

PT SURYA DUMAI INDUSTRI Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022
WITH COMPARATIVE FIGURES DECEMBER 31, 2021
AND
INDEPENDENT AUDITOR'S REPORT



P.T. SURYA DUMAI INDUSTRI Tbk

GEDUNG SAHID SUDIRMAN CENTER LANTAI 22

JL. JENDRAL SUDIRMAN NO. 86

JAKARTA 10220

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BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITIES ON THE 2022 CONSOLIDATED FINANCIAL STATEMENTS OF PT SURYA DUMAI INDUSTRI Tbk.

We, the undersigned below :

- | | |
|-----------------------------|---|
| 1. Name | : Drs. Ec. Heru Subagio |
| Office Address | : Jl. Jenderal Sudirman No. 395 Pekanbaru |
| Home address / as stated in | : Jl. Mutiara Sari No. 8 |
| Residence Identity Card or | Pekanbaru |
| Other Identity Card | |
| Telephone Number | : 0761-32888 |
| Position | : President Director |
| 2. Name | : Drs. Johny Ginting |
| Office Address | : Jl. Jenderal Sudirman No. 395 Pekanbaru |
| Home address / as stated in | : Jl. Bambu Kuning I No. 6A |
| Residence Identity Card or | Pekanbaru |
| Other Identity Card | |
| Telephone Number | : 0761-32888 |
| Position | : Director |

Declare that :

- 1) We are responsible for the preparation and presentation of the Consolidated Financial Statements.
- 2) The Consolidate Financial Statement have been prepared and presented in conformity with Generally Accepted Accounting Principles.
- 3) a. All information presented in the Consolidated Financial Statements has been completely and properly disclosed.
b. The Consolidated Financial Statements do not contain any incorrect material information or facts nor omit any material information or facts.
- 4) We are responsible for the internal control system of the company.

We certify that our statements are true.

Jakarta, march 10, 2023

Director

President Director

(Drs. Johny Ginting, Ak)

(Drs. Ec. Heru Subagio)



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ASSETS		December 31, 2022	December 31, 2021	LIABILITIES CAPITAL DEFICIENCY	
	Notes	Rp	Rp	Notes	Rp
CURRENT ASSETS					
Cash on Hand and in Banks	2c,2j,3 & 23	3.969.329.392	3.632.199.557	2k & 10	889.142.637
Trade Receivable :	2d,2e,4 & 6			2i,2j & 11	253.777.491.995
- Third Parties		7.758.823.708	6.030.960.582		1.431.135.408
Other Receivables	2d & 5	20.626.038	21.372.312		279.588.007.420
Inventories	2f & 7	1.370.708.530	1.370.708.530		950.563.796
Prepaid Expenses		28.101.653	27.583.260		500.000.000
				2j,2n,12 & 23	3.100.000.000
				2d,2e & 6	684.912.000.000
					80.007.417.923
Total Current Assets		13.147.589.321	11.082.824.241		1.085.925.124.546
NOT CURRENT ASSETS					
Due from Related Parties	2d,2e & 6	1.932.444.210	1.562.824.557	2m & 13	11.867.982.547
Property, Plant and Equipment - Net	2g,2l & 8	11.325.557.987	16.920.123.986	2k & 10	2.153.341.380
					1.476.100.780
					1.420.208.980
					14.410.401.020
					1.038.640.924.004
Others - Net:	2g,2h & 9	4.228.621.700	4.228.621.700		
- Others				14	316.666.666.700
				15	236.451.333.300
Total Not Current Assets		17.486.623.897	22.711.570.243	2j & 16	1.471.589.759
					(1.624.290.902.107)
					(1.559.436.119.279)
					(1.069.701.312.349)
					(1.004.846.529.520)
TOTAL ASSETS		30.634.213.218	33.794.394.484		30.634.213.218
					33.794.394.484
TOTAL LIABILITIES AND CAPITAL DEFICIENCY					

See the accompanying Notes to Consolidated Financial Statements which are an integral part of these Consolidated Financial Statements

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022
WITH COMPARATIVE FIGURES DECEMBER 31, 2021
(Expressed in Rupiah, Except Otherwise Stated)

	<u>Notes</u>	<u>December 31, 2022</u> Rp	<u>December 31, 2021</u> Rp
NET SALES	2i,17 & 22	-	-
COST OF SALES	2i,18 & 22	-	-
GROSS PROFIT (LOSS)		-	-
OPERATING EXPENSES	2i,19 & 22		
Selling		-	-
General and Administration		10.564.781.995	10.822.581.315
Total Operating Expenses		10.564.781.995	10.822.581.315
INCOME (LOSS) FROM OPERATION		(10.564.781.995)	(10.822.581.315)
OTHER INCOME (CHARGES)			
Gain on Foreign Exchange - Net	20,21 & 22	(96.149.589.366)	(10.785.590.052)
Revenue from Building Rental	6,21 & 22	14.270.982.145	12.176.621.891
Gain of Disposal Fixed Asset		27.412.438.283	1.441.066.744
Finance Charges - Net	21 & 22	346.367.372	4.870.179
Others - Net	21 & 22	528.520.585	(1.797.915.944)
Total Other Income (Charges) - Net		(53.591.280.981)	1.039.052.818
EQUITY IN NET EARNING (LOSS) OF ASSOCIATED COMPANIES	' 2b	-	-
GAIN (LOSS) BEFORE EXTRAORDINARY ITEM		(64.156.062.976)	(9.783.528.496)
PROVISION FOR INCOME TAX	2k & 10		
Current		-	-
Deferred		(698.719.853)	(252.170.798)
Total		(698.719.853)	(252.170.798)
GAIN (LOSS) BEFORE MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES		(64.854.782.829)	(10.035.699.294)
MINORITY INTEREST IN NET LOESS OF SUBSIDIARIES		-	-
NET INCOME (LOSS)		(64.854.782.829)	(10.035.699.294)

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (Continuation)
FOR THE YEARS ENDED DECEMBER 31, 2022
WITH COMPARATIVE FIGURES DECEMBER 31, 2021
(Expressed in Rupiah, Except Otherwise Stated)

	<u>Notes</u>	<u>December 31, 2022</u> Rp	<u>December 31, 2021</u> Rp
OTHER COMPREHENSIVE INCOME :			
The Balance of exchange rate of translation of financial statement in foreign currency	2j & 16	-	-
Profit (loss) of assets revaluation		-	-
COMPREHENSIVE DEFERRED INCOME TAX		-	-
OTHER COMPREHENSIVE INCOME AFTER TAX			
ON CURRENT YEAR		-	-
TOTAL OTHER COMPREHENSIVE INCOME			
ON CURRENT YEAR		(64.854.782.829)	(10.035.699.294)
THE AMOUNT OF COMPREHENSIVE PROFIT AND LOSS			
BE DISTRIBUTABLE TO :			
The owner of Parent Entity		(64.854.782.829)	(10.035.699.294)
Interest of non controll entity		-	-
		(64.854.782.829)	(10.035.699.294)
THE AMOUNT OF COMPREHENSIVE PROFIT AND LOSS			
BE DISTRIBUTABLE TO :			
The owner of Parent Entity		(64.854.782.829)	(10.035.699.294)
Interest of non controll entity		-	-
		(64.854.782.829)	(10.035.699.294)
INCOME (LOSS) FROM OPERATIONS PER SHARE	2o	(3,34)	(3,42)
NET INCOME (LOSS) PER SHARE	2o	(20,48)	(3,17)

See the accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITAL DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2022
WITH COMPARATIVE FIGURES DECEMBER 31, 2021
(Expressed in Rupiah, Except Otherwise Stated)

	Capital Stock Rp	Additional Paid-in Capital Rp	Deficit	Difference in Foreign Currency Translation Rp	Gains (losses) entity associations	Financial assets available for sale	Total	Non interest control Rp	Total Equity Rp
BALANCE AS OF DECEMBER 31, 2020	316.666.666.700	236.451.333.300	(1.549.400.419.985)	1.471.589.759	-	-	(994.810.830.226)	-	(994.810.830.226)
NET COMPREHENSIVE PROFIT (LOSS) YEAR 2021	-	-	(10.035.699.294)	-	-	-	(10.035.699.294)	-	(10.035.699.294)
BALANCE AS OF DECEMBER 31, 2021	316.666.666.700	236.451.333.300	(1.559.436.119.279)	1.471.589.759	-	-	(1.004.846.529.520)	-	(1.004.846.529.520)
NET COMPREHENSIVE PROFIT (LOSS) YEAR 2022	-	-	(64.854.782.829)	-	-	-	(64.854.782.829)	-	(64.854.782.829)
BALANCE AS OF DECEMBER 31, 2022	316.666.666.700	236.451.333.300	(1.624.290.902.107)	1.471.589.759	-	-	(1.069.701.312.349)	-	(1.069.701.312.349)

See the accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022
WITH COMPARATIVE FIGURES DECEMBER 31, 2021
(Expressed in Rupiah, Except Otherwise Stated)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	17.902.264.913	15.260.978.663
Cash Payments to Suppliers and Employees	<u>(14.495.077.532)</u>	<u>(10.868.872.911)</u>
Cash Provided by Operating Activities	3.407.187.381	4.392.105.752
Payment of Income Tax and Tax Pinalties	<u>(4.343.750.546)</u>	<u>(1.059.498.258)</u>
Net Cash Provided by (Used in)		
Investing Activities	<u>(936.563.165)</u>	<u>3.332.607.493</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal Fixed Asset	<u>32.913.693.000</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities		
Investment Activities	<u>32.913.693.000</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (Increase):		
Payment of Payables to Prinsep Management Ltd.	<u>(31.640.000.000)</u>	<u>-</u>
Net Cash Provided by (Used in) Financing Activities	<u>(31.640.000.000)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENT	337.129.835	3.332.607.493
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3.632.199.557</u>	<u>299.592.063</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>3.969.329.392</u></u>	<u><u>3.632.199.557</u></u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Rp	Rp
NON CASH ACTIVITIES		
Increase in accrued expenses due to foreign exchange	25.973.589.366	2.913.590.052
Increase (decrease) in marketable securities payables due to foreign exchange	70.176.000.000	7.872.000.000
Increase in Receivable of Related Party on leasing and purchasing of assets	369.619.653	372.032.207

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Rupiah, Except Otherwise Stated)

1. GENERAL

a. Company's Establishment

PT Surya Dumai Industri Tbk ("the Company") was established within the framework of Domestic Capital Investment Law No.6 year 1968, as amended by Law No. 12 year 1970, based on Notarial deed No. 89 of Public Notary Syawal Sutan Diatas, SH, dated January 32, 1979. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in Decision Letter No. Y. A. 5/51/7 dated February 12, 1980. The Company's Articles of Association have been amended several times with, among others, Notarial Deed No. 23 of Public Notary S.P. Henny Singgih, SH, dated September 7, 1999 concerning the increase of the Company's Authorized capital from Rp300.000.000.000 to Rp1.000.000.000.000. Such amendment was approved by the Minister of Justice of the Republic of Indonesia in decision Letter No. C-16726.HT.01.04 th 99 dated September 22, 1999 The latest amendment of the Company's Articles of Association was made through Notarial Deed No.2 dated July 1, 2003 of P. Sutrisno A. Tampubolon, SH, a Public Notary in Jakarta, concerning the increase of the subscribed and fully paid capital from Rp250.000.000.000 to Rp316.666.666.700 by issuing 666.666.667 new shares with par value of Rp100 per share to Prinsep Management Ltd. This amendment has been received and recorded in the database of Sisminbakum department of Justice and Human Right of the Republic of Indonesia on August 19, 2003 as stated in Acknowledgement Letter for the report of Amendment Deed No. C-19573.HT.01.04.TH 2003.

The latest amendment with Deed No. 38 dated 28 August 2020 by Sri Hidianingsih Adi Sugijanto, S.H, Notary in Jakarta, regarding the approval of amendments and adjustments to article 3 of the Entity's Articles of Association regarding the purposes and objectives and business activities of the Entity in accordance with the 2017 Indonesian Standard Classification of Business Fields (KBLI).

In accordance with Article 3 of the Entity's Articles of Association, the scope of activities of the Entity is mainly engaged in the processing industry, agriculture, forestry, fisheries, wholesale and retail trade, repair and maintenance of cars and motorbikes, transportation and warehousing as well as real estate. To achieve these aims and objectives, the Entity may carry out business activities in the plywood industry, oil palm plantations, wholesale forestry products and hunting, motorized transportation of general goods, and real estate which is owned and leased. Currently, the Company is engaged in the processing of plywood, veneer, sawn wood and the export-import trade of all production goods and needs of the Entity.

The Company's domicile is in Jakarta with its operational site in Pekanbaru.

The Company's started its commercial production in 1981.

Based on the Company's Letter No. 009/CS/SUDI/II/04 dated February 17, 2004 the Company reported the decrease in its production capacity to BAPEPAM in relation to Decision Letter of the Directorate General of Forestry Production Development No. 28/KPTS/VI-PHA/2003 dated June 19, 2003 about "Allocation for the Wood Forest Production Output obtained from natural forest utilization in each province in Indonesia for the year 2004". Consequently, the Company, which is involved in plywood manufacturing with raw materials obtained from natural resources, is greatly affected by the significant decrease caused by the wood production target. Thus, the Company has difficulties to obtain sufficient and/or good raw materials to support its normal production. The Company has also made an announcement to the public on March 9, 2004 regarding the plan to discontinue the production activities due to the scarcity and cost lines of raw materials. Based on the Company's letter No. 001/SUDI/BEJ/I/2006 that has extended to BAPEPAM and BEJ, the Company has terminated its production activities due to scarcity of raw material and the Company faced loss continuously.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

1. GENERAL (Continuation)

b. Company's Public Offering

Based on effective Letter from BAPEPAM No. S-1051-A/PM/1996 dated June 28, 1996, the Company offered 78.708.000 new shares with par value of Rp500 per share to the public through the Jakarta Stock Exchange on July 8 – 10, 1996, at the offering price of Rp 1.000 per share totaling Rp 78.708.000.000.

On November 17, 1997, the Company held an Extraordinary General Meeting of Stockholder which approved the issuance of bonus share from the capital paid in excess of par value amounting to Rp 50.000.000.000. Such Minutes of the Extraordinary General Meeting of Stockholders have been notarized under Notarial deed No. 41 of Public Notary S.P. Henny Singgih, SH, dated November 17, 1997

On August 27, 1999, the Company held an Extraordinary General Meeting of Stockholders an approved, among others, the split stock par value from Rp 500 to Rp 100. The Minutes of the Extraordinary General Meeting of Stockholders have been notarized under Notarial Deed No. 23 of Public Notary S.P. Henny Singgih, SH, dated September 7, 1999.

On December 20, 2002, the Company held an Extraordinary General Meeting and among others, agreed to increase the subscribed and fully paid in capital from Rp 250.000.000.000 to the maximum of Rp 504.439.255.800 by issuing new shares to non affiliate creditors without preemptive right. The minutes of Extraordinary General Meeting of Stockholders have been notarized under Notarial deed No. 30 dated December 20, 2002 of P. Sutrisno A. Tampubolon, SH, Public Notary in Jakarta.

On July 1, 2003, the Company held an Extraordinary General Meeting of Stockholders as covered by Notarial Deed No. 2 of P. Sutrisno A. Tampubolon, SH, M.Kn, Notary in Jakarta and approved :

- Restructuring the Company's payable (to the Indonesian Banking Restructuring Agency);
- Issuing 666.666.667 new shares without preemptive right to Prinsep Management Ltd. with par value of Rp 100 per share;
- Selling of Mandatory Exchangeable Bonds to Prinsep Management Ltd.

Based on letter of Bursa Efek Indonesia No. S- 00038/BEJ.PSR-J/01-2008 dated January 3, 2008, about Elimination of Company Securities Listing (delisting) in Bursa Efek Indonesia, since February 5, 2008 the Company is unrecorded anymore as the Company selling its stock in Bursa Efek Indonesia.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

1. GENERAL (Continuation)

c. Structure of Company and Subsidiaries

As of December 31, 2022 and 2021, the Company has the following directly and indirectly owned subsidiaries.

<u>December 31, 2022</u>					
<u>Subsidiaries</u>	<u>Location</u>	<u>Principal Activity</u>	<u>Start of Commercial Operations</u>	<u>Percentage of Ownership</u>	<u>Total Assets</u>
				<u>%</u>	<u>Rp</u>
Direct ownership					
Surya Dumai Industri Finance Company, BV (unaudited)	Belanda	Financing	1996	100	779.541.530.312
<u>December 31, 2021</u>					
<u>Subsidiaries</u>	<u>Location</u>	<u>Principal Activity</u>	<u>Start of Commercial Operations</u>	<u>Percentage of Ownership</u>	<u>Total Assets</u>
				<u>%</u>	<u>Rp</u>
Direct ownership					
Surya Dumai Industri Finance Company, BV (unaudited)	Belanda	Financing	1996	100	837.706.336.809

d. Commissioners, Directors and Employees

Based on the Extraordinary General Meeting of Shareholders which has been notarized by Deed No. 28 dated 11 June 2021 by Sri Hidianingsih Adi Sugijanto, S.H., Notary in Jakarta, the composition of the Entity's management is as follows.

President Commissioner : M a r t i a s
Commissioner : Djoko Sidik Pramono
Independent Commissioner : Hardi

President Director : Heru Subagio
Directors : Johny Ginting
Independent Director : Henny Kong

Total salaries and remunerations of the Company's and Subsidiaries Commissioners and Directors amounted to Rp 1.173 million and Rp 1.102 million in 2022 and 2021, respectively.

As of December 31, 2022, and December 31, 2021 the Company and its Subsidiaries have 49 and 50 permanent employees respectively.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statement Presentation

The Consolidated Financial Statements have been prepared in conformity with generally accepted accounting principles in Indonesia as covered in the Statements of Financial Accounting Standards (PSAK), and Regulation and Guidelines to Prepare and Disclose the Financial Statement of the Public Company - Manufacturing Industry determined by the Financial Services Authority (OJK).

The Consolidated Financial Statements, except for the Consolidated Statement of Cash Flows, have been prepared based on the accrual basis. The Consolidated Financial Statements, have been prepared based on the historical cost concept, except for several accounts which have been prepared based on the other measurements as explained in each related account.

The reporting currency used in the Consolidated Financial Statement presentation is the Indonesia Rupiah.

The Consolidated Statements of Cash Flows present cash receipts and disbursements of cash on hand and in the banks classified into operating, investing and financing activities and have been prepared using the direct method.

b. Principles of Consolidation, Investment in Associated Companies and Other Investments

1. Principles of consolidation

The Consolidated Financial Statements include the Financial Statements of the Company and its Subsidiaries with direct and indirect ownership of more than 50%.

All Significant inter company accounts and transactions have been eliminated to reflect the Financial Position and results of Operations of the Company and its Subsidiaries as one business entity.

The difference between acquisition cost and net asset of subsidiaries at the time of investment is amortized over 5 years and 20 years using the Straight-line method.

2. Investment in Associated Companies

Investments in which the Company or Subsidiaries have an ownership interest of at least 20% but not exceeding 50% are accounted for by the Equity method whereby the acquisition cost of investment is increased or decreased by the Company's share in the net earnings or losses of the investees since the acquisition date less dividends received and amortization of excess of acquisition cost over net assets of investees. The excess of acquisition cost over the net assets of investee is amortized over 20 years using the Straight-line method, except for the difference arising from the acquisition transaction with entities under common control. Upon any incurrence of permanent impairment in value, the carrying value is decreased and the loss is charged to current income.

Transaction of sale and purchase of stock made by entities under common control are accounted for using the pooling of interest method, whereby the difference between net assets and acquisition cost on the date of acquisition is presented as "Difference in Value of Transactions with Entities Under Common Control" under the Stockholders Equity section in the Consolidated Balance Sheet in accordance with PSAK No. 38 regarding "Accounting for Restructuring of Entities Under Common Control".

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continuation)

b. Principles of Consolidation, Investment in Associated Companies and Other Investments (Continuation)

3. Other Investments

Investments in shares of stock with percentage of ownership less than 20%, which fair value is not provided and meant for long term investment, is presented using the cost method. Upon any incurrence of permanent impairment in value, the carrying value is decreased and the loss is charged to current income.

c. Cash and cash equivalent

Cash and cash equivalent is cash on hand and in bank and deposit that mature in less than three months since deposit.

d. Allowance for Doubtful Account

The Company and Subsidiaries provide allowance for doubtful accounts based on management's evaluation of the collectibility of each receivable account at year end.

e. Related Party Transactions

In the normal course of business, the Company and Subsidiaries entered into transactions with certain related parties, which are related to them. In accordance with Statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures", related parties are defined as follows.

- (i) Directly or indirectly through one or more intermediaries, the party (i) controls or is controlled by, or is under common control with the Company, (ii) has an interest in the Company that gives significant influence over the Company, or (iii) has joint control over the Company;
- (ii) A related party to the Company;
- (iii) A party is a joint venture in which the Company as a venture;
- (iv) A party is a member of the key management personnel of the Company or a parent;
- (v) A party is a close family member with the individual described in clause (i) or (iv);
- (vi) A party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting rights in several entities, directly or indirectly, the individual as described in (iv) or (v), or
- (vii) A party is a post-employment benefit plan for the benefit of employees of the Company or any other entity related to the Company.

All transactions with related parties which have been executed under normal terms and conditions as those given to third parties or otherwise are properly disclosed in the notes of related account.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continuation)

f. Inventories

Inventories are stated at the cost or net realizable value. Cost of raw materials, work in process, and finished goods is determined by using the weighted average method, a subsidiary which uses the moving average method. The supplies are determined based on the moving average method. Purchases with the delivery terms of FOB Shipping Point, which have not been received at balance sheet date, are recorded as "Materials in Transit".

g. Property, Plant and Equipment and its depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the Straight Line Method over the estimated useful lives of the assets as follows.

Land	Not Depreciated
Buildings and Infrastructure	10 - 20 years
Ships, Barges and Tugboats	10 - 20 years
Machinery and Equipment	5 - 20 years
Transportations Equipment	5 - 10 years
Office, Mess and Factory Equipment	3 - 10 years

The cost of ordinary repairs and maintenance is charged to Consolidated Statement of income as incurred. Significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Consolidated Income Statement for the year.

Construction in progress is stated at cost. The cost includes capitalization of loan interest incurred from the borrowing transaction used to finance the construction of major facilities up to completion. These assets will be reclassified to appropriate property, plant and equipment accounts and will be depreciated based on their estimated useful lives when the construction is completed and the assets are ready for use.

Lease transactions are accounted for under the capital lease method if the following criteria are met.

- a. The lessee has an option to purchase the leased assets at the end of the lease period at the price mutually agreed upon at the commencement of the lease agreement.
- b. Total periodic payment plus residual values fully covers the acquisition cost of leased capital goods plus interest thereon which is the lessors profit (fully payout lease).
- c. Lease period covers a minimum of two (2) years.

Lease that do not meet any of the above mentioned criteria are accounted for under the Operating Lease Method.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continuation)

g. Property, Plant and Equipment and its depreciation (Continuation)

Based on the Capital Lease Method, assets under capital lease are presented in the "Property, Plant and Equipment" account, whereas the respective liabilities are reported in the "Obligation Under Capital Lease" account.

Assets and obligations under capital lease are recorded in the Consolidated Balance Sheet based on the present value of the lease payments at the beginning of the lease term plus residual value (option price) to be paid at the end of the lease period. Depreciation is computed using the same method and estimated useful lives as those of the property, plant and equipment of direct acquisition.

Property, plant and equipment not used in normal operating are presented in other assets as unused property, plant and equipment and depreciated over the remaining life of the respective asset.

h. Deferred Charges

Expenses incurred which provide benefits in the future are deferred and amortized over their beneficial periods using the Straight-line method.

i. Revenue and Expense Recognition

Revenues from export sales are recognized when the goods are shipped on board at the point of shipment. Local revenues are recognized when the goods are delivered or when services are rendered to the customers.

Expenses are recognized when incurred using the accrual basis.

j. Foreign Currency Transaction and Balances

The Company maintain their book of account in Indonesian Rupiah. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet dates, assets and liabilities denominated in foreign currency are adjusted to reflect the prevailing middle rate of exchange as published by Bank Indonesia at such dates. Any resulting gains or losses are credited or charged to current operations.

The Financial Statements of Surya Dumai Industri Finance Company, BV (SDIFC), a Subsidiary domiciled in Netherlands, is maintained in EURO currency. For the purpose of Consolidated Financial Statement representation, at balance sheet dates, monetary assets and liabilities are converted into Rupiah using Bank Indonesia middle rates of exchange prevailing at the transactions are made, while revenue and expenses are converted by using average rate for the year. Any difference of translation is recorded as "Difference in Foreign Currency Translation" and presented under the Equity section in the Balance Sheet. In 2021 and 2020, the average rates used were Rp 15.642,57 and Rp 16.585,11 respectively.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continuation)

j. Foreign Currency Transaction and Balances (Continuation)

The rates of exchange used were the average selling and buying rates of Bank Indonesia as of December 31, are as follows.

	<u>December 31 2022</u>	<u>December 31 2021</u>
	Rp	Rp
1 United States Dollar (USD)	15.731,00	14.105,00
1 Singapore (SGD)	11.659,08	10.644,09
1 Japanese Yen (JPY)	117,57	136,72
1 Euro (EURO)	16.715,42	17.330,13

k. Provision for Income Tax

The Company and Subsidiaries applied the deferred tax method in calculating their income tax. Deferred tax is applied to reflect the tax consequences on timing differences between the commercial and fiscal reporting.

Current tax expense is determined based on the taxable income for the year and computed using prevailing tax rates.

The deferred tax assets and liabilities are recognized for the future tax consequences, which arise from the difference in carrying value of assets and liabilities in the Financial Statements with taxable basis of the assets and liabilities.

Deferred tax liabilities are recognized on all taxable timing differences and deferred tax assets are recognized on timing differences which can be deducted provided there is a probability that they may be used to reduce the future taxable income.

l. Impairment of Asset Value

Based on PSAK No. 48, concerning "Impairment of Asset Value", the Company and Subsidiaries provide an allowance for decrease in value of assets based on the management's review at year-end on such assets, which have potential decrease in value considering the estimated value recoverable from the use of such assets.

m. Employee Benefits

Employee entitlements to service and compensation payments are recognized on the Accrual basis based on PSAK No. 57 "Estimated Liabilities, Contingent Liabilities and Contingent Assets". A provision is made for the estimated liability as a result of past services rendered by employees up to the balance sheet date and is calculated based on Law No. 13 of 2003 dated March 25, 2003 concerning "Manpower".

n. Notes

Notes is recorded and presented based on nominal value.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continuation)

o. Earning (Loss) per Share

In accordance with PSAK No. 56, "Earning per Share", income (loss) from operations and net profit (loss) per share are computed by dividing income (loss) from operations and net profit (loss), respectively, with the weighted average number of shares outstanding during the year, which were 3.166.666.667 shares in 2022 and 2021.

p. Segment Information

The Company and Subsidiaries have applied Statement of Financial Accounting Standards No. 5 (Revision 2009), "Segment Reporting".

According to Statement of Reporting Financial Accounting Standards No. 5 (Revision 2009), "Segment reporting", operation segment presents information about the products and services having risks and benefits different from other trade segment.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)
(Expressed in Rupiah, Except Otherwise Stated)

3 CASH ON HAND AND IN BANKS

The details as of December 31, are as follows:

	December 31, 2022	December 31, 2021
	Rp	Rp
Cash on Hand	16.122.995	12.317.385
Cash in Banks		
In Rupiah		
PT Bank Mandiri (Persero) Tbk	3.910.562.914	3.607.020.271
PT Bank Central Asia Tbk	42.643.483	12.861.901
Total	3.953.206.397	3.619.882.172
Total Cash on Hand and in Banks	3.969.329.392	3.632.199.557

Interest rate of cash and cash equivalent for the year 2022 and 2021 is 0,20% - 2,50% and 2,50% - 3,00% respectively.

4 TRADE RECEIVABLES

The details as of December 31, are as follows:

	December 31, 2022	December 31, 2021
	Rp	Rp
Third Parties		
In Rupiah		
PT. Kalila EMP Bentu	2.211.109.848	1.613.683.709
BOB PT.Bumi Siak Pusako Pertamina Hulu	1.547.010.512	836.704.185
PT. Bumi Siak Pusako	783.486.851	503.946.882
PT. Khaterindo Mitra	500.000.000	-
PT. Telekomunikasi Selular	481.618.871	667.941.490
PT. Bank Ekonomi	294.345.913	294.345.913
PT. Dipo Star Finance	225.369.508	223.092.967
PT. Sidmunds Jaya Abadi	178.095.576	178.095.576
PT. Control System	135.266.458	123.782.458
PT. Aplikanusa Lintas Arta	141.983.160	105.774.722
PT. Imeco Inter Sarana	126.411.083	103.792.200
PT. Millennium Penata Futures	67.496.540	100.466.840
PT. Tati Pro Energi	-	223.560.000
Others (Accounts with balances below Rp 100.000.000 each)	1.066.629.388	1.055.773.640
Total	7.758.823.708	6.030.960.582

The age of account receivable as of December 31, 2022 and 2021 us 1 to 30 days.

The account receivable is receivable from leasing service of building.

Based on the review of te status of the individual receivable account at year end, the Company's and Subsidiaries' management believe that such receivable are collectible. Therefore no allowance for doubtful accounts was provided in 2022 and 2021.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

5 OTHERS RECEIVABLES

The details as of December 31, are as follows:

	December 31, 2022	December 31, 2021
	Rp	Rp
Receivable of Employees	5.800.000	5.800.000
Temporary Loans	3.258.226	4.004.500
Inter company borrowing	11.567.812	11.567.812
Total	20.626.038	21.372.312

6 BALANCE AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company and its Subsidiaries have engaged in transactions with related parties principally consisting of interest-free financial

The details of balances and transactions with related parties are as follows.

	Amount		Percentage of total Assets/ Liabilities	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Rp	Rp	%	%
Due From related Parties				
PT. Bumi Sawit Perkasa	235.716.335	192.042.813	0,568	0,570
PT. Panca Surya Agrindo	219.883.627	182.807.052	0,541	0,329
PT. Subur Arum Makmur	206.524.714	169.342.547	0,501	0,340
PT. Gerbang Sawit Indah	168.691.603	131.509.436	0,389	0,116
PT. Muriniwood Indah Industri	166.655.765	137.043.266	0,406	0,363
PT. Meridan Sejati Surya Plantation	158.621.774	129.009.093	0,382	0,359
PT. Surya Inti Sari Raya	151.231.075	121.618.496	0,360	0,310
PT. Arindo Perkasa	138.724.091	109.111.592	0,323	0,292
PT. Ciliandra Perkasa	136.030.267	106.418.238	0,315	0,261
PT. Perdana Intisawit Perkasa	127.373.427	112.900.264	0,334	0,305
PT. Panca Surya Persada	53.215.763	60.589.839	0,179	0,483
Others (Accounts with balances below Rp100.000.000 each)	169.775.769	110.431.921	0,327	0,267
Total	1.932.444.210	1.562.824.557	4,625	3,996
Payable to Related Parties				
Prinsep Management Ltd.	48.367.417.922	80.007.417.923	236,748	268,453
Total	48.367.417.922	80.007.417.923	236,748	268,453

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

6 BALANCE AND TRANSACTIONS WITH RELATED PARTIES (Continuation)

Rent Deposit	<u>164.397.000</u>	<u>164.397.000</u>	<u>0,486</u>	<u>0,552</u>
Other Income-Net				
Building Rental	<u>3.484.481.350</u>	<u>2.813.103.640</u>	<u>8,324</u>	<u>13,609</u>

The nature of the account/ transaction relationship with related parties are as follows.

Related Parties	Relationship	The Nature of Account/ Transaction
PT Subur Arum Makmur	Affiliated	Building rental
PT Muriniwood Indah Industry	Affiliated	Building rental
PT Perdana Intisawit Perkasa	Affiliated	Building rental
PT Panca Surya Agrindo	Affiliated	Building rental
PT Surya Intisari Raya	Affiliated	Building rental
PT Meridan Sejati Surya Plantation	Affiliated	Building rental
PT Ciliandra Perkasa	Affiliated	Building rental
PT Panca Surya Garden	Affiliated	Building rental
PT Arindo Trisejahtera	Affiliated	Building rental
PT Karangjuang Hijau Lestari Martias	Affiliated Stockholders, Vice President, Commissioner of the Company and Subsidiaries	Sales fixed asset
PT Panca Surya Persada	Affiliated	Borrowing transactions with no interest nor fixed repayment schedule
PT Fangiono Jayaperkasa	Majority Stockholders	Loan without interest nor fixed repayment schedule and building rental
Prinsep Management Ltd.	Stockholders	Marketable Securities of Surya Dumai Industri Finance Company BV. The Company previously had liabilities to the Indonesian Bank Restructuring Agency (IBRA). In 2002, the company's liabilities were sold through BPPN asset tender. Based on Announcement Letter from IBRA No. S-0530/AMK-PAK1/BPPN/0602 dated June 28, 2002 the Company's liabilities to IBRA were transferred to Florida Commerce Ltd. as Notarized in Deed No. 45 dated June 28, 2002 of Public Notary Weni Kurniawati Hami Seno, SH, a Notary in Jakarta. The Company's total liabilities transferred to Florida Commerce Ltd. amounted to Rp 807.738.504.700.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

6 BALANCE AND TRANSACTIONS WITH RELATED PARTIES (Continuation)

At the time of transfer, the Company recorded its liabilities to IBRA at Rp 650.943.078.270 resulting in a difference of Rp 156.795.426.430 less than the amount recorded by IBRA. The Company recorded such difference as Financial Charges in the Consolidated Statement of Income in 2002.

Based on Letter from Florida Commerce Ltd.No. 008/FCL/VII/02 dated Juli 10, 2002, part of the Company's liabilities amounting to Rp 15.000.000.000 was sold to PT Maxima Perdana Finance.

Based on Letter from Florida Commerce Ltd. No. 035/FCL/XI/02 dated November 18, 2002 and Letter from Prinsep Management Ltd. No. 55/PML/FIN/XI/02 dated November 18, 2002, the Company's liability to Florida Commerce Ltd. was transferred to PT Prinsep Management Ltd. which is notarized in Notarial Deed No. 17 dated December 19, 2002 of Dewi Himijati Tandika, SH, Notary in Jakarta.

Based on Notarial deed No. 67 dated June 25, 2003 of Dewi Himijati Tandika, SH, a Notary in Jakarta, the Company's liabilities to Prinsep Management Limited will be restructured are as follows.

- Liability amounting to Rp 400.000.000.000 is to be calculated with the purchase of the Company's investment in converted bond.
- Liability amounting to Rp 300.000.000.000 is to become te investment is shares of stock of Prinsep Management Ltd. In the Company's capital with par value of Rp450 per share. Thus total shares owned by Prinsep Management Ltd. Becomes 666.666.667 shares.
- Liability amounting to Rp 92.738.504.700 is to become non-interest bearing loan with a one year repayment schedule, which can be extended upon agreement from both parties.

Should the Company fail to repay the obligationon the due date for whatever reasons, the company is a liable to pay penalty of 1% per month.

Based on the Deed No. 80 dated 30 July 2020 made by Sri Hidianingsih Adi Sugijanto, S.H, Notary in Jakarta, regarding the sale and purchase of company shares, namely 320,054,625 shares owned by PT Fangiona Agro Plantation which have been sold to Prinsep Management Ltd. the changes have been reported to the OJK. so that the debt to Prinsep Management Ltd. has been reclassified to related party debt.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

7 INVENTORIES

These inventories are finished goods of Saw Dust (Kayu Gergajian) and Moulding for the year 2022 and 2021 is Rp 1.370.708.530 respectively.

These inventories are not assured because the Company management judged it is not necessary.

Base on reviewing of the Company management and Subsidiary that allowance on decreasing of inventories are not useful because the company is not operating any more. Planned inventory will be evaluated again after the completion of the debt restructuring securities in particular with Bank of China (see notes No. 12).

8 PROPERTY, PLANT AND EQUIPMENT

The details as of December 31, are as follows:

December 31, 2022				
	Beginning Balance	Additions	Deductions	Ending Balance
	Rp	Rp	Rp	Rp
Carrying Value				
Industry				
Direct Acquisitions				
Land	16.307.951.720	-	-	16.307.951.720
Buildings and Infrastructure	60.267.558.801	-	9.923.165.688	50.344.393.113
Machinery and Equipment	116.224.696.266	-	111.219.989.722	5.004.706.544
Transportation Equipment	2.908.261.389	-	108.349.353	2.799.912.035
Office Equipment	5.841.787.520	-	2.167.520.355	3.674.267.165
Total	201.550.255.695	-	123.419.025.118	78.131.230.577
Accumulated Depreciation				
Industry				
Direct Acquisitions				
Buildings and Infrastructure	59.682.609.857	77.458.340	9.909.681.872	49.850.386.326
Machinery and Equipment	110.177.478.005	9.886.275	105.732.218.823	4.455.145.457
Transportation Equipment	2.895.172.760	5.000.000	108.349.353	2.791.823.407
Office Equipment	5.840.820.852	966.666	2.167.520.353	3.674.267.165
Total	178.596.081.475	93.311.281	117.917.770.401	60.771.622.355
Net Book Value Before				
Impairment of Assets Value	22.954.174.221			17.359.608.222
Impairment of Assets Value	(6.034.050.235)	-	-	(6.034.050.235)
Net Book Value Before				
Impairment of Assets Value	16.920.123.986			11.325.557.987

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

8 PROPERTY, PLANT AND EQUIPMENT (Continuation)

December 31, 2021			
	Beginning Balance	Additions	Deductions
	Rp	Rp	Rp
Carrying Value			
Industry			
Direct Acquisitions			
Land	16.307.951.720	-	-
Buildings and Infrastructure	60.267.558.801	-	-
Machinery and Equipment	117.689.813.788	-	1.465.117.523
Transportation Equipment	2.908.261.389	-	-
Office Equipment	5.974.917.374	-	133.129.854
Total	203.148.503.072	-	1.598.247.377
Accumulated Depreciation			
Industry			
Direct Acquisitions			
Buildings and Infrastructure	59.233.355.472	449.254.386	-
Machinery and Equipment	111.503.071.723	58.090.550	1.383.684.267
Transportation Equipment	2.890.172.760	5.000.000	-
Office Equipment	5.968.150.706	5.800.000	133.129.854
Total	179.594.750.661	518.144.935	1.516.814.121
Net Book Value Before			
Impairment of Assets Value	23.553.752.412		
Impairment of Assets Value	(6.034.050.235)	-	-
Net Book Value Before			
Impairment of Assets Value	17.519.702.177		

Depreciation expenses of the property, plant and equipment of direct acquisitions in 2022 and 2021 are allocated to as follows.

	December 31, 2022	December 31, 2021
	Rp	Rp
Charged to		
General and Administrative Expenses	80.729.654	421.668.594
Other Charges	12.581.627	96.476.342
Total	93.311.281	518.144.935

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

8 PROPERTY, PLANT AND EQUIPMENT (Continuation)

The details of property and equipment sold and written-off are as follows.

	December 31, 2022	December 31, 2021
	Rp	Rp
At Cost		
Building and Equipment	9.923.165.688	-
Machinery and Equipment	111.219.989.722	1.465.117.523
Transportation Equipment	108.349.353	-
Office Equipment	2.167.520.355	133.129.854
Total Cost	123.419.025.118	1.598.247.377
Accumulated Depreciation	117.917.770.401	1.516.814.121
Net	5.501.254.717	81.433.256
Book Value of Sold Equipment	5.501.254.717	81.433.256
Selling Price and Insurance Claim	32.913.693.000	1.522.500.000
Gain on Insurance Claim and Sales on Equipment	27.412.438.283	1.441.066.744

Property, plant and equipment that is directly owned, is covered by insurance against fire and other risk by coverage in amount USD10.783.524, equivalent to Rp 169.635.616.044 and its matured date in January 31, 2023. The management conclude that this amount is enough to cover the probability risk in the future.

Property, plant and equipment which is owned directly is used as collateral to Prinsep Management Ltd. according to take-over liabilities from BPPN.

Based on the Public Appraisal Service report no. 00114/2.00171-00/PI/01/0420/1/XII/2021 dated December 10, 2021, an assessment of the Market Value of the Entity's property, plant and equipment has been carried out at Jl. Hang Nadim and on Jl. Sri Paduka Tualang Village, Tualang District, Siak Regency, Riau Province in the form of machinery and iron construction buildings (excluding land) with the conclusion that the Market Value on October 30, 2021 is Rp 20,184,923,000 and the Market Value has not been recorded by the Entity because the asset is planned to be sold.

Based on the Extraordinary General Meeting of Shareholders which has been notarized by Deed No. 35 dated 17 December 2021 by Sri Hidianingsih Adi Sugijanto, SH, Notary in Jakarta, regarding the approval of the sale of the Entity's assets in the form of machinery and iron construction buildings (excluding land) located in Tualang Village, Tualang District, Siak Regency, Riau Province.

Based on the Sale and Purchase Agreement between the Entity and PT Growth Sumatra Industry dated December 27, 2021, for scrap metal from buildings and machinery from the Entity's Ex-Plwood and Sawmill factories at a price of Rp 6,200/Kg excluding VAT.

Based on their review, the management of the Company identified that here is an indication of impairment of assets value at year-end because the condition at the time many part of the machinaries are broken because of no maintenance, therefore on 2007 the Company have made allowance of impairment of fixed assets in amount Rp 6.034.050.235. But on 2022 and 2021, planned if it will be beneficial valuation of fixed assets. Separation and revaluation of investment property following a planned debt restructuring securities in particular with Bank of China (see notes No. 12).

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

9 OTHERS ASSETS

The details as of December 31, are as follows:

	December 31, 2022 Rp	December 31, 2021 Rp
Short term deposit on Building Leasing and Contribution of Membership	227.237.500	227.237.500
Not used Land	4.001.384.200	4.001.384.200
Total	4.228.621.700	4.228.621.700

10 TAXATION

The details as of December 31, are as follows:

	December 31, 2022 Rp	December 31, 2021 Rp
Taxes Payables		
Value added Tax	1.389.067.429	838.823.640
Income Tax Article 21	33.198.235	(1.633.654)
Income Tax Article 23	8.869.744	51.952.651
Total	1.431.135.408	889.142.637

Reconciliation between income (loss) before provision for income tax as shown in the Consolidated Financial Statements with the estimated financial loss for the years ended December 31, 2022 and 2021 is as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Income (Loss) before Provision for Income Tax per Consolidated Statement of Income Deduction	(64.156.062.976)	(9.783.528.496)
Loss before Provision for Income Tax and Extraordinary Item - Subsidiary	-	-
Income (loss) the before Provision for Income Tax - Company	(64.156.062.976)	(9.783.528.496)
Timing Differences :		
Estimated Employee Benefits	(1.087.023.687)	762.809.034
Depreciation of Property, Plant and Equipment of Direct Acquisition and Capitalization of Loss on Obligation under Capital Lease	(1.707.855.724)	(1.770.792.292)
Amortization of Preoperating Expenses	-	(699.932)
Total Timing Differences	(2.794.879.411)	(1.008.683.190)
Permanent Differences :		
Non Deductable Expenses	22.302.895	29.546.056
Equity in Net Losses (Earnings) of Associated Companies	-	-
Income Subjected to Final Income Tax Before Realization of Foreign Exchange	(7.833.983.504)	(5.241.158.525)
	(96.149.589.366)	10.785.590.052
Total Permanent Differences	(103.961.269.975)	5.573.977.583
Estimated Fiscal Income (Loss) - Company	(170.912.212.362)	(5.218.234.103)

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

10 TAXATION (Continuation)

Estimated Fiscal Income (Loss) - Company	(170.912.212.362)	(5.218.234.103)
Accumulated Fiscal Loss, beginning - Company		
In 1999 - SKPLB No. 00087/406/99/054/01	(43.489.499.558)	(43.489.499.558)
In 2000 - SKPLB No. 00128/406/00/054/02 & SKDJ No. 396/ WPJ.07/BD.05/2004	(45.989.401.104)	(45.989.401.104)
In 2001 - SKDJP No. 97/WPJ.07/KP.0809/2004	(59.359.807.877)	(59.359.807.877)
In 2002	(167.067.606.934)	(167.067.606.934)
In 2003	283.362.543.510	283.362.543.510
In 2004	25.753.250.446	25.753.250.446
In 2005	(13.133.660.129)	(13.133.660.129)
In 2006	(29.419.685.952)	(29.419.685.952)
In 2007	(15.050.664.412)	(15.050.664.412)
In 2008	50.993.599.518	50.993.599.518
In 2009	(5.555.582.047)	(5.555.582.047)
In 2010	(5.704.254.338)	(5.704.254.338)
In 2011	(5.186.591.808)	(5.186.591.808)
In 2012	(6.139.881.688)	(6.139.881.688)
In 2013	(2.329.154.128)	(2.329.154.128)
In 2014	(8.997.491.243)	(8.997.491.243)
In 2015	(10.061.856.690)	(10.061.856.690)
In 2016	(10.442.576.747)	(10.442.576.747)
In 2017	(12.341.026.376)	(12.341.026.376)
In 2018	1.370.921.538	1.370.921.538
In 2019	(8.298.429.645)	(8.298.429.645)
In 2020	(7.926.188.930)	(7.926.188.930)
In 2021	(5.218.234.103)	-
Accumulated Fiscal Loss, Ending - Company	<u>(271.143.491.060)</u>	<u>(100.231.278.698)</u>

Based on the auditing for fiscal year 2003, Kantor Pelayanan Pajak (KPP) Pekanbaru Senapelan have stated the Tax Assessment Letter on Under Payment (SKPKB) that is not presented in the financial statement because the Company is still submitted appeal to the Tax Court. The Assesment Letter on Under Paymet are as follow.

Number	The No. of Appeal Letter	Taxes	Amount Rp
00157/201/03/211/05	007/SDI- ACCT/III/2007	Income Tax - Article 21	306.699.245
		Total Tax Underpayment	<u>306.699.245</u>

*. The Tax Court has published the Decision Letter No. Put-25543/PP/M.VII/10/2010 dated August 26, 2010 which contents accepted all the Appeal Letter of the Company No.007/SDI-ACCT/III/2007, but Dirjend Pajak submitted appeal letter (Peninjauan Kembali - PK) to Mahkamah Agung.on the decision letter by the letter of Memori PK No. S-10451/PJ.07/2010 dated December 22, 2010 and up to the date of this report, there is no decision of Mahkamah Agung yet.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

10 TAXATION (Continuation)

** 'On tax assessment letters (SKPKB) Number 00003/204/03/211/05 Rp 2,655,607,189 were compared by the entity with the letter of Appeal No.006 / SDI-ACCT / III / 2007 and the Tax Court has issued Decision No. Put-22330 / PP / M.VII / 13/2010 dated 25 February 2010 that it granted the entire Appeal that entity, but the Tax Office made a Reconsideration Request (SR) to the Supreme Court by issuing Memory PK No. S-5712 / PJ.07 / 2010 dated June 24, 2010 and the Supreme Court by issuing Decision No. 285 / B / PK / PJK / 2012 on July 23, 2013 rejecting entirely Reconsideration Request the Directorate General of Taxes.

The computation of provision for deferred income tax of the Company and Subsidiaries are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Company		
Provision for Deferred Income Tax for the Effect of on maximum tax rate in amount 25 %		
Estimated employee Benefits	-	190.702.259
Depreciation of Property, Plant and Equipment and Capitalization of Loss on Foreign Exchange	(271.755.922)	(442.698.073)
Amortization of Praoperating Expenses	(426.963.931)	(174.983)
Total	(698.719.853)	(252.170.798)
Subsidiaries	-	-
Total Provision for Deferred Income Tax	(698.719.853)	(252.170.798)

Tax effects on timing differences between commercial and fiscal reporting are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Company		
Deferred Tax Liabilities :		
Estimated Employee Benefits	1.353.518.268	1.625.274.190
Amortization of Praoperating Expenses	5.772.628	5.772.628
Depreciation of Property, Plant and Equipment and Capitalization of Loss on Foreign Exchange	(3.022.102.356)	(2.595.138.425)
Total Deferred Tax Liabilities - Net	(1.662.811.460)	(964.091.608)

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

10 TAXATION (Continuation)

Calculation of income tax related to other comprehensive income (loss) as follows :

	December 31, 2022 Rp	December 31, 2021 Rp
Time difference		
Subsidiaries		
The Difference of exchange rate of translation of	-	-
	-	-
Subsidiaries		
Provision of income tax related to effect of time difference on maximum tax rate in amount 25 %		
The difference of exchange rate of translation of financial statement in	-	-
	-	-
Subsidiaries		
Differed Tax Liabilities		
The difference of exchange rate of translation of financial statement in	(490.529.920)	(490.529.920)
Total deferred tax liabilities - net	(490.529.920)	(490.529.920)
Deferred Tax Liabilities :		
Company	(1.662.811.460)	(964.091.608)
Subsidiaries	(490.529.920)	(490.529.920)
Total	(2.153.341.380)	(1.454.621.527)

The amount of fiscal loss that can be used, as a basis in the computation of Deferred Tax Assets is the fiscal loss, which can be compensated against taxable income before the fiscal loss expires.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

11 ACCURED EXPENSES

The details as of December 31, are as follows:

	December 31, 2022	December 31, 2021
	Rp	Rp
Interest	279.473.689.683	253.500.100.317
Salaries and Other Benefits	-	173.708.559
Others (Amounts with Balances below Rp 50,000,000 each)	114.317.737	103.683.119
Total	<u>279.588.007.420</u>	<u>253.777.491.995</u>

12 FLOATING RATE NOTES

On December 20, 1996, Surya Dumai Finance Company, BV (SDIFC), a Subsidiary, issued a USD65.000.000 Floating Rate Notes (the Notes) which is unconditionally and irrevocably guaranteed by the company and listed at the Luxemburg Stock Exchange. SDI FC has repurchased part of the Notes amounting to USD17.000.000. The Notes bore interest at LIBOR plus 2,5% per annum, which was paid semi annually on June 20 and December 20 starting June 20, 1997. The Notes matured in December 2001 and may be redeemed, at their principal amount, at the option of the holders in December 1999 or on any interest payment date if Martias and related parties all together own, directly or indirectly, less than 51% of the issued capital stock of the Company.

Based on the terms and conditions of the Notes, the Company is required, among others, to maintain a consolidated net worth of not less than Rp 300.000.000.000 and other financial ratios. Except under certain circumstances, the Company and its subsidiaries are not permitted to incur any conditional indebtedness, as long as the Notes remain Outstanding.

Since 1999, the Company has been technically identified for certain defaults in relations with the maintenance of financial ratios and interest payment. Based on the term and conditions of the Notes, in the evenly default, the Notes shall immediately become due and payable at their principal amount together with accrued interest.

The Company negotiated with note holders concerning its obligations on the Notes. In 2002 the company proposed to restructure its obligations with the following options.

- 1 To Convert 100% of the principal obligation to the Company's share and the accrued interest at Rp 450 per share.
- 2 To convert 95% of the principal obligations to the Company's shares and 100% of the accrued interest at Rp 450 per share.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

12 FLOATING RATE NOTES (Continuation)

Based on confirmation letter of PT Sucorinvest Central Gani which act on behalf of Wilner Financial Management Ltd., Wilner Financial Management Ltd has purchased Notes published by PT Surya Dumai Industri Finance Company,BV (Subsidiary), from Indover Bank in amount USD2.500.000 and PT Bank Niaga in amount USD2.500.000. After the changing of the Noteholder, the current Noteholders are as follows.

No.	Noteholders	Amount
		USD
1.	Prinsep Management Ltd.	28.000.000
2.	Wilner Financial Management Ltd.	15.000.000
3.	Regency View Holding Inc'	3.000.000
4.	Bank of China	2.000.000
	Total	48.000.000

Up to the date of this Consolidated Financial Statement, the Company is still discussing and negotiating with the Bank of China who disagree to the restructuring plan.

13 EMPLOYEE BENEFITS

The Company and Subsidiaries counted and recognized estimated liability for employee benefits for their entire permanent employees based on law No. 13 dated March 25, 2003, concerning "Manpower" and Surat Decree of the Minister of Manpower of the Republic of Indonesia No. Kep-150 / Men / 2000 dated June 20, 2000 concerning "Settlement of Work Dismissal and Determination of Severance Money, Money Gratuity and Compensation Payments Company. The Company's and the Subsidiary's estimated liabilities for the employee benefit was determined based on the calculation of the Company and subsidiary. However, no fund was allocated for such estimated liabilities for employee benefits. The total number of Company's and Subsidiary's employees entitled to the such benefits as of December 31, 2022 and 2021 are 49 and 50 respectively.

Employees are not follow Pensiun Plan (Program Pensiun) and the Company do not arrange Pensiun Plan, because management consider that on the 49 employees for the 2022 and 50 employees for the 2021, the Company has ability to fulfill all these liabilities.

The Company did not use the service of the actuaris anymore for counting the employee's benefit.

The assumption used in determining the estimated liabilities for employees benefits as of December 31 are as follows.

Normal pension age	: 55 years
Salary increment rate	: 10 % per
Technical discount interest rate	: 12 % per annum
Method	: Projected Credit Unit

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

13 EMPLOYEE BENEFITS (Continuation)

Changes in the estimated liabilities for employee benefits are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Beginning Balance	11.867.982.547	11.105.173.513
Expenses - Current Year	1.254.752.607	1.363.824.244
Benefit Payments	2.341.776.294	601.015.210
Ending Balance	10.780.958.860	11.867.982.547

The cost of the estimate employee benefits in year 2022 and 2021 is presented as Operating Expenses. Management believes that the estimated liabilities for the employee benefits are sufficient to cover the Company's and subsidiary's obligations.

14 CAPITAL STOCK

ased on Deed No. 15 dated 22 April 2022 made by Muslim, S.H, M.Kn Notary in Jakarta, regarding reaffirmation and transfer of Entity shares, namely Muladi's shares of 397,733,000 shares have been transferred to Ciliandrew Fangiono.

The details of Stockholders of Company as of December 31, 2022 and 2021 are as follows.

Stockholders	2022		
	Subscribed and Fully Paid		
	Percentage of Ownership %	Total Shares	Total Rp
PT Fangiono Jayaperkasa	50,4737	1.598.333.285	159.833.328.500
Prinsep Management Ltd.	10,1070	320.054.625	32.005.462.500
Martias	23,8981	756.772.502	75.677.250.200
Ciliandrew Fangiono	12,5600	397.733.000	39.773.300.000
Lain-lain (Saldo masing-masing di bawah 5 %)	2,9613	93.773.255	9.377.325.500
Total	100	3.166.666.667	316.666.666.700

Stockholders	2021		
	Subscribed and Fully Paid		
	Percentage of Ownership %	Total Shares	Total Rp
PT Fangiono Jayaperkasa	50,4737	1.598.333.285	159.833.328.500
Prinsep Management Ltd.	10,1070	320.054.625	32.005.462.500
Martias	23,8981	756.772.502	75.677.250.200
Sulaidi	12,5600	397.733.000	39.773.300.000
Lain-lain (Saldo masing-masing di bawah 5 %)	2,9613	93.773.255	9.377.325.500
Total	100	3.166.666.667	316.666.666.700

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

15 ADDITIONAL PAID-IN CAPITAL

This account represents the difference between the share par value and selling price when the Company offered the shares to the public through the capital market and issued new shares without preemptive right, which proceed obtained from the public offering and new shares issuance.

The details as of December 31, are as follows:

	December 31, 2022 Rp	December 31, 2021 Rp
Public Offering	3.118.000.000	3.118.000.000
Issuance of Newshare without Preemptive Right	233.333.333.300	233.333.333.300
Total	236.451.333.300	236.451.333.300

16 DIFFERENCE ARISING FROM CHANGES IN EQUITY TRANSACTION OF SUBSIDIARIES

Mutation Difference Arising from changes in Equity Transaction of Subsidiaries, are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Beginning balance, as of January 1	1.471.589.759	1.471.589.759
Current Year	-	-
Ending balance, as of December 31	1.471.589.759	1.471.589.759

17 NET SALES

The net sales on period 2022 and 2021 respectively 0 (nihil).

18 COST OF SALES

The cost of goods sold for the period 2022 and 2021 respectively 0 (nihil).

19 OPERATING EXPENSES

The details of operating expenses are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
General and Administrative Expenses		
Salaries and Employee Benefits	4.128.132.599	4.064.698.617
Estimated Liabilities for Employee Benefits	1.254.752.607	1.363.824.244
Depreciations	80.729.654	421.668.594
Telephone, Telex, Water and Electricity	2.235.799.367	2.306.683.471
Maintenance	967.268.189	675.437.860
Professional Fees	310.512.821	113.500.000
Office Administration	184.076.040	264.940.203
Others (Amounts with balances below Rp 100,000,000 each)	1.403.510.718	1.611.828.326
Total	10.564.781.995	10.822.581.315

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

20 GAIN ON FOREIGN EXCHANGE - NET

The basis for Recognizing Gain and Loss of Foreign Exchange are as follow.

	2022				
	Amount USD	Exchange rate Jan 1, 2022	Exchange rate Dec 31, 2022	Difference Exchange rate	Gain (Loss) of Foreign Exchange
Payable of FRN	48.000.000	14.269	15.731	(1.462)	(70.176.000.000)
Interest Expense of FRN have it be paid	17.765.793	14.269	15.731	(1.462)	(25.973.589.366)
Total					(96.149.589.366)
	2021				
	Amount USD	Exchange rate Jan 1, 2021	Exchange rate Dec 31, 2021	Difference Exchange rate	Gain (Loss) of Foreign Exchange
Payable of FRN	48.000.000	14.105	14.269	(164)	(7.872.000.000)
Interest Expense of FRN have it be paid	17.765.793	14.105	14.269	(164)	(2.913.590.052)
Total					(10.785.590.052)

21 OTHERS - NET

The details of other income and expenses are as follows.

	December 31, 2022 Rp	December 31, 2021 Rp
Gain on Foreign Exchange - Net	(96.149.589.366)	(10.785.590.052)
Revenue from Building Rental	14.270.982.145	12.176.621.891
Gain of Disposal Fixed Asset	27.412.438.283	1.441.066.744
Finance Charges - Net	346.367.372	4.870.179
Other - Net		
Other income (loss)	2.290.208.892	526.869.429
Factory Depreciation Expense	(12.581.627)	(96.476.342)
Other Expenses (Factory)	(1.749.106.680)	(2.228.309.031)
Total	(53.591.280.981)	1.039.052.818

Rental income is currently building the company's main income, but the income is not included revenue estimates because not Change a company's business activities especially its articles into building management.

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

22 BUSINESS SEGMENT INFORMATION

The details of net sales, operating income, and total assets based on the business segment of the Company and consolidated subsidiaries (see note 2p) are as follows.

2022				
	Moulding			
	Industry	Fund	Elimination	Total
	Rp	Rp	Rp	Rp
Sales	-	-	-	-
Cost of Goods Manufactured	-	-	-	-
Cost of Sales	-	-	-	-
Segment Result	-	-	-	-
General and Administrative Expenses	10.564.781.995	-	-	10.564.781.995
Operating Income (Loss)	10.564.781.995	-	-	10.564.781.995
Gain (Loss) on Foreign Exchange - net	(96.149.589.366)	-	-	(96.149.589.366)
Financial Charges - Net	346.367.372	-	-	346.367.372
Income of Building Rental - net	14.270.982.145	-	-	14.270.982.145
Gain of Disposal Fixed Asset	27.412.438.283	-	-	27.412.438.283
Others - Net	528.520.584	-	-	528.520.584
Income (Loss) before Provision for Income Tax	(43.026.498.987)	-	-	(43.026.498.987)
Tax Expenses	(698.719.853)	-	-	(698.719.853)
Net Income (Loss) - Net	(43.725.218.839)	-	-	(43.725.218.839)
Segment Assets	30.634.213.218	779.541.530.312	(779.541.530.312)	30.634.213.218
Total Assets	30.634.213.218	779.541.530.312	(779.541.530.312)	30.634.213.218
Segment Liabilities	30.634.213.218	779.541.530.312	(779.541.530.312)	30.634.213.218
Total Liabilities	30.634.213.218	779.541.530.312	(779.541.530.312)	30.634.213.218
2021				
	Moulding			
	Industry	Fund	Elimination	Total
	Rp	Rp	Rp	Rp
Sales	-	-	-	-
Cost of Goods Manufactured	-	-	-	-
Cost of Sales	-	-	-	-
Segment Result	-	-	-	-
General and Administrative Expenses	10.822.581.315	-	-	10.822.581.315
Operating Income (Loss)	(10.822.581.315)	-	-	10.822.581.315
Gain (Loss) on Foreign Exchange - net	(10.785.590.052)	-	-	(10.785.590.052)
Financial Charges - Net	4.870.179	-	-	4.870.179
Income of Building Rental - net	12.176.621.891	-	-	12.176.621.891
Gain of Disposal Fixed Asset	1.441.066.744	-	-	1.441.066.744
Others - Net	(1.797.915.944)	-	-	(1.797.915.944)
Income (Loss) before Provision for Income Tax	(9.783.528.496)	-	-	11.861.634.133
Tax Expenses	(252.170.798)	-	-	(252.170.798)
Net Income (Loss) - Net	(10.035.699.294)	-	-	11.609.463.335
Segment Assets	33.794.394.484	779.541.530.312	(779.541.530.312)	33.794.394.484
Total Assets	33.794.394.484	779.541.530.312	(779.541.530.312)	33.794.394.484
Segment Liabilities	33.794.394.484	779.541.530.312	(779.541.530.312)	33.794.394.484
Total Liabilities	33.794.394.484	779.541.530.312	(779.541.530.312)	33.794.394.484

PT SURYA DUMAI INDUSTRI Tbk and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continuation)

(Expressed in Rupiah, Except Otherwise Stated)

23 ASSET AND LIABILITIES IN FOREIGN CURRENCIES

The details of assets and liabilities of the Company and Subsidiary in foreign currencies and their translation in Indonesian Rupiah as of December 31, are as follows.

	2022				2021			
	Foreign Currencies		Rupiah Equivalent		Foreign Currencies		Rupiah Equivalent	
Current Assets								
Cash and Cash Equivalent	Euro	-	Rp	-	Euro	-	Rp	-
Current Liabilities								
Accred Expenses	USD	(17.765.793)	Rp	(279.473.689.683)	USD	(17.765.793)	Rp	(253.500.100.317)
Current Maturities of Long-term Debts:								
- Marketable Securities	USD	(48.000.000)	Rp	(755.088.000.000)	USD	(48.000.000)	Rp	(684.912.000.000)
Assets (Liabilities) in Foreign Currency -								
	USD	(65.765.793)	Rp	(1.034.561.689.683)	USD	(65.765.793)	Rp	(938.412.100.317)
	Euro	-	Rp	-	Euro	-	Rp	-

24 AGREEMENT

On December 13, 1996, the Company entered into a Keep Well Agreement with PT. FangionoJayaperkasa (Fangiono), a majority stockholder. Under this Agreement, Fangiono agrees to provide funds by a way of a loan to the Company whenever the Company has insufficient cash or other liquid assets or unused commitments available under its credit facilities to fulfill its obligation under the Floating Rate Notes published by Surya Dumai Industri Finance Company, BV that due on December 2001. Such fund shall be subordinated to the claims of the holders of the said notes. This agreement will be effective until the full payment of the Floating Rate Notes.

25 GOING CONCERN

On year 2006, the Company had stopped the production activity of wood panel/triplex as the result the difficulties to getting the material of woods. In that respect, the new company's strategic plan can be drawn up after the debt restructuring securities in particular with Bank of China (see notes No. 12).

No : 00070/3.0279/AU.1/04/0410-2/1/III/2023

INDEPENDENT AUDITOR'S REPORT

Stockholders, Commissioners, and Board of Directors
PT Surya Dumai Industri Tbk.

Opinion

We were engaged to audit the accompanying financial statements consolidated of PT Surya Dumai Industri Tbk. (the "Company"), which comprise the statement of financial position as of December 31, 2022, and the statements of comprehensive income, deficiency in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, not expressing an opinion, we were unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Therefore, we do not express an opinion on the financial statements of PT Surya Dumai Industri Tbk. as of December 31, 2022, and for the year then ended.

Other matter

The balance finished goods inventory as of December 31, 2022 as reported in the accompanying statements of financial position respectively Rp 1.370.708.530, which that finished goods inventory has been experiencing a lot of damage so that the value is no longer describe realizable value. The book value fixed asset as of December 31, 2022 as reported in the accompanying statements of financial position are respectively Rp 11.325.557.987 which its cost are respectively Rp 78.131.230.577 and its accumulated depreciation are respectively amounting to Rp 66.805.672.590. A part of these fixed assets balance respectively in amount Rp 550.015.973 as of December 31, 2022 which are the factory buildings, machineries, and transportation equipments, are no longer used in operating activities of the company, so that the book value of the above no longer describe realizable value. Besides, the office building in Pekanbaru which value as of December 31, 2022 respectively Rp 267.188.692 is an office building which are leased to other parties, and only a small portion is used for its own activity. The building leasing income is currently the largest revenue company, but the income is not classified as prime revenue yet but as other income. The company received two Tax Assessments Letters of Under Payment (SKPKB), and these letters are still in the process of reconsideration (PK) with the value of each Rp 306.699.245 December 31, 2022. The Company has issued debt securities published by subsidiary namely Surya Dumai Industrial Finance, BV (SDIFC). The effort to restructure of the securities are still ongoing and there is no agreement yet with the holders of such securities, in particular with Bank of China. Since February 5, 2008 listing of shares of the Company on the Stock Exchange Indonesia has effectively abolished (delisting). Besides, the company has experienced a continuous cumulative losses in recent years so that the accumulated losses as of December 31, 2022 respectively Rp 1.624.290.902.107 so the company faced deficient capital in 2022 respectively Rp 1.069.701.312.349. The company also has no strategic plan ahead to overcome the difficulties faced by the company at the moment so there is significant uncertainty over the company's ability to meet its obligations at maturity and the values stated in the consolidated financial statements, as well as the possibility appearance of other liabilities in the future. The accompanying consolidated financial statements do not include any adjustments that come from the uncertainty.

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 is responsible 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.

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 skepticism 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.

Doli, Bambang, Sulistiyanto, Dadang & Ali



Drs. Hardy Manahan Lumban Tobing, Ak., CPA

Public Accountant License No. AP.0410

March 10, 2023

