000
Land Tax	22.460.778	22.460.778
Fuel, Gas, And Oil	-	7.408.820
Storage Expenses	-	1.306.338
Phone and Fax	5.035.813	6.364.900
Depreciation	-	2.739.375
Bank Charges	928.100	704.500
Tax Expense	25.555.000	43.055.000
Entertainment	-	4.687.009
Repair and Maintenance	16.524.750	31.943.500
Stationary	216.333	745.800
Postage, Mail, and Courier	3.315.875	380.357
Miscellaneous	1.108.840	-
	<u>447.564.732</u>	<u>586.182.559</u>
Total	<u>1.169.092.184</u>	<u>1.356.786.892</u>

12. OTHER INCOME (EXPENSES)

	2021	2020
Application Service Income	1.371.488.860	1.406.150.152
Realize Gain / (Loss)	(38.900.869)	(35.723.925)
Total	<u>1.332.587.991</u>	<u>1.370.426.227</u>

PT PIDILITE INDONESIA
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13. MANAGEMENT PLAN

The Company does not have sales transactions and has reported losses in the past and profit in 2020 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.

14. 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 financial positions.

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.

15. 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.

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

15. CONTINGENT TAX LIABILITIES (continue)

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.

The Company assume that the matter has closed as there is no reply from Tax office since 12 December 2019 until the release date of this Financial Statement.

16. EVENTS AFTER REPORTING PERIOD

Subsequent to 31 March 2021, there has been a continuing economic downturn as a result of Corona virus disease 2019 pandemic (“the Covid-19 pandemic”) severely affecting, among others, global demands for product and services and supply chains. Although long term impacts are difficult to predict at this moment, the Covid-19 Epidemic may adversely affect the company financial performance in the future. The Government’s policy to limit the goods and services supply chains can affect the Company.

In responding to and managing the adverse effects of the above-mentioned condition, the Company has undertaken and is continuously implementing measures, among others is costs efficiency.