

APPROVAL FOR PRINTING

Date : \_\_\_\_\_  
Name : M. Army Rizal Harahap  
Position : Director  
Signature : \_\_\_\_\_

**PT Frigoglass Indonesia**

Financial statements as of December 31, 2020 and  
for the year then ended with independent auditors' report

**PT FRIGOGLOSS INDONESIA  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020  
AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

APPROVAL FOR PRINTING

Date : \_\_\_\_\_  
Name : Mr Armyn Rizal Harahap  
Position : Director  
Signature : \_\_\_\_\_

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\*\*\*\*\*



# Purwantono, Sungkoro & Surja

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Jl. Jend. Sudirman Kav. 52-53  
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## Independent Auditors' Report

Report No. 01635/2.1032/AU.1/04/1174-4/1/VI/2021

### The Shareholders and the Boards of Commissioners and Directors PT Frigoglass Indonesia

We have audited the accompanying financial statements of PT Frigoglass Indonesia, which comprise the statement of financial position as of December 31, 2020, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

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

#### Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Independent Auditors' Report (continued)**

Report No. 01635/2.1032/AU.1/04/1174-4/1/VI/2021 (continued)

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Frigoglass Indonesia as of December 31, 2020, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja

A handwritten signature in black ink, appearing to be 'Arief Somantri', written over a faint, illegible stamp or background.

Arief Somantri  
Public Accountant Registration No. AP.1174

June 28, 2021

APPROVAL FOR PRINTING	
<b>PT FRIGOGLASS INDONESIA</b>	
Date	_____
Name	: Mr Armyn Rizaf Harahap
Position	: Director
Signature	: _____

**PT FRIGOGLASS INDONESIA**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2020**

(Expressed in United States Dollar, unless otherwise stated)

	Notes	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	4	862,403	748,972
Trade receivables, net	5,19b	3,548,539	10,923,726
Inventories, net	6	3,560,833	3,895,660
Prepaid tax	7a	3,455,104	3,636,009
Advances and prepayments	8	447,788	502,547
Refundable deposits		24,853	19,536
<b>TOTAL CURRENT ASSETS</b>		<b>11,899,520</b>	<b>19,726,450</b>
<b>NON-CURRENT ASSETS</b>			
Estimated claims for refundable taxes	7b	504,396	1,121,560
Fixed assets, net	9	3,758,836	3,824,208
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,263,232</b>	<b>4,945,768</b>
<b>TOTAL ASSETS</b>		<b>16,162,752</b>	<b>24,672,218</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	10,19d	2,135,083	2,348,167
Loan from a shareholder	19c	1,496,201	15,139,740
Taxes payable	7c	27,953	120,267
Other payables and accruals	11	1,909,944	2,264,816
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,569,181</b>	<b>19,872,990</b>
<b>NON-CURRENT LIABILITY</b>			
Employee benefits liability	12	1,313,363	1,004,448
<b>TOTAL LIABILITIES</b>		<b>6,882,544</b>	<b>20,877,438</b>
<b>EQUITY</b>			
Share capital - authorized, issued and paid-up 13,800 shares with par value of US\$1,000 (Rp2,351,000) per share (2019: 5,000 shares with par value of US\$1,000 (Rp2,351,000) per share)	13	13,800,000	5,000,000
Accumulated deficits		(3,906,734)	(715,938)
Other comprehensive loss		(613,058)	(489,282)
<b>TOTAL EQUITY</b>		<b>9,280,208</b>	<b>3,794,780</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,162,752</b>	<b>24,672,218</b>

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

Date \_\_\_\_\_  
 Name : Mr Armyn Rizal Harahap  
 Position : Director  
 Signature : \_\_\_\_\_

**PT FRIGOGLOSS INDONESIA**  
**STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**For the Year Ended December 31, 2020**

(Expressed in United States Dollar, unless otherwise stated)

	Notes	Year Ended December 31,	
		2020	2019
<b>REVENUE</b>	14, 19e	10,329,675	16,657,791
<b>COST OF REVENUE</b>	15, 19e	(9,833,259)	(15,487,039)
<b>GROSS PROFIT</b>		<b>496,416</b>	<b>1,170,752</b>
<b>OPERATING (EXPENSES)/INCOME:</b>			
Selling expenses	16, 19e	(79,200)	(77,649)
General and administrative expenses	17, 19e	(2,334,422)	(3,452,793)
Other operating (expenses)/income, net	18	(855,077)	72,932
Total operating expenses, net		(3,268,699)	(3,457,510)
<b>OPERATING LOSS</b>		<b>(2,772,283)</b>	<b>(2,286,758)</b>
Finance income	4	2,623	1,636
Final tax on finance income	4	(525)	(327)
Finance cost	19c	2,098	1,309
Other expenses, net		(420,611)	(835,918)
<b>Other expenses, net</b>		<b>(418,513)</b>	<b>(834,609)</b>
<b>LOSS BEFORE CORPORATE INCOME TAX</b>		<b>(3,190,796)</b>	<b>(3,121,367)</b>
<b>CORPORATE INCOME TAX:</b>	7d		
Current		-	-
Deferred		-	-
<b>LOSS FOR THE YEAR</b>		<b>(3,190,796)</b>	<b>(3,121,367)</b>
<b>OTHER COMPREHENSIVE LOSS:</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Remeasurement loss of employee benefits liability	12	(123,776)	(63,114)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(3,314,572)</b>	<b>(3,184,481)</b>

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT FRIGOGLOSS INDONESIA**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended December 31, 2020  
(Expressed in United States Dollar, unless otherwise

Note	Issued and Fully Paid Share Capital	Accumulated Deficits	Other Comprehensive Loss	Total Equity
<b>Balance December 31, 2018</b>	<b>5,000,000</b>	<b>2,405,429</b>	<b>(426,168)</b>	<b>6,979,261</b>
Loss for the year	-	(3,121,367)	-	(3,121,367)
Other comprehensive loss for the year	-	-	(63,114)	(63,114)
<b>Balance December 31, 2019</b>	<b>5,000,000</b>	<b>(715,938)</b>	<b>(489,282)</b>	<b>3,794,780</b>
Additional paid-up capital	8,800,000	-	-	8,800,000
Loss for the year	-	(3,190,796)	-	(3,190,796)
Other comprehensive income for the year	-	-	(123,776)	(123,776)
<b>Balance December 31, 2020</b>	<b>13,800,000</b>	<b>(3,906,734)</b>	<b>(613,058)</b>	<b>9,280,208</b>

APPROVAL FOR PRINTING

PT FRIGOGLOSS INDONESIA

Date :

Name : Mr Armyrn Rizal Harahap

Position : Director

Signature :

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT FRIGOGLOSS INDONESIA**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2020**  
(Expressed in United States Dollar, unless otherwise stated)

APPROVAL FOR PRINTING	
Date	: _____
Name	: Mr. Armyul Rizal Harahap
Position	: Director
Signature	: _____

	Notes	Year Ended December 31,	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Loss before corporate income tax		(3,190,796)	(3,121,367)
Adjustments to reconcile loss before corporate income tax to net cash provided by/ (used in) operating activities:			
Depreciation of fixed assets	9	109,323	1,933,487
Finance cost	19c	420,611	835,918
Impairment of accounts receivable	5	241,302	-
Employee benefit expenses	12	168,173	151,855
Unrealized foreign exchange loss/(gain)		16,966	(1,665)
Changes in assets and liabilities:			
Trade receivables, net		7,133,885	(1,902,264)
Inventories, net		334,827	(514,699)
Prepaid tax		180,905	(358,523)
Advances and prepayments		54,759	(194,683)
Refundable deposits		(5,317)	9,601
Estimated claims for refundable taxes		(309,333)	67,579
Trade payables		(213,084)	206,544
Taxes payable		(92,314)	80,171
Other payables and accruals		(354,872)	119,844
Employee benefits payment	12	-	(2,178)
Corporate income tax refunds	7b	926,497	-
<b>Net cash provided by/(used in) operating activities</b>		<b>5,421,532</b>	<b>(2,690,380)</b>
<b>CASH FLOW FROM INVESTING ACTIVITY:</b>			
Acquisitions of fixed assets	9	(43,951)	(278,096)
<b>Net cash used in investing activity</b>		<b>(43,951)</b>	<b>(278,096)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Additional paid-up capital	13	8,800,000	-
(Repayments)/proceeds from loan from a shareholder	19c, 22b	(13,643,539)	4,060,419
Payments of finance cost	19c	(420,611)	(835,918)
<b>Net cash (used in)/provided by financing activities</b>		<b>(5,264,150)</b>	<b>3,224,501</b>
<b>NET INCREASE IN CASH ON HAND AND IN BANKS</b>		<b>113,431</b>	<b>256,025</b>
<b>CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR</b>		<b>748,972</b>	<b>492,947</b>
<b>CASH ON HAND AND IN BANKS AT END OF YEAR</b>	4	<b>862,403</b>	<b>748,972</b>

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.



**PT FRIGOGLOSS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherw**

APPROVAL FOR PRINTING	
Date	
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	:

**1. GENERAL**

**a. The Company's Establishment**

PT Frigoglass Indonesia (the "Company") was established under the name of PT Frigorex Multifortuna in the framework of the Foreign Capital Investment Law No. 1, 1967 and No. 11, 1970 based on Notarial Deed of Hendra Karyadi, S.H. No. 6 dated September 12, 1996, amended by Notarial Deed of Hendra Karyadi, S.H. No. 44 dated October 24, 1996. These deeds have been approved by the Minister of Justice and Human Rights of the Republic of Indonesia through its decision letter No. C2-9901.HT.01.01Th.96 dated October 29, 1996.

The Article of Association have been amended several times. The latest amendments under Notarial Deed of Miryany Usman, S.H. No. 121 dated July 30, 2020, related with the increase in authorized, issued and paid-up capital. This amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0058887.AH.01.02.Tahun 2020 dated August 28, 2020.

The Company is primarily engaged in manufacturing, distribution, selling, and exporting of cooler, freezer and metal racks. The Company commenced its commercial operation in June 1997. The Company's office and plant are located in Jababeka Industrial Estate, Bekasi, West Java.

The ultimate parent of the Company is Frigoglass S.A.I.C., a company incorporated and domiciled in Greece.

As of December 31, 2020, the Company has 170 permanent employees (December 31, 2019: 171 employees) (unaudited).

**b. Boards of Commissioners and Directors**

The composition of the Company's Boards of Commissioners and Directors as of December 31, 2020 and 2019 are as follows:

President Commissioner	: Mr. Nikolaos Mamoulis
Commissioner	: Mr. Ioannis Sklavainas
President Director	: Mr. Emmmanouil Souliotis
Vice President Director	: Mrs. Rahmi Marisa W Sutedja
Director	: Mr. Vasileios Stergiou
	: Mr. Armyn Rizal Harahap

**c. Completion of the Financial Statements**

The financial statements were completed and authorized for issuance by the Company's Management on June 29, 2021.

**PT FRIGOGLOSS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherwise stated)**

APPROVAL FOR PRINTING	
Date	
Name	Mr. Armyn Rizal Harahap
Position	: Director
Signature	:

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants.

The financial statements have been prepared on the accrual basis using the historical cost concept, except for the statement of cash flows and certain accounts which are measured on the basis described in the related accounting policies for those accounts.

The statement of cash flows present cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is US Dollar which is the Company's functional currency.

The financial reporting period of the Company is January 1 - December 31.

### b. Related Parties

The Company conducts transactions with related parties. The definition of related parties is in accordance with PSAK No. 7, "Related Party Disclosures".

All material transactions and balances with related parties are disclosed in the notes to the financial statements.

The nature and extent of transactions with related parties are described in Note 19.

### c. Financial Instruments

#### After January 1, 2020

The Company classifies financial instruments into financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company adopted PSAK No. 71 as at January 1, 2020.

#### i. Financial Assets

##### Initial recognition and measurement financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through OCI ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component of for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transactions costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at the transaction price determined under PSAK No. 72.

**PT FRIGOGLASS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherw**

APPROVAL FOR PRINTING	
Date	
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	:

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

**c. Financial Instruments (continued)**

*After January 1, 2020 (continued)*

**i. Financial Assets (continued)**

*Initial recognition and measurement financial assets (continued)*

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest ("SPPI") testing and it is performed at instrument level.

SPPI Test

As a first step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within an arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured as FVTPL.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to buy or sell the asset.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

**i. Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**PT FRIGOGLASS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherw**

APPROVAL FOR PRINTING	
Date	P7
Name	Mr Armyn Rizal Harahap
Position	Director
Signature	

**c. Financial Instruments (continued)**

After January 1, 2020 (continued)

**i. Financial Assets (continued)**

Subsequent measurement of financial assets (continued)

**i. Financial assets at amortized cost (debt instruments) (continued)**

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost consist of cash on hand and in banks, trade receivables and refundable deposits.

**ii. Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)**

The Company measures debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no debt instruments classified at FVTOCI with recycling of cumulative gains and losses as of December 31, 2020.

**iii. Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under PSAK No. 71 and are not held for trading. The classification is determined on an instrument- by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment. There were no equity investments elected under this category as of December 31, 2020.

**PT FRIGOGLOSS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherw**

APPROVAL FOR PRINTING	
Date	
Name	Mr. Armyul Rizal Hidayat
Position	: Director
Signature	:

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

**c Financial Instruments (continued)**

*After January 1, 2020 (continued)*

**i. Financial Assets (continued)**

*Subsequent measurement of financial assets (continued)*

**iv. Financial assets at FVTPL**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not fulfilled with SPPI testing are classified and measured at FVTPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. The Company's financial assets at FVTPL consist of plasma receivables.

*Expected credit losses ("ECL")*

The Company recognizes an allowance for ECL for all debt instruments not held at FVTPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. Trade receivables is written off when there is low possibility of recovering the contractual cash flow, after all collection efforts have been done and have been fully provided for allowance.



**PT FRIGOGLASS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherwise stated)**

APPROVAL FOR PRINTING	
Date	
Name	Mr. Armyrn Rizal Harahap
Position	Director
Signature	

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

**c. Financial Instruments (continued)**

*After January 1, 2020 (continued)*

**ii. Financial Liabilities**

*Initial recognition and measurement of financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables, net of directly attributable transaction costs.

The Company classifies its financial liabilities as: (i) financial liabilities at FVTPL or (ii) financial liabilities measured at amortized cost.

The Company's financial liabilities include trade payables, other payables and accruals and loan from a shareholder.

*Subsequent measurement of financial liabilities*

The measurement of financial liabilities depends on their classification, as described below:

**i. Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PSAK No. 71 are satisfied. The Company has not designated any financial liability as at FVTPL.

**ii. Financial liabilities measured at amortized cost**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

**PT FRIGOGLOSS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of December 31, 2020 and for the year then**  
**(Expressed in United States Dollar, unless otherw**

APPROVAL FOR PRINTING	
Date	PT FRIGOGLOSS INDONESIA
Name	: Mr. Armyñ Rizal Harahan
Position	: Director
Signature	:

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

**c. Financial Instruments (continued)**

*After January 1, 2020 (continued)*

**iii. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the assets and settle the liabilities simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- i. the normal course of business;
- ii. the event of default; and
- iii. the event of insolvency or bankruptcy of the Company and all of the counterparties.

**iv. Derecognition of Financial Instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or has expired.

*Before January 1, 2020*

**i. Financial Assets**

*Initial recognition and measurement*

Financial assets within the scope of PSAK No. 55, are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through profit or loss, plus directly attributable transaction costs.

The Company's financial assets include cash on hand and in banks, trade receivables, and refundable deposits which are classified under loans and receivables.

*Subsequent measurement*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, PSAK No. 55 requires such assets to be carried at amortized cost using the effective interest rate ("EIR") method, and the related gains or losses are recognized in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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**(Expressed in United States Dollar, unless otherwise stated)**

APPROVAL FOR PRINTING	
Date	_____
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	: _____

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

**c. Financial Instruments (continued)**

*Before January 1, 2020 (continued)*

**i. Financial Assets (continued)**

*Derecognition*

The Company derecognizes a financial asset if, and only if, the contractual rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

*Assets carried at amortized cost*

The Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The Company assesses whether objective evidence of impairment exists collectively. If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognized in the statement of profit or loss and other comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount has been charged to the allowance account, the amounts charged are written off against the carrying value of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.



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APPROVAL FOR PRINTING	
Date	
Name	Mr. Armyl Rizal Harahap
Position	: Director
Signature	:

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

**c. Financial Instruments (continued)**

*Before January 1, 2020 (continued)*

**i. Financial Assets (continued)**

*Impairment of financial assets (continued)*

Assets carried at amortized cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. The amount of reversal is recognized in the statement of profit or loss and other comprehensive income.

**ii. Financial Liabilities**

*Initial recognition and measurement*

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. As at the reporting dates, the Company has no other financial liabilities other than those classified as financial liabilities measured at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities in the form of financial liabilities measured at amortized cost are initially recognized at their fair values plus directly attributable transaction costs.

The Company's financial liabilities include trade payables, other payables and accruals and loan from a shareholder, classified as financial liabilities which are measured at amortized cost.

*Subsequent measurement*

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for derivatives, which are measured at fair value, unless the effect of discounting would be immaterial, in which case they are stated at cost.

For financial liabilities other than derivatives, gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized and through the amortization process. Any gains or losses arising from changes in fair value of derivatives are recognized in the statements of profit or loss and other comprehensive income. Net gains or losses on derivatives include exchange differences.

*Derecognition*

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

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APPROVAL FOR PRINTING	
PT FRIGOGLOSS INDONESIA	
Date	:
Name	: Mr. Armyn Rizal Harahap
Position	: Director
Signature	:

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

**c. Financial Instruments (continued)**

*Before January 1, 2020 (continued)*

**iii. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount are reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**iv. Fair value of Financial Instruments**

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques permitted by PSAK No. 55, such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

**d. Revenue and Expense Recognition**

*After January 1, 2020*

On January 1, 2020, the Company has adopted PSAK No. 72, "Revenue from Contracts with Customers", which requires revenue recognition to fulfill 5 (five) steps of assessments as follows:

1. Identify contracts with a customers.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
3. Determine the transaction price, net of discounts, returns, sales incentives and value added tax, which an entity expects to be entitled in exchange for transferring the promised goods or services to a customer.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promises in the contract. Where these are not directly observable, the relative standalone selling price are estimated based on expected cost-plus margin.
5. Recognize revenue when performance obligation is satisfied by transferring a promised goods or services to a customer (which is when the customer obtains control of that goods or services).

For sale of goods, performance obligation is typically satisfied, and revenue is recognized, when the control of goods has been transferred to the customer (a point in time).

Revenues in the agency relationship are recorded at the gross amount to the customer when the Company acts as principal in the sale of goods and services. Revenues are recorded at the net amount earned (the amount paid by the customer minus the amount paid to the supplier) when substantially, the Company acts as an agent and obtains commissions from suppliers for the sale of goods and services.

Expenses are recognized when incurred (accrual basis).

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APPROVAL FOR PRINTING	
Date	:
Name	: Mr Armyn Rizaf Harahap
Position	: Director
Signature	:

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

**d. Revenue and Expense Recognition (continued)**

Before January 1, 2020

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue from sales arising from physical delivery of the Company's products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with their delivery and acceptance. Income from services is recognized upon provision of services. Interest income is recognized on an accrual basis.

Expenses are recognized when incurred (accrual basis).

**e. Lease**

After January 1, 2020

From 1 January 2020, the Company has adopted PSAK No. 73, which sets the requirement for recognition of lease liabilities in relation to leases which had previously been classified as 'operating leases'. This policy is applied to contracts entered into or amended, on or, after January 1, 2020.

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether:

- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are the most relevant to changing the determination of how and for what purpose the asset is used and:
  1. The Company has the right to operate the asset; or
  2. The Company has designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices and the aggregate stand-alone price of the non-lease components.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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Date	:
Name	: Mr. Armyn Rizal Harahap
Position	: Director
Signature	:

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

**e. Lease (continued)**

After January 1, 2020 (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Each lease payment is allocated between finance charges and reduction of the lease liability so as to achieve a constant rate on the finance balance outstanding.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of profit or loss. Short-term leases are leases with a lease term up to 12 months.

Before January 1, 2020

The Company classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract, at inception date.

**Finance Lease - as Lessee**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Financial charges are charged directly to profit or loss.

If there is a reasonable certainty that the lessee will obtain ownership by the end of the lease term, then, the leased assets are depreciated over their estimated useful lives. If not, then the capitalized leased assets are depreciated over the shorter of the useful lives of the assets or the lease term. Gain or loss on a sale and finance leaseback transaction is deferred and amortized over the lease term.

**Operating Lease - as Lessee**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased assets. Accordingly, the related lease payments are recognized as expense in the current year operations using the straight-line method over the lease term.

**f. Inventories**

Inventories are stated at the lower of cost or net realizable value.

Cost is determined on the average method and comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, marketing and distribution necessary to make the sale.

Allowance for decline in value of inventory is determined on the basis of estimated future usage or sales of individual inventory items.

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

**g. Prepaid Expenses**

Prepaid expenses are amortized and charged to operations over the periods benefited, and are presented as current asset or non-current asset based on their nature.

**h. Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of profit or loss and other comprehensive income as incurred.

Fixed assets, except land are depreciated using the straight-line method based over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery and equipment	5 - 8
Office equipment, furniture and fixtures	5
Motor vehicles	5

Land is stated at cost and is not amortized.

Construction in progress represents the accumulated cost of materials and other costs related to the construction in progress up to the date when the asset is complete and ready for service. These costs are transferred to the relevant asset account when the asset has been made ready for use.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

The fixed assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

**i. Fair Value Measurement**

The Company initially measures financial instruments at fair value, and assets and liabilities of the acquire upon business combinations. The Company also measures certain recoverable amounts of the cash generating unit ("CGU") using fair value less cost of disposal ("FVLCD").

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.



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Date	: _____
Name	: Mr. Armyn Rizal Harahap
Position	: Director
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Fair Value Measurement (continued)**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.


**j. Impairment of Non-Financial Assets**

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its Cash Generating Unit's ("CGU") fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income as "Impairment Losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets by the Company. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

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Name	: Mr Armyn Rizal Harahap
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j. Impairment of Non-Financial Assets (continued)**

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**k. Employee Benefits**

The Company recognizes long-term employee benefits liabilities in order to meet and cover the minimum benefits required to be paid to the qualified employees under Labor Law No. 13/2003 (the "Labor Law"). The liabilities are estimated using actuarial calculations using the "Projected Unit Credit" method.

The Company recognizes actuarial gains and losses as other reserves (other comprehensive income method) in the period in which they arise. Past service costs are directly charged to profit or loss.

**l. Foreign Currency Transactions and Balances**

The Company maintains its accounting records in US Dollar. Transactions involving currencies other than US Dollar are recorded at the rates of exchange prevailing at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollar at the statement of financial position dates using middle rates of exchange quoted by Bank Indonesia on those dates. The resulting net foreign exchange gains or losses are recognized in the current year's statement of profit or loss and other comprehensive income.

The exchange rates used as of December 31, 2020 and 2019 are as follows:

	2020	2019
Indonesian Rupiah ("Rp")/US\$1	14,105	13,901
European Euro ("Euro")/US\$1	0.81	0.89

**m. Corporate Income Tax**

Final tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised PSAK No. 46 as mentioned above, final tax is no longer governed by PSAK No. 46. Therefore, the Company has decided to present all of the final tax arising from interest income which subject to final tax as separate line item.

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Date	:
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Signature	:

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

**m. Corporate Income Tax (continued)**

Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

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

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Tax Expense - Current".

Amendments to taxation obligation are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received. The additional taxes and penalty imposed through Tax Assessment Letter ("SKP") are recognized as income or expense in the current period profit or loss, unless objection/appeal action is taken. The additional taxes and penalty imposed through SKP are deferred as long as they meet the asset recognition criteria.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

**n. Provision**

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.



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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### o. Changes of Accounting Principles

On January 1, 2020, the Company adopted new and revised accounting standards that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretations. The adoption of the following new and revised standard did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years:

- PSAK No. 1 (2019 Adjustments and Amendments) "Presentation of Financial Statements".
- PSAK No. 25 (2019 Amendments) "Accounting Policies, Changes in Accounting Estimates, and Errors in Material Definitions".
- PSAK No. 71 "Financial Instruments".
- PSAK No. 72 "Revenue from Contracts with Customers".
- PSAK No. 73 "Leases".

## 3. SOURCE OF ESTIMATION UNCERTAINTY

The preparation of the Company's 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 judgments, 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.

### Judgments

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:

#### Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2c.

#### Determination of Functional Currency

Functional currency of the Company is the currency of the primary economic environment in which the Company operates. The functional currency is a currency that affects the revenues and expenses of the services rendered. The Company determined that its functional currency is US Dollar.

#### Crediting Value Added Tax ("VAT")

Based on management's interpretation on tax regulation related to VAT, management believes that VAT input resulted from the manufacturing activities is either creditable against VAT output or refundable and recoverable.

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### 3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period 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 on the assumptions as they occur.

#### Allowance for Impairment Loss of Trade Receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In those cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted if additional information received affects the amounts of allowance for impairment loss of trade receivables.

#### Employee Benefits

The determination of the Company's provision for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries and the Company's management in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, retirement age and mortality rate. While the Company's management believe that its assumptions are reasonable and appropriate, significant differences in the Company's actual result or significant changes in the Company's assumptions may materially affect their provision for employee benefits.

#### Depreciation of Fixed Assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets to be within 5 to 20 years. These are common life expectation applied in the industries where the Company conduct its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual value of these assets, and therefore future depreciation charges could be revised.

#### 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 during the ordinary course of business. The Company recognizes liabilities for corporate income tax issues based on estimates of whether additional corporate income tax will be due.

#### Uncertain Tax Exposure

In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing objections and investigations by the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Assets" and ISAK No. 34, "Uncertainty over Income Tax Treatment". The Company makes an analysis of all tax positions related to income taxes to determine whether a tax liability on unrecognized tax benefit should be recognized.

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APPROVAL FOR PRINTING	
Date	
Name	: Mr Armyrn Rizal Harahap
Position	: Director
Signature	:

**3. SOURCE OF ESTIMATION UNCERTAINTY (continued)**

**Estimates and Assumptions (continued)**

Allowance for Decline in Market Value and Obsolescence of Inventories

Allowance for decline in market values and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received which affects the amount estimated.

**4. CASH ON HAND AND IN BANKS**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on hand	1,336	1,110
Cash in banks:		
US Dollar accounts	625,677	687,337
Rupiah accounts	121,506	52,691
Euro accounts	113,884	7,834
	861,067	747,862
<b>Total</b>	<b>862,403</b>	<b>748,972</b>

Total finance income recognized for the year ended December 31, 2020 for cash in banks amounted to US\$2,623 (2019: US\$1,636). The finance income was subject to final tax totaling US\$525 (2019: US\$327).

**5. TRADE RECEIVABLES, NET**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Third parties	2,378,719	7,446,750
Less: Allowance for impairment of receivables	(267,984)	(26,682)
	2,110,735	7,420,068
Related parties (Note 19b)	1,437,804	3,503,658
<b>Total</b>	<b>3,548,539</b>	<b>10,923,726</b>

Changes in the allowance for impairment of receivables are as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
At beginning of the year	26,682	26,682
Addition of impairment	241,302	-
<b>At end of year</b>	<b>267,984</b>	<b>26,682</b>

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Date	PT FRIGOGLOSS INDONESIA
Name	Mr. Armyn Rizal Harahap
Position	: Director
Signature	_____

**5. TRADE RECEIVABLES, NET (continued)**

Based on the assessment of expected credit losses on accounts receivable at the end of the year, management believes that allowance for impairment of accounts receivable is adequate to cover possibility losses on non-collectible trade receivables.

**6. INVENTORIES, NET**

	December 31, 2020	December 31, 2019
Raw materials	3,053,857	2,995,292
Finished goods	615,673	1,262,224
Work in process	581,274	500,605
	4,250,804	4,758,121
Less: Allowance for decline in value of inventories	(694,409)	(886,643)
	3,556,395	3,871,478
Goods in transit	4,438	24,182
<b>Total</b>	<b>3,560,833</b>	<b>3,895,660</b>

Changes in the allowance for decline in value of inventories are as follows:

	December 31, 2020	December 31, 2019
At beginning of the year	886,643	703,643
(Reversal)/addition of allowance	(192,234)	183,000
<b>At end of year</b>	<b>694,409</b>	<b>886,643</b>

At year end, management believes that the allowance for decline in value of inventories is adequate to cover possible losses due to the slow moving inventories.

**7. TAXATION**

**a. Prepaid tax**

	December 31, 2020	December 31, 2019
Value added tax	3,455,104	3,636,009

**b. Estimated claims for refundable taxes**

	December 31, 2020	December 31, 2019
Corporate income tax ("CIT"):		
- 2013	174,514	195,063
- 2012	-	180,183
- 2011	-	746,314
Value added tax ("VAT"):		
- 2017	329,882	-
<b>Total</b>	<b>504,396</b>	<b>1,121,560</b>

**PT FRIGOGLOSS INDONESIA**  
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Date	_____
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	_____

**7. TAXATION (continued)**

**b. Estimated claims for refundable taxes (continued)**

The details of outstanding tax assessments and their status as of December 31, 2020 are as follows:

**Refundable CIT 2013**

In May 2015, the Company received a tax assessment letter from the Directorate of General Taxation ("DGT") which reflecting underpayment of CIT of US\$892,432, while the Company reported refundable CIT of US\$195,063 in the tax return.

On October 28, 2016, the Company submitted an appeal letter to the Tax Court amounting to US\$1,087,495. On August 14, 2020, the Tax Court issued a decision which partially granted the Company's appeal of US\$601,095. In September and November 2020, the Company paid the underpayment of US\$291,337 and the related tax penalty and charged it to the current year statement of profit or loss and other comprehensive income.

On November 26, 2020, the Company submitted judicial review to the Supreme Court amounting to US\$174,514 and charged the unrefunded amount of US\$20,549 to the current year statement of profit or loss and other comprehensive income. Up to the completion date of the financial statements, the Supreme Court has not yet issued any decision on the Company's judicial review.

**Refundable CIT 2012**

In March 2014, the Company received a tax assessment letter from the Directorate General of Taxation ("DGT") which reflecting overpayment of CIT of US\$85,821, while the Company reported refundable CIT of US\$297,878 in the tax return. On May 5, 2014, the Company has received the refund of US\$85,821.

On May 26, 2014, the Company submitted an appeal letter to the Tax Court amounting to US\$212,057. On December 19, 2019, the Tax Court issued a decision which partially accepted the Company's appeal of US\$180,183. The Company charged the unrefunded amount of US\$31,874 to the statement of profit or loss and other comprehensive income in 2019. On February 14, 2020, the Company has received the refund amounting to US\$180,183 from the DGT.

**Refundable CIT 2011**

In February 2013, the Company received a tax assessment letter from the DGT which reflecting overpayment of CIT of US\$800,062, while the Company reported refundable CIT of US\$1,582,081 in the tax return. On April 3, 2013, the Company has received the refund of US\$800,062.

On April 25, 2013, the Company submitted an appeal letter to the Tax Court amounting to US\$782,019. On December 19, 2019, the Tax Court partially accepted the Company's appeal of US\$746,314. The Company charged the unrefunded amount of US\$35,705 to the current year statement of profit or loss and other comprehensive income. On February 20, 2020, the Company has received the refund amounting to US\$746,314.

**Refundable VAT 2017**

On December 30, 2020, the Company received tax assessment letters and tax collection letters for VAT periods January - November 2017 which reflecting underpayments totaling Rp3,721,763 thousand (equivalent to US\$264,894). The Company also received tax assessment letter and the related tax collection letter for VAT period December 2017 which reflecting overpayment totaling Rp43,148,647 thousand (equivalent to US\$3,071,078), instead of Rp44,061,717 thousand (equivalent to US\$3,136,066) as claimed by the Company. On January 21, 2021, the Company received the refunds from the DGT totaling Rp43,148,647 thousand (equivalent to US\$3,071,078).



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Date	
Name	: Mr Armyrn Rizal Harahap
Position	: Director
Signature	:

**7. TAXATION (continued)**

**b. Estimated claims for refundable taxes (continued)**

The details of outstanding tax assessments and their status as of December 31, 2020 are as follows (continued):

**Refundable VAT 2017 (continued)**

On March 29, 2021, the Company filed objection letters for VAT 2017 totaling Rp4,634,833 thousand (equivalent to US\$329,882) to the DGT. Up to the completion date of the financial statements, the DGT has not yet issued any decision on the Company's objections.

**c. Taxes payable**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Article 21	2,887	6,168
Article 23	1,369	2,526
Article 26	23,697	111,573
<b>Total</b>	<b>27,953</b>	<b>120,267</b>

**d. Reconciliation of corporate income tax**

The reconciliation between loss before corporate income tax expense multiplied by the tax rate of 22% (2019: 25%) and income tax expense are presented below:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Loss before corporate income tax	3,190,796	3,121,367
At a tax rate of 22% (2019: 25%)	701,975	780,342
Non-deductible expenses	(136,441)	(44,776)
Unrecognized deferred tax assets	(565,534)	(735,566)
<b>Total corporate income tax expense</b>	<b>-</b>	<b>-</b>

The utilization of deferred tax assets recognized by the Company is dependent upon future taxable profits in excess of profits resulting from the reversal of existing taxable temporary differences. The Company has tax loss carried forward of US\$2,553,353, which is available up to five years following the year of the tax losses for offsetting against future taxable profits of the Company in which the losses arose. The Company did not recognize deferred tax assets from tax loss of US\$561,738 and deferred tax arising from temporary differences totaling US\$3,796 as of December 31, 2020 since the realization of the deferred tax assets are presently not assured beyond reasonable doubt.

As of December 31, 2020, the Company has cumulative tax losses as follows:

Year ended December 31, 2016	4,214,497
Year ended December 31, 2017	2,250,355
Year ended December 31, 2018	2,837,719
Year ended December 31, 2019	964,853
Year ended December 31, 2020	2,553,353
	<b>12,820,777</b>

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Date	: _____
Name	: Mr. Army Rizal Harahap
Position	: Director
Signature	: _____

**7. TAXATION (continued)**

**d. Reconciliation of corporate income tax (continued)**

Under Indonesian taxation laws, tax losses may be carried forward and subject to the approval of the tax authorities, utilized to offset taxable income for a period of up to five years following the year of the tax loss.

The Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 5 years after the date when the tax was payable.

**e. Others**

On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction to the tax rates for corporate income tax payers and permanent establishments entities from 25% to 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 onwards, and further reduction of 3% for corporate income tax payers that fulfill certain criteria.

The new tax rates are used as reference to measure the current and deferred tax assets and liabilities starting from the enactment date of the new regulation on March 31, 2020.

**8. ADVANCES AND PREPAYMENTS**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Advanced payment to suppliers	378,442	438,765
Prepaid insurance	61,512	38,268
Others (less than US\$30,000 each)	7,834	25,514
<b>Total</b>	<b>447,788</b>	<b>502,547</b>

Advanced payment to suppliers represents advances for purchases of raw materials. Prepaid insurance represents prepayment for property insurance. Others mainly represents cash advances to employees.

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Date	PT FRIGOGLOSS INDONESIA
Name	Mr. Armyrn Rizal Harahap
Position	Director
Signature	_____

**9. FIXED ASSETS, NET**

**Movement 2020**

	Balance December 31, 2019	Additions	Disposals	Transfers/ Reclassifications	Balance December 31, 2020
<b>Cost:</b>					
Land	3,036,777	-	-	-	3,036,777
Buildings	3,068,819	6,652	-	6,780	3,082,251
Machinery and equipment	13,401,773	28,771	-	3,514	13,434,058
Office equipment, furniture and fixtures	1,281,642	7,666	-	6,208	1,295,516
Motor vehicles	88,042	862	-	-	88,904
Construction in progress	40,698	-	-	(16,502)	24,196
	20,917,751	43,951	-	-	20,961,702
<b>Accumulated depreciation:</b>					
Buildings	2,330,204	88,042	-	-	2,418,246
Machinery and equipment	13,401,773	4,832	-	-	13,406,605
Office equipment, furniture and fixtures	1,273,524	16,305	-	-	1,289,829
Motor vehicles	88,042	144	-	-	88,186
	17,093,543	109,323	-	-	17,202,866
<b>Net book value</b>	<b>3,824,208</b>				<b>3,758,836</b>

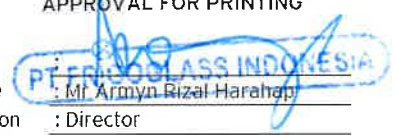
**Movement 2019**

	Balance December 31, 2018	Additions	Disposals	Transfers/ Reclassifications	Balance December 31, 2019
<b>Cost:</b>					
Land	3,036,777	-	-	-	3,036,777
Buildings	3,033,317	35,502	-	-	3,068,819
Machinery and equipment	13,042,398	218,835	-	140,540	13,401,773
Office equipment, furniture and fixtures	1,277,786	3,856	-	-	1,281,642
Motor vehicles	84,642	3,400	-	-	88,042
Construction in progress	164,735	16,503	-	(140,540)	40,698
	20,639,655	278,096	-	-	20,917,751
<b>Accumulated depreciation:</b>					
Buildings	2,242,985	87,219	-	-	2,330,204
Machinery and equipment	11,590,196	1,811,577	-	-	13,401,773
Office equipment, furniture and fixtures	1,238,833	34,691	-	-	1,273,524
Motor vehicles	88,042	-	-	-	88,042
	15,160,056	1,933,487	-	-	17,093,543
<b>Net book value</b>	<b>5,479,599</b>				<b>3,824,208</b>

As of December 31, 2020, construction in progress mainly represented installation of machinery. In 2019, construction in progress mainly represented installation of fire protection upgrade.



**PT FRIGOGLOSS INDONESIA**  
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APPROVAL FOR PRINTING	
Date	
Name	PT FRIGOGLOSS INDONESIA
Position	: Mr. Armyn Rizal Harahap
Signature	: Director
	: _____

**9. FIXED ASSETS, NET (continued)**

Depreciation in 2020 and 2019 were charged to the following accounts:

	December 31, 2020	December 31, 2019
Cost of revenue (Note 15)	96,990	1,868,246
General and administrative expenses (Note 17)	12,333	65,241
<b>Total</b>	<b>109,323</b>	<b>1,933,487</b>

The Company owns a plot of land which has a total area of 30,510 square metres, located in Jababeka Industrial Estate, Bekasi, West Java with Building Use Right ("*Hak Guna Bangunan*") which expires in 2022 and is renewable.


**10. TRADE PAYABLES**

	December 31, 2020	December 31, 2019
Third parties	1,454,539	1,151,722
Related parties (Note 19d)	680,544	1,196,445
<b>Total</b>	<b>2,135,083</b>	<b>2,348,167</b>

**11. OTHER PAYABLES AND ACCRUALS**

	December 31, 2020	December 31, 2019
<b>Other payables:</b>		
Freight	372,673	481,620
Others (less than US\$50,000 each)	185,691	255,838
<b>Sub-total</b>	<b>558,364</b>	<b>737,458</b>
<b>Accruals:</b>		
Warranties	777,752	672,462
Transportation	126,047	213,474
Bonus	1,794	101,978
Free of charge spareparts and coolers	189,345	97,632
Others (less than US\$50,000 each)	256,642	441,812
<b>Sub-total</b>	<b>1,351,580</b>	<b>1,527,358</b>
<b>Total</b>	<b>1,909,944</b>	<b>2,264,816</b>

**PT FRIGOGLOSS INDONESIA**  
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Date	
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	:

**12. EMPLOYEE BENEFITS LIABILITY**

The provision for employee benefits recognized by the Company amounted to US\$1,313,363 and US\$1,004,448 as of December 31, 2020 and 2019, respectively. The related expenses recognized in 2020 and 2019 were US\$168,173 and US\$151,855, respectively.

The provision for employee benefits is based on calculations as of December 31, 2020 and 2019 performed by PT Padma Radya Aktuaria, an independent actuary, in its reports dated February 8, 2021 and January 2, 2020, respectively.

The estimated liabilities for employee benefits liability based on the actuary reports have been determined using the following assumptions:

	December 31, 2020	December 31, 2019
Discount rate per annum	6.75%	8.50%
Salary increment rate	6.00%	7.00%
Mortality rate	100% TMI 4	100% TMI 3
Disability rate	5%	5%
Voluntary resignation	5% until age 35 then decreasing linearly into 0% at 55	7% until age 35 then decreasing linearly into 0% at 55
Retirement age	55 years old	55 years old
Method	Projected Unit Credit	Projected Unit Credit

The employee benefits recognized in the statement of financial position are determined as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	1,313,363	1,004,448
<b>Employee benefits liability</b>	<b>1,313,363</b>	<b>1,004,448</b>

The changes in the employee benefits liability for the years ended December 31, 2020 and 2019, are as follows:

	December 31, 2020	December 31, 2019
Beginning balance	1,004,448	793,322
Employee benefits expenses during the year	168,173	151,855
Actuarial loss on employees' benefits liability	123,776	63,114
Foreign currency translation difference	16,966	(1,665)
Benefits paid	-	(2,178)
<b>Employee benefits liability</b>	<b>1,313,363</b>	<b>1,004,448</b>

**PT FRIGOGLOSS INDONESIA**  
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APPROVAL FOR PRINTING	
Date	
Name	Mr. Armyn Rizal Harahap
Position	: Director
Signature	:

**12. EMPLOYEE BENEFITS LIABILITY (continued)**

The details of the employee benefits expenses recognized in the 2020 and 2019 statement of profit or loss and other comprehensive income are as follows:

	Year Ended December 31,	
	2020	2019
Current service costs	91,162	83,432
Interest cost	77,011	68,423
	<b>168,173</b>	<b>151,855</b>

The movements of the present value of defined benefit obligations are as follows:

	December 31, 2020	December 31, 2019
Beginning balance	1,004,448	793,322
Current service costs	91,162	83,432
Interest cost	77,011	68,423
Actuarial loss on employees' benefits liability	123,776	63,114
Foreign currency translation difference	16,966	(1,665)
Benefits paid	-	(2,178)
<b>Ending balance</b>	<b>1,313,363</b>	<b>1,004,448</b>

A one percentage point change in the assumed discount and salary rate would have the following effects:

	Change in assumption	Effect on present value of benefit obligation
<b>December 31, 2020</b>		
Discount rate	+1%/-1%	(1,178,724)/1,456,755
Wages and salary increase	+1%/-1%	1,409,576/( 1,120,647)

The maturity of undiscounted defined benefit obligation as of December 31, 2020 and 2019, are as follows:

	December 31, 2020	December 31, 2019
Within 1 year	9,487	9,742
2-5 years	164,309	102,890
6-10 years	1,137,223	1,133,021
More than 10 years	5,244,267	5,134,092
<b>Total expected payments</b>	<b>6,555,286</b>	<b>6,379,745</b>

The average duration of the employee benefits liability at the end of the reporting period is 13.4 years.

**PT FRIGOGLASS INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENT**  
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APPROVAL FOR PRINTING	
Date	:
Name	: Mr. Armyrn Rizal Harahap
Position	: Director
Signature	: _____

### 13. SHARE CAPITAL

The details of the Company's share ownership as of December 31, 2020 and 2019 are as follows:

Year Ended December 31, 2020			
	Number of shares	Paid up value in US\$	Percentage ownership
Frigoinvest Holding B.V.	12,300	12,300,000	89.13%
Frigoglass Cyprus Ltd., Cyprus	1,499	1,499,000	10.86%
Mrs. Ary Martina K Sutedja	1	1,000	0.01%
<b>Total</b>	<b>13,800</b>	<b>13,800,000</b>	<b>100%</b>
Year Ended December 31, 2019			
	Number of shares	Paid up value in US\$	Percentage ownership
Frigoinvest Holding B.V.	3,500	3,500,000	70.00%
Frigoglass Cyprus Ltd., Cyprus	1,499	1,499,000	29.98%
Mrs. Ary Martina K Sutedja	1	1,000	0.02%
<b>Total</b>	<b>5,000</b>	<b>5,000,000</b>	<b>100%</b>

Based on Notarial Deed No. 121 of Miryany Usman, S.H., Notary in Jakarta, dated July 30, 2020, the shareholders of the Company approved the increase in authorized, issued and paid-up capital amounted to US\$8,800,000 consist of 8,800 shares with par value of US\$1,000 (Rp2,351,000) per share and recorded under the name of Frigoinvest Holding B.V. The change in the Company's share capital has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its letters No. AHU-0058887.AH.01.02.Tahun 2020 dated August 28, 2020.

### 14. REVENUE

	Year Ended December 31,	
	2020	2019
Sales of ice cold merchandiser	9,740,193	16,194,867
Transportation services	589,482	462,924
<b>Total</b>	<b>10,329,675</b>	<b>16,657,791</b>

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Date	: 
Name	: Mr Arthy Rizal Harahap
Position	: Director
Signature	: _____

**15. COST OF REVENUE**

	Year Ended December 31,	
	2020	2019
Raw material and consumables usage	6,504,057	10,038,160
Salaries	1,306,002	1,682,529
Transportation and freight	813,815	693,237
Post warranty - spare parts material	296,542	383,968
Utilities and communication	210,901	275,546
Depreciation (Note 9)	96,990	1,868,246
Import duties	70,834	51,327
Consumable	68,191	68,414
Repair and maintenance	65,978	125,375
Others (less than US\$50,000 each)	399,949	300,237
<b>Total</b>	<b>9,833,259</b>	<b>15,487,039</b>

**16. SELLING EXPENSES**

	Year Ended December 31,	
	2020	2019
Marketing expenses and others	<b>79,200</b>	<b>77,649</b>

**17. GENERAL AND ADMINISTRATIVE EXPENSES**

	Year Ended December 31,	
	2020	2019
Product warranties	800,934	1,615,882
Management fees (Note 19e):		
Frigoglass S.A.I.C. (Greece)	342,071	500,605
Frigoglass Romania S.R.L.	277,350	491,503
Professional fees	281,022	213,860
Salaries	330,989	114,455
Security	92,470	93,004
Property insurances	84,533	133,905
Depreciation (Note 9)	12,333	65,241
Others (each below US\$50,000 each)	112,720	224,338
<b>Total</b>	<b>2,334,422</b>	<b>3,452,793</b>

**PT FRIGOGLASS INDONESIA**  
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Date	:
Name	: Mr Armyn Rizal Harahap
Position	: Director
Signature	 PT FRIGOGLASS INDONESIA

**18. OTHER OPERATING (EXPENSES)/INCOME**

	Year Ended December 31,	
	2020	2019
Impairment of accounts receivable	(241,303)	-
Foreign exchange (loss)/gain	(49,501)	162,326
Tax expenses	(578,604)	(89,394)
Others	14,331	-
<b>Total</b>	<b>(855,077)</b>	<b>72,932</b>

**19. RELATED PARTY BALANCES AND TRANSACTIONS**

In the normal course of business, the Company engages in transactions with related parties which are conducted on term and conditions agreed between parties.

a. Nature of relationship and transactions with related parties:

Relationships	Related parties	Transactions
<ul style="list-style-type: none"> <li>• Ultimate parent company</li> </ul>	Frigoglass S.A.I.C., (Greece)	Sales and purchases of raw materials and spare parts, payment of management fee and commission
<ul style="list-style-type: none"> <li>• Shareholder</li> </ul>	Frigoinvest Holding B.V., (Netherland)	Loan and finance cost
<ul style="list-style-type: none"> <li>• Other related parties (Under common control of Frigoglass S.A.I.C.)</li> </ul>	Frigoglass S.A.I.C., (Nwame)	Sales of raw materials and spare parts and purchases of fixed asset
	Frigoglass East Africa Ltd., (Kenya), Frigoglass Eurasia LLC., (Russia)	Sales and purchases of spare parts
	Frigoglass Industries (Nigeria) Ltd.	Purchases of raw materials and spare parts
	Frigoglass India Private Ltd., (India), Frigoglass South Africa Pty. Ltd., (South Africa)	Sales and purchases of spare parts and raw materials
	Frigoglass West Africa Ltd.	Sales and purchases of spare parts and purchases of fixed asset
	S.C 3P Frigoglass S.R.L., (Romania)	Sales and purchases of raw materials
	Frigoglass Romania S.R.L.	Sales and purchases of raw materials, payment of management fee

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Name	Mr. Army Rizal Harahap
Position	Director
Signature	

**19. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

b. Trade receivables (Note 5):

	December 31, 2020	December 31, 2019
Other related parties:		
Frigoglass Industries (Nigeria) Ltd.	840,160	-
Frigoglass India Private Ltd.	376,232	354,716
Frigoglass Romania S.R.L.	149,599	34,555
Frigoglass East Africa Ltd.	67,827	-
Frigoglass Eurasia LLC	2,315	263
S.C 3P Frigoglass S.R.L.	1,671	-
Frigoglass West Africa Ltd.	-	3,053,557
Frigoglass S.A.I.C. (Nwame)	-	49,963
Frigoglass South Africa Pty. Ltd.	-	10,604
Frigoglass S.A.I.C. (Greece)	-	-
	<b>1,437,804</b>	<b>3,503,658</b>

For the years ended December 31, 2020 and 2019, the Company did not record any impairment of trade receivables from related parties due to all trade receivables from related parties are collectible. This assessment is undertaken at each financial year through examining the financial position of the related parties and the market in which the related parties operates.

c. Loan from a shareholder:

	December 31, 2020	December 31, 2019
Shareholder:		
Frigoinvest Holding B.V.	<b>1,496,201</b>	<b>15,139,740</b>


On May 20, 2013, the Company and other subsidiaries of Frigoglass S.A.I.C. entered into a revolving credit facility agreement with Frigoinvest Holding B.V. with maximum combined limit of EUR25,000,000 or equivalent to US\$30,716,058. During 2020, the credit facility was subject to interest at rates ranging from 5.89% to 10.69% per annum (2019: at the rate of 5.89% per annum). The revolving credit facility is covered by agreement, unsecured, and has no fixed repayment schedule. Total finance cost recognized for the year ended December 31, 2020 amounted to US\$420,611 (2019: US\$835,918).

d. Trade payables (Note 10):

	December 31, 2020	December 31, 2019
Ultimate parent company:		
Frigoglass S.A.I.C. (Greece)	252,518	336,743
Other related parties:		
Frigoglass Romania S.R.L.	245,918	751,478
Frigoglass South Africa Pty. Ltd.	52,247	7,749
Frigoglass India Private Ltd.	51,917	36,537
Frigoglass East Africa Ltd.	29,864	29,864
S.C 3P Frigoglass S.R.L.	20,141	6,618
Frigoglass Eurasia LLC	19,833	10,359
Frigoglass Industries (Nigeria) Ltd.	8,106	8,550
Frigoglass S.A.I.C. (Nwame)	-	8,547
	<b>680,544</b>	<b>1,196,445</b>



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Position	: Director
Signature	:

**19. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

e. Details of transactions with related parties:

	2020	2019
<b><u>Revenue from related parties:</u></b>		
Net revenue	1,087,291	4,236,992
<b><u>Purchases and other expenses from related parties:</u></b>		
Purchases of raw materials	130,166	80,413
Finance cost	420,611	835,918
Management fees (Note 17):		
Ultimate parent company:		
Frigoglass S.A.I.C (Greece)	342,071	500,605
Other related party:		
Frigoglass Romania S.R.L.	277,350	491,503
	<b>619,421</b>	<b>992,108</b>

The Company entered into service and license agreements with Frigoglass S.A.I.C., the Company's ultimate shareholder.

Under the service agreement, Frigoglass S.A.I.C. agrees to provide: a) engineering production and technical consulting service; b) implementation and development of internal quality assurance system; c) assistance in supply chain management including selection of potential suppliers of materials; and d) other management consulting services. The service agreement is available until December 2017. Hereinafter, the Company recognizes fee to Frigoglass S.A.I.C. for the services rendered based on the agreed amount between the Company and Frigoglass S.A.I.C. Based on the latest agreement on January 2, 2018, this agreement shall remain in force until December 31, 2021.

Under the license agreement, Frigoglass S.A.I.C. will make available to the Company a non-exclusive right to manufacture and sale of the products under Frigoglass S.A.I.C's ice cold merchandiser technology and trademark. The service agreement is available until December 2017. Hereinafter, the Company pays a management fee to Frigoglass S.A.I.C. for this non-exclusive right based on the agreed amount between the Company and Frigoglass S.A.I.C. Based on the latest agreement on January 2, 2018, this agreement shall remain in force until December 31, 2021.

The service fee and management fee paid to Frigoglass S.A.I.C. for the year ended December 31, 2020 and 2019 amounting to US\$342,071 and US\$500,605, respectively which are recorded as general and administrative expenses (Note 17).

On January 3, 2019, the Company entered into license agreement with Frigoglass Romania S.R.L. Under the license agreement, Frigoglass Romania S.R.L. agrees to provide ICM Technology which means all technical knowledge, information or experience necessary for the manufacture of the Company's products. The license agreement is available until December 31, 2021. Hereinafter, the Company pays a management fee to Frigoglass Romania S.R.L. for the technology assistance rendered based on the agreed amount between the Company and Frigoglass Romania S.R.L.

The management fee paid to Frigoglass Romania S.R.L. for the year ended December 31, 2020 amounting to US\$277,350 (2019: US\$491,503) which are recorded as general and administrative expenses (Note 17).



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Position	: Director
Signature	:

## 19. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

### f. Key management compensation

In the operational activities, the Company has several key management personnel consisting of the Company's Commissioners and Directors. The compensation to key management amounted to US\$22,635 and US\$21,489 for 2020 and 2019, respectively.

## 20. FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprise of trade payables, other payables and accruals and loan from a shareholder. The main purpose of these financial liabilities are to raise financing for the Company's operations. The Company has financial assets including cash on hand and in banks, trade receivables and refundable deposits.

It is, and has been throughout the year under review, the Company's policy not to enter any derivatives transactions.

The Company is exposed to foreign exchange risk, interest risk, credit risk and liquidity risk. The Company's management oversees the risk management of these risks. Managing these risks is part of the Company's risk management process. The Directors review and agree on policies for managing each of these risks which are summarized below.

### **Foreign exchange risk**

The Company has exposure to the risk of changes in foreign exchange rates. Fluctuation of exchange rates can therefore significantly impact the Company's performance as well as its net profits. Currently, the Company does not have a formal hedging policy for foreign currency exposures. However, management believes that the fluctuation of local currency on certain transaction with suppliers can be adjusted to the prices traded in local markets denominated in Indonesian Rupiah. Such correlation in price fluctuation naturally minimizes the Company's foreign currency exposures.

### **Interest risk**

The Company interest rate risk mainly arises from loans for working capital purpose. There is no formal hedging policy with respect to interest rate exposures. Exposure to interest rate risk is monitored on an ongoing basis.

### **Credit risk**

The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Company also monitors the receivables aging and managing ongoing collection to minimize the credit risk exposure.

The carrying amounts of financial assets in the Company's statement of financial position represent the maximum credit exposures.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company exposure to liquidity risk arises primarily from the maturities of trade payables, other payables and accruals and loan from a shareholder.

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Position	: Director
Signature	: _____

## 20. FINANCIAL RISK MANAGEMENT

### Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities at the financial position date based on contractual payments:

	December 31, 2020			
	1 year or less	More than 1 year to less 2 years	More than 2 years	Total
<b>Financial liability</b>				
Trade payables	2,135,083	-	-	2,135,083
Other payables and accruals	1,909,944	-	-	1,909,944
Loan from a shareholder	1,496,201	-	-	1,496,201
	<b>5,541,228</b>	-	-	<b>5,541,228</b>
	December 31, 2019			
	1 year or less	More than 1 year to less 2 years	More than 2 years	Total
<b>Financial liability</b>				
Trade payables	2,348,167	-	-	2,348,167
Other payables and accruals	2,264,816	-	-	2,264,816
Loan from a shareholder	15,139,740	-	-	15,139,740
	<b>19,752,723</b>	-	-	<b>19,752,723</b>

### Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

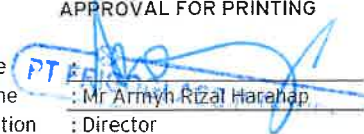
The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, obtain additional loans or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020 and 2019.

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below are carrying amounts of the Company's financial instruments that are carried in the financial statements. Those carrying amount are approximate their fair value:

	December 31, 2020	December 31, 2019
<b>Financial assets</b>		
Cash on hand and in banks	862,403	748,972
Trade receivables, net	3,548,539	10,923,726
Refundable deposits	24,853	19,536
	<b>4,435,795</b>	<b>11,692,234</b>

**PT FRIGOGLASS INDONESIA**  
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Name	: Mr Armyh Rizal Harahap
Position	: Director
Signature	:

**21. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

Set out below are carrying amounts of the Company's financial instruments that are carried in the financial statements. Those carrying amount are approximate their fair value (continued):

	December 31, 2020	December 31, 2019
<b>Financial liabilities</b>		
Trade payables	2,135,083	2,348,167
Other payables and accruals	1,909,944	2,264,816
Loan from a shareholder	1,496,201	15,139,740
	<b>5,541,228</b>	<b>19,752,723</b>

**22. SUPPLEMENTARY CASH FLOW INFORMATION**

a. Non-cash transactions of the Company as follow:

	Note	2020	2019
Reclassification of construction in progress to fixed assets	9	16,502	140,540

b. Changes in liabilities arising from financing activities in the statement of cash flows are as follows:

**Movement in 2020**

	Balance Dec. 31, 2019	Additions	Deductions (payments)	Balance Dec. 31, 2020
Loan from a shareholder	15,139,740	360,721	(14,004,260)	1,496,201

**Movement in 2019**

	Balance Dec. 31, 2018	Additions	Deductions (payments)	Balance Dec. 31, 2019
Loan from a shareholder	11,079,321	4,060,419	-	15,139,740

**23. NEW ACCOUNTING STANDARDS**

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board that are considered relevant to the financial reporting of the Company and will be effective for reporting periods beginning on or after:

**Effective on or after the date of January 1, 2021:**

- Amendment to PSAK No. 22: "Definition of business".
- Amendment to PSAK No. 55: "Financial instruments: Recognition and Measurement".
- Amendment to PSAK No. 60: "Financial instruments: Disclosure".
- Amendment to PSAK No. 71: "Financial instruments: Disclosure".
- Amendment to PSAK No. 73: "Leases on interest rate reference reform phase two".

**PT FRIGOGLOSS INDONESIA**  
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Date	:
Name	: <u>PT: Mr. Achmad Rizal Harahap</u>
Position	: <u>Director</u>
Signature	:

**23. NEW ACCOUNTING STANDARDS (continued)**

**Effective on or after the date of January 1, 2022:**

- Amendments to PSAK No. 22: "Business Combinations regarding Reference to Conceptual Frameworks".
- 2020 Annual Improvements - PSAK No. 71: "Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities".

**Effective on or after the date of January 1, 2023:**

- Amendments to PSAK No. 1: "Classification of Liabilities as Current or Non-current, effective January 1, 2023, and earlier application is permitted".

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

**24. OTHER MATTER**

Government Regulation Number 35 Year 2021 - Job Creation Law

On February 2, 2021, the government promulgated government regulation number 35 year 2021 (PP 35/2021) to implement the provisions of article 81 and article 185 (b) of Law No. 11/2020 concerning job creation (*cipta kerja*), which aims to create the widest possible employment opportunities.

PP 35/2021 regulates the work agreement for a certain period (non-permanent employees), outsourcing, working time, rest time and termination of employment, which can affect the minimum benefits that must be provided to employees.

As of the authorization date of these financial statements, the Company is still evaluating the potential impacts of PP 35/2021, including the impacts on the Company's financial statements for the next reporting period.

COVID-19

The Company's operation has and may continue to be impacted by the outbreak of Covid-19 virus. The effects of Covid-19 virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of Covid-19 virus to Indonesia and the Company are unclear at this time. A significant rise in the number of Covid-19 virus infections or prolongation of the outbreak may affect Indonesia and the Company.

Nevertheless, after the financial statements date, management of the Company is of the opinion that the outbreak of the Covid-19 has no significant impact to the operational activities of the Company.