

# **PT PIDILITE INDONESIA**

FINANCIAL STATEMENT  
AS OF 31 MARCH 2020 AND  
FOR THE YEAR ENDED 31 MARCH 2020  
AND  
INDEPENDENT AUDITOR'S REPORT



**DIRECTOR' STATEMENT LETTER  
REGARDING THE RESPONSIBILITY FOR FINANCIAL STATEMENT  
AS OF MARCH 31, 2020 AND  
FOR THE YEAR ENDED MARCH 31, 2020  
PT PIDILITE INDONESIA**

We, the undersigned:

Name : Dr. Dien Pandiman  
Office Address : Artha Gading Niaga Blok H/16  
Number Telephone : 021.45850915  
Position : President Director

Declare that:

1. We are 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. We are responsible for PT Pidilite Indonesia's internal control system.

Thus this statement letter is made truthfully.

Sincerely,

Jakarta, 23 April 2020

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6000  
RUPIAH

**Dr Dien Pandiman  
President Director**

**PT. Pidilite Indonesia**

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Jakarta Utara 14240, Indonesia.

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<http://www.pidilite.com/>

**INDIA OFFICE:** Regent Chambers, 7<sup>th</sup> Floor, Jamnalal Bajaj Marg,  
208 Nariman Point, Mumbai 400021 - India.



Nomor Izin Usaha : 613/KM.1/2017  
Tanggal 12 Juni 2017  
SENTRA BISNIS ARTHA GADING NIAGA  
Blok E, No. 9, Jl. Boulevard Artha Gading,  
Kelapa Gading, Jakarta Utara 14240  
Telephone : +62-21 - 45852846, 45861183  
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Fax. : +62-21 - 45845591  
Website : [www.kap-shr.com](http://www.kap-shr.com)

## INDEPENDENT AUDITOR'S REPORT

Reference No.: 00135/2.1123/AU.1/05/0309-2/I/IV/2020

### **The Shareholders, Board of Commissioners and Director PT Pidilite Indonesia**

We have audited the accompanying financial statement of PT Pidilite Indonesia, which comprise the statement of financial position as at 31 March 2020, 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.



**SAHAT HANDOKO DAN REKAN**  
REGISTERED PUBLIC ACCOUNTANTS



**INDEPENDENT AUDITOR'S REPORT (continued)**

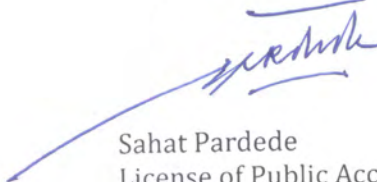

Reference No.: 00135/2.1123/AU.1/05/0309-2/1/IV/2020 (continued)

**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 2020, 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, HANDOKO & REKAN**  
REGISTERED PUBLIC ACCOUNTANTS

Sahat Pardede  
License of Public Accountant No. AP.0309

23 April 2020

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**PT PIDILITE INDONESIA  
FINANCIAL STATEMENT  
AS OF 31 MARCH 2020 AND  
FOR THE YEAR ENDED 31 MARCH 2020  
AND INDEPENDENT AUDITOR'S REPORT**

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**PT PIDILITE INDONESIA**

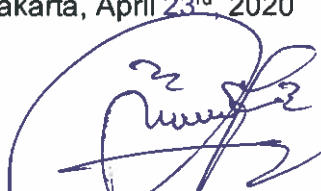
**STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2020*

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

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2b, 3	633.737.973	360.264.478
Other Receivables	4	134.906.172	317.384.826
Prepaid Expense	5	18.708.000	19.860.000
<b>Total Current Assets</b>		<b><u>787.352.145</u></b>	<b><u>697.509.304</u></b>
<b>NON-CURRENT ASSETS</b>			
Fixed Assets - net of accumulated depreciation of Rp58.475.338 as of March 31, 2020 and Rp55.188.088 as of March 31, 2019	2d, 6	3.280.601.692	3.283.341.067
Deferred Tax Assets	8c	116.395.734	76.403.053
<b>Total Non-current Assets</b>		<b><u>3.396.997.426</u></b>	<b><u>3.359.744.120</u></b>
<b>TOTAL ASSETS</b>		<b><u>4.184.349.571</u></b>	<b><u>4.057.253.424</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Provision For Employee Benefits	9	465.582.932	305.612.207
Accrued Expenses	7	32.299.540	77.849.168
Taxes Payables	2e, 8a	32.742.015	308.029
<b>Total Current Liabilities</b>		<b><u>530.624.487</u></b>	<b><u>383.769.404</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital- USD 10 per value per share Authorized - 342.000 shares	10	11.502.905.800	11.502.905.800
Other Comprehensive Income Equity		-	8.591.280
Accumulated Losses		(7.849.180.716)	(7.838.013.060)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>3.653.725.084</u></b>	<b><u>3.673.484.020</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>4.184.349.571</u></b>	<b><u>4.057.253.424</u></b>

Jakarta, April 23<sup>rd</sup> 2020



Dr. Dien Pandiman  
President Director

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

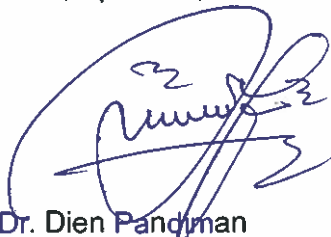
**PT PIDILITE INDONESIA**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

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

	Notes	<u>2020</u>	<u>2019</u>
Operating Expenses	11	(1.356.786.892)	(1.438.951.374)
<b>INCOME (LOSS) FROM OPERATIONS</b>		<b>(1.356.786.892)</b>	<b>(1.438.951.374)</b>
Other Income	12	1.370.426.227	1.422.257.670
<b>NET INCOME (LOSS) BEFORE TAX</b>		<b>13.639.335</b>	<b>(16.693.704)</b>
Current Tax Income (Expense)	8	(32.143.875)	-
Deferred Tax Income (Expense)	8c	29.680.912	24.448.977
Total Tax Benefit (Expenses)		(2.462.963)	24.448.977
<b>NET PROFIT (LOSS) AFTER TAX</b>		<b>11.176.372</b>	<b>7.755.273</b>
Other Comprehensive Income – Employee Benefit		(41.247.077)	11.455.039
Other Comprehensive Income – Tax on Employee Benefit		10,311.769	(2.863.760)
<b>CURRENT OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(19.758.936)</b>	<b>16.346.552</b>

Jakarta, April 23<sup>rd</sup>, 2020



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 2020**

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

	<u>Paid Up Capital Stock</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
<b>Balance as of March 31,2018</b>	<b>11.502.905.800</b>	<b>(7.845.768.332)</b>	<b>3.657.137.468</b>
Net profit for the year	-	7.755.273	7.755.273
Other Comprehensive Income gains – OCI	-	8.591.279	8.591.279
<b>Balance as of March 31,2019</b>	<b>11.502.905.800</b>	<b>(7.829.421.780)</b>	<b>3.673.484.020</b>
<b>Comprehensive income</b>			
Net profit for the year	-	11.176.372	11.176.372
Other Comprehensive Income gains – OCI	-	(30.935.308)	(30.935.308)
<b>Balance as of March 31,2020</b>	<b>11.502.905.800</b>	<b>(7.849.180.716)</b>	<b>3.653.725.084</b>

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 2020**

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

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	11.176.372	7.755.273
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	2.739.375	3.287.250
Deferred Tax Assets	(39.992.681)	(24.448.977)
Provisions for employee benefits	129.035.417	97.795.906
Operating cash follows before changes in working capital	<u>102.958.483</u>	<u>84.389.452</u>
Changes in Working Capital:		
Other Receivables	182.478.654	(202.792.526)
Prepaid Expenses	1.152.000	7.280.000
Accrued Expense	(45.549.628)	50.557.008
Tax Payables	32.433.986	(1.435.112)
Net cash flows used by operating activities	<u>273.473.495</u>	<u>(62.001.178)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Paid up capital	-	-
Net cash flows used by financing activities	<u>-</u>	<u>-</u>
<b>NET INCREASE/ (DECREASE) CASH AND CASH EQUIVALENTS</b>	<b>273.473.495</b>	<b>(62.001.178)</b>
<b>CASH AND CASH EQUIVALENTS AT BENINNING OF THE YEAR</b>	<b><u>360.264.478</u></b>	<b><u>422.265.656</u></b>
<b>CASH AND CASH EQUIVALENTS AT BENINNING OF THE YEAR</b>	<b><u>633.737.973</u></b>	<b><u>360.264.478</u></b>

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 2020**

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

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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 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 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, 2020 and 2019 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 Chhotalal 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 2020**

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

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**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 23<sup>rd</sup> April 2020.

**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 2020 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 2020 and 2019, 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

**PT PIDILITE INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

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**2. SIGNIFICANT ACCOUNTING POLICIES** (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 balance sheet 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 balance sheet 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 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 55 years. 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.

**PT PIDILITE INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

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**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 2020**

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

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**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

These amendments requires 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".

The implementation of the above PSAK does not result in significant changes to financial reporting and disclosures in the financial statements.

**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 2020**

(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.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

**3. CASH AND CASH EQUIVALENTS**

	<u>2020</u>	<u>2019</u>
Cash at bank – Citibank	633.737.973	360.264.478
<b>Total</b>	<u>633.737.973</u>	<u>360.264.478</u>

**4. OTHER RECEIVABLES- RELATED PARTIES**

	<u>2020</u>	<u>2019</u>
Ultimate holding company		
- Pidilite Industries Limited, India	134.906.172	317.384.826
<b>Total</b>	<u>134.906.172</u>	<u>317.384.826</u>

**PT PIDILITE INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

**5. OTHER RECEIVABLES - PREPAID EXPENSES**

	<u>2020</u>	<u>2019</u>
Prepaid expenses	18.708.000	19.860.000
<b>Total</b>	<b><u>18.708.000</u></b>	<b><u>19.860.000</u></b>

**6. FIXED ASSETS**

The balance and movement of fixed assets for the years of 2020 and 2019 are as follows:

<b>2020</b>				
	<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
<b>Total</b>	<b><u>3.341.816.405</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3.341.816.405</u></b>
			-	
<u>Accumulated Depreciation:</u>				
Office Equipment	58.475.338	2.739.375	-	61.214.713
<b>Total</b>	<b><u>58.475.338</u></b>	<b><u>2.739.375</u></b>	<b><u>-</u></b>	<b><u>61.214.713</u></b>
<b>Net Book Value</b>	<b><u>3.283.341.067</u></b>			<b><u>3.280.601.692</u></b>
<b>2019</b>				
	<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
<b>Total</b>	<b><u>3.341.816.405</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3.341.816.405</u></b>
			-	
<u>Accumulated Depreciation:</u>				
Office Equipment	55.188.088	3.287.250	-	58.475.338
<b>Total</b>	<b><u>55.188.088</u></b>	<b><u>3.287.250</u></b>	<b><u>-</u></b>	<b><u>58.475.338</u></b>
<b>Net Book Value</b>	<b><u>3.286.628.317</u></b>			<b><u>3.283.341.067</u></b>

**7. ACCRUED EXPENSES**

	<u>2020</u>	<u>2019</u>
Salary	-	-
Fee Audited	32.299.540	11.233.571
Professional Fee	-	5.400.000
Insurance Allowance	-	462.000
Monthly Expense	-	60.293.002
Deem Tax	-	460.595
<b>Total</b>	<b><u>32.299.540</u></b>	<b><u>77.849.168</u></b>



**PT PIDILITE INDONESIA**  
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**8. TAXATION**

**a. Taxes Payables**

	<u>2020</u>	<u>2019</u>
Income Tax Article 21	-	-
Income Tax Article 25/29	32.143.875	-
Income Tax Article 23	598.140	308.029
<b>Total</b>	<b><u>32.742.015</u></b>	<b><u>308.029</u></b>

**b. Estimated Corporate Income Tax**

	<u>2020</u>	<u>2019</u>
Net income (loss) before tax	(13.639.335)	(16.693.704)
<u>Temporary Differences</u>		
Employee Benefits	118.723.648	97.795.906
<u>Permanent Differences</u>		
Operating Expense	1.356.786.892	1.341.155.468
Other Income	(1.370.426.227)	(1.422.257.670)
Tax Expenses	84.377.933	-
Entertainment	4.687.009	-
Realize Gain or Loss	35.723.925	-
	-	-
Fiscal Profit (Loss)	257.151.850	-
Tax / Fiscal Loss Carry Forward	-	-
Estimated Taxable Income (Fiscal Loss)	-	-
Estimated Corporate Income Tax	-	-
Less Tax Credit:	-	-
Income Tax Article 29	<u>(32.143.875)</u>	<u>-</u>

**c. Deferred Tax Assets**

The balance and changes of deferred tax assets for the years 31 March 2019 and 2018 are as follows:

Description	<u>2020</u>			Ending Balance
	Beginning Balance	In Profit or Loss	In OCI	
<u>Deferred Tax Asset</u>				
Provision for Employee Benefits	76.403.053	29.680.912	10.311.769	116.395.734
<b>Total</b>	<b><u>76.403.053</u></b>	<b><u>29.680.912</u></b>	<b><u>10.311.769</u></b>	<b><u>116.395.734</u></b>

Description	<u>2019</u>			Ending Balance
	Beginning Balance	In Profit or Loss	In OCI	
<u>Deferred Tax Asset</u>				
Provision for Employee Benefits	54.817.836	24.448.977	(2.863.760)	76.403.053
<b>Total</b>	<b><u>54.817.836</u></b>	<b><u>24.448.977</u></b>	<b><u>(2.863.760)</u></b>	<b><u>76.403.053</u></b>

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**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 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 55 years. 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.

<b>Variables</b>	<b>2020</b>	<b>2019</b>
<i>Discount rate</i>	5,5%	7,0%
<i>Annual salary increase</i>	4,0%	5,0%
<i>Mortality rate</i>	TMI 2011	TMI 2011
<i>Disable rate</i>	5,00% of mortality rate	5,0% of mortality rate
<i>Retirement age</i>	57 years old	56 years old
<i>Total employee</i>	1	1

Reconciliation of the assets and liabilities recognized in the balance sheet as of 31 March 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Current Service Cost	93.116.587	76.403.052
Interest Expenses	25.607.061	21.392.854
<b>Total Expense Recognized</b>	<b>118.723.648</b>	<b>97.795.906</b>
Beginning Balance	305.612.207	219.271.340
Retirement Cost For Current Year	118.723.648	97.795.906
Actuarial (gains)/ losses in OCI	41.247.077	(11.455.039)
<b>Ending Balance</b>	<b>465.582.932</b>	<b>305.612.207</b>

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**10. CAPITAL STOCK**

<b>2020</b>			
<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Ownership</b>	<b>Amount IDR</b>
Pidilite International Pte Ltd	113.201	99%	11.388.020.600
Pidilite Middle East Ltd	1.142	1%	114.885.200
<b>Total</b>	<b>114.343</b>	<b>100%</b>	<b>11.502.905.800</b>

<b>2019</b>			
<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Ownership</b>	<b>Amount IDR</b>
Pidilite International Pte Ltd	113.201	99%	11.388.020.600
Pidilite Middle East Ltd	1.142	1%	114.885.200
<b>Total</b>	<b>114.343</b>	<b>100%</b>	<b>11.502.905.800</b>

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**

	<b>2020</b>	<b>2019</b>
Selling Expenses:		
Salary and Wages	705.943.835	687.101.517
Travel	51.740.358	101.958.347
Transportation	4.783.640	1.418.270
Sample	42.500	-
Insurance Allowance	8.094.000	6.468.000
	<u>770.604.333</u>	<u>796.946.134</u>
General and Administration Expenses:		
Professional Fee	225.117.121	218.866.969
Auditor's remuneration – current year	32.897.680	11.441.600
Auditor's remuneration – prior year	17.110.800	42.270.000
Post Employment Benefit	118.723.648	97.795.906
Deem Tax	41.322.933	137.251.886
Rental	29.214.000	37.070.000
Land Tax	22.460.778	21.961.650
Fuel, Gas, And Oil	7.408.820	7.558.279
Storage Expenses	1.306.338	-
Phone and Fax	6.364.900	4.719.275
Depreciation	2.739.375	3.287.250
Bank Charges	704.500	1.272.000
Tax Expense	43.055.000	25.554.996
Entertainment	4.687.009	-
Repair and Maintenance	31.943.500	-
Utility and Rent	-	707.220
Stationary	745.800	5.101.709
Postage, Mail, and Courier	380.357	4.750.926
Miscellaneous	-	22.395.574
	<u>586.182.559</u>	<u>642.005.240</u>
<b>Total</b>	<b><u>1.356.786.892</u></b>	<b><u>1.438.951.374</u></b>

**12. OTHER INCOME (EXPENSES)**

	<b>2020</b>	<b>2019</b>
Application Service Income	1.406.150.152	1.458.376.794
Realize Gain / (Loss)	(35.723.925)	(36.119.124)
<b>Total</b>	<b><u>1.370.426.227</u></b>	<b><u>1.422.257.670</u></b>

**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 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 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.

### **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)

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**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

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

**16. EVENTS AFTER REPORTING PERIOD**

Impact of Covid-19 Pandemic

Subsequent to 31 March 2020, there has been an 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.