



PEARL GLOBAL VIETNAM CO., LTD.
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 March 2019



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STATEMENT OF THE GENERAL DIRECTOR

The General Director of Pearl Global Vietnam Co., Ltd. (the "Company") presents this report together with the Company's financial statements for the year ended 31 March 2019.

THE GENERAL DIRECTOR

The General Director of the Company who held office during the year and to the date of this report is as follows:

Mr. Pulkit Seth	General Director (appointed on 19 March 2019)
Mr. Vinod Kantharia	General Director (resigned on 19 March 2019)

GENERAL DIRECTOR'S STATEMENT OF RESPONSIBILITY

The General Director of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.

The General Director is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The General Director confirms that the Company has complied with the above requirements in preparing these financial statements.



Pulkit Seth
General Director

13 May 2019

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CỘNG HÒA
XÃ HỘI CHỦ NGHĨA
VIỆT NAM
Độc lập - Tự do - Hạnh phúc

No.: 1109 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

To: The General Director of Pearl Global Vietnam Co., Ltd.

We have audited the accompanying financial statements of Pearl Global Vietnam Co., Ltd. (the "Company"), prepared on 13 May 2019 as set out from page 04 to page 22, which comprise the balance sheet as at 31 March 2019, the statement of income, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

General Director's Responsibility for the Financial Statements

The General Director is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the General Director 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 these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, 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)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Emphasis of Matter

We draw attention to Note 2 of the Notes to the financial statements which indicates that the Company incurred a loss during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded its total assets. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our audit opinion is not modified in respect of this matter.



Tran Huy Cong
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

13 May 2019
Hanoi, S.R. Vietnam

Bui Thi Mai Huong
Auditor
Audit Practising Registration Certificate
No. 3829-2016-001-1

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BALANCE SHEET

As at 31 March 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		68,745,774,271	39,329,171,947
I. Cash	110		4,841,963,267	1,601,500,954
1. Cash	111	4	4,841,963,267	1,601,500,954
II. Short-term receivables	130		33,888,347,604	20,067,051,649
1. Short-term trade receivables	131	5	33,348,970,192	17,754,862,293
2. Short-term advances to suppliers	132		81,780,045	945,505,444
3. Other short-term receivables	136		457,597,367	1,366,683,912
III. Inventories	140	6	26,564,560,641	14,911,367,964
1. Inventories	141		26,564,560,641	14,911,367,964
IV. Other short-term assets	150		3,450,902,759	2,749,251,380
1. Short-term prepayments	151	7	1,468,655,868	764,899,790
2. Value added tax deductibles	152		1,982,246,891	1,984,351,590
B. NON-CURRENT ASSETS	200		37,479,087,443	34,362,547,539
I. Fixed assets	220		33,597,452,239	31,439,893,854
1. Tangible fixed assets	221	8	31,028,394,010	28,451,615,092
- Cost	222		63,984,132,570	59,324,193,779
- Accumulated depreciation	223		(32,955,738,560)	(30,872,578,687)
2. Finance lease assets	224	9	1,961,461,001	2,341,065,066
- Cost	225		3,037,026,000	3,037,026,000
- Accumulated depreciation	226		(1,075,564,999)	(695,960,934)
3. Intangible assets	227	10	607,597,228	647,213,696
- Cost	228		1,490,836,038	1,490,836,038
- Accumulated amortisation	229		(883,238,810)	(843,622,342)
II. Long-term assets in progress	240		703,533,935	-
1. Construction in progress	242		703,533,935	-
III. Other long-term assets	260		3,178,101,269	2,922,653,685
1. Long-term prepayments	261	7	3,178,101,269	2,922,653,685
TOTAL ASSETS (270=100+200)	270		106,224,861,714	73,691,719,486

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 March 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		145,530,658,890	86,153,830,096
I. Current liabilities	310		138,465,785,233	54,986,366,750
1. Short-term trade payables	311	11	55,232,838,825	13,557,609,181
2. Short-term advances from customers	312	12	32,622,197,940	286,222,319
3. Taxes and amounts payable to the State budget	313	13	269,605,173	221,647,420
4. Payables to employees	314		8,306,312,970	7,556,325,680
5. Short-term accrued expenses	315		-	154,566,800
6. Other current payables	319		677,437,419	337,978,434
7. Short-term loans and obligations under finance leases	320	14	41,357,392,906	32,872,016,916
II. Long-term liabilities	330		7,064,873,657	31,167,463,346
1. Long-term loans and obligations under finance leases	338	15	5,397,107,544	29,499,697,233
2. Long-term provisions	342		1,667,766,113	1,667,766,113
D. EQUITY	400		(39,305,797,176)	(12,462,110,610)
I. Owner's equity	410	16	(39,305,797,176)	(12,462,110,610)
1. Owner's contributed capital	411		20,773,778,283	20,773,778,283
2. Accumulated (losses)	421		(60,079,575,459)	(33,235,888,893)
- (Losses) accumulated to the prior year end	421a		(33,235,888,893)	(17,744,424,435)
- (Losses) of the current year	421b		(26,843,686,566)	(15,491,464,458)
TOTAL RESOURCES (440=300+400)	440		106,224,861,714	73,691,719,486

Le Thi Thanh Thuy
Preparer

Jude Suresh
Financial Director

Pulkit Seth
General Director

13 May 2019

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 March 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	18	288,185,137,823	121,244,899,471
2. Net revenue from goods sold and services rendered (10=01)	10		288,185,137,823	121,244,899,471
3. Cost of sales	11		293,498,706,556	126,073,836,956
4. Gross losses from goods sold and services rendered (20=10-11)	20		(5,313,568,733)	(4,828,937,485)
5. Financial income	21		1,793,770,527	255,858,462
6. Financial expenses	22		2,648,697,882	862,638,015
- In which: Interest expense	23		1,073,305,289	425,261,142
7. Selling expenses	25	20	6,378,883,930	3,811,439,466
8. General and administration expenses	26	20	14,647,788,340	12,132,245,480
9. Operating losses (30=20+(21-22)-(25+26))	30		(27,195,168,358)	(21,379,401,984)
10. Other income	31	21	351,481,792	5,971,906,017
11. Other expenses	32		-	83,968,491
12. Profit from other activities (40=31-32)	40		351,481,792	5,887,937,526
13. Accounting loss before tax (50=30+40)	50		(26,843,686,566)	(15,491,464,458)
14. Net losses after corporate income tax (60=50)	60		(26,843,686,566)	(15,491,464,458)

At

Le Thi Thanh Thuy
PreparerJude Suresh
Financial DirectorPulkit Seth
General Director

13 May 2019



CASH FLOW STATEMENT

For the year ended 31 March 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Losses before tax	01	(26,843,686,566)	(15,491,464,458)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	4,199,754,785	3,276,097,093
Provisions	03	-	(418,661,858)
Foreign exchange gain arising from translating foreign currency items	04	-	(7,617,590)
Gain from investing activities	05	(67,051,818)	-
Interest expense	06	1,073,305,289	425,261,142
3. Operating losses before movements in working capital	08	(21,637,678,310)	(12,216,385,671)
Increases in receivables	09	(13,754,328,574)	(11,795,420,787)
Increases in inventories	10	(11,653,192,677)	(4,134,008,423)
Increase/(decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	42,306,981,870	(2,073,051,488)
Increases in prepaid expenses	12	(959,203,662)	(2,699,182,079)
Interest paid	14	(1,073,305,289)	(425,261,142)
Net cash used in operating activities	20	(6,770,726,642)	(33,343,309,590)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(7,060,847,105)	(16,943,195,182)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	67,051,818	-
Net cash used in investing activities	30	(6,993,795,287)	(16,943,195,182)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	114,493,841,473	90,107,907,856
2. Repayment of borrowings	34	(96,936,470,227)	(38,818,408,200)
3. Repayment of obligations under finance leases	35	(552,387,004)	(544,550,327)
Net cash generated by financing activities	40	17,004,984,242	50,744,949,329
Net increases in cash (50=20+30+40)	50	3,240,462,313	458,444,557
Cash at the beginning of the year	60	1,601,500,954	1,143,056,397
Cash at the end of the year (70=50+60)	70	4,841,963,267	1,601,500,954

Le Thi Thanh Thuy
Preparer

Jude Suresh
Financial Director

Pulkit Seth
General Director

13 May 2019

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

Pearl Global Vietnam Co., Ltd. (the "Company"), formerly known as Flexcon Vietnam Joint Venture Co., Ltd. was incorporated in Vietnam as a joint venture with foreign-owned equity for 30 years from the date of investment license as stated in Investment License No. 12/GP-BG dated 11 August 2003 issued by Bac Giang Provincial People's Committee.

According to the latest Investment Certificate dated 01 April 2019, the Company's investment capital and charter capital are USD 2,000,000 (equivalent to VND 31,900,000,000) and USD 1,302,376 (equivalent to VND 20,773,778,283), respectively. The parent company is Vin Pearl Global Vietnam Company Limited. The ultimate parent company of the Group is Pearl Global Industries Ltd. (incorporated in India).

The number of the Company's employees as at 31 March 2019 was 981 (31 March 2018: 990).

Operating industry and principal activities

The Company operates in the garment industry.

The principal activities of the Company are to manufacture garment products, provide garment processing services to customers, provide laundry and embroidering services and ensure more than 80% of products to be exported per the prevailing Business Registration License.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the Company's audited financial statements for the year ended 31 March 2018.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Going concern assumption

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company made a loss of about VND 26.84 billion for the year ended 31 March 2019 (the year ended 31 March 2018: VND 15.49 billion). As at 31 March 2019, the Company's accumulated losses were about VND 60.08 billion (31 March 2018: about VND 33.24 billion); concurrently, the Company's current liabilities exceeded its total assets by about VND 32.24 billion. The Company's ability to continue as a going concern is dependent upon achieving profitable operations in the future and financial support from its parent company. The parent company has confirmed that it will provide financial support to the Company as and when necessary until such time that the Company is able to generate sufficient cash to support its own operations for the seeable future up to at least 31 March 2020. Accordingly, the preparation of the accompanying financial statements on the going concern basis is appropriate.

Financial year

The Company's financial year begins on 01 April and ends on 31 March of following year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of the financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the General Director to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the General Director's best knowledge, actual results may differ from those estimates.

Cash

Cash comprises cash on hand and bank demand deposits.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue upon General Director's assessment and estimation, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories produced comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventories are accounted for using the perpetual inventory method. Cost of merchandise consists of purchase prices and other costs directly related to their purchases. Cost is calculated using the weighted average method. Raw materials are valued at actual cost of purchase; finished goods and work in progress are valued at standard cost approximating actual cost of direct materials, labour and manufacturing overheads based on the normal operating capacity. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>(Years)</u>
Buildings and structures	5 - 25
Machinery and equipment	5 - 10
Motor vehicles	7 - 10
Office equipment	3 - 5

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	(Years)
Machinery and equipment	5 - 10

Intangible assets and amortisation

Intangible assets represent land use rights, land compensation expenses, site clearance expenditures and software that are stated at cost less accumulated amortisation. Land use rights, land compensation and site clearance expenditures are amortised using the straight-line method over the Company's operating duration of thirty years. Software is amortised using the straight-line method over the period of five years.

Prepayments

Prepayments are expenses which have already been paid but relate to result of operations of multiple accounting periods. Prepayments comprise costs of tool and dies, insurance, maintenance and repair, operating lease, and other prepayments, which are considered to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the General Director's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the income statement.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tax losses are subject to the review and approval of local tax authorities and can be carried forward to offset against the Company's taxable profits of subsequent years up to five years from the year tax loss is incurred. No deferred tax asset has been recognized due to the uncertainty of its realization.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	97,823,500	137,313,000
Bank demand deposits	4,744,139,767	1,464,187,954
	<u>4,841,963,267</u>	<u>1,601,500,954</u>

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Short-term trade receivables		
Pearl Global HK Company Limited	17,627,619,031	-
Pearl Grass Creation Company Limited	11,602,663,379	1,176,061,052
DSSP Global Company Limited	2,767,600,360	-
Pearl Global Industries Company Limited	205,142,038	-
Brothers and Friends (BAF Woman) GMBH	112,078,893	5,946,732,727
Canda International GMGH	-	9,075,139,477
Namyang Delta Company Limited	-	1,355,126,256
Flexcon Company Limited	-	194,048,781
Grandmex Co., Ltd.	-	5,675,000
Others	1,033,866,491	2,079,000
	<u>33,348,970,192</u>	<u>17,754,862,293</u>

In which:

Short-term trade receivables from related parties (Details stated in Note 23)	32,203,024,808	1,176,061,052
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6. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	3,337,769,869	-	-	-
Raw materials	5,333,042,443	-	5,963,960,768	-
Tools and supplies	124,086,318	-	261,693,568	-
Work in progress	6,755,517,388	-	4,440,027,065	-
Finished goods	11,014,144,623	-	4,245,686,563	-
	<u>26,564,560,641</u>	<u>-</u>	<u>14,911,367,964</u>	<u>-</u>

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7. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a. Short-term prepayments		
Insurance expenses	388,070,721	160,471,305
Operating lease expenses	248,255,955	268,412,319
Others	832,329,192	336,016,166
	<u>1,468,655,868</u>	<u>764,899,790</u>
b. Long-term prepayments		
Tools and dies	2,129,181,082	1,260,582,159
Maintenance and repair expenses	470,226,977	1,597,423,771
Others	578,693,210	64,647,755
	<u>3,178,101,269</u>	<u>2,922,653,685</u>

8. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	<u>Buildings and structures</u> VND	<u>Machinery and equipment</u> VND	<u>Office equipment</u> VND	<u>Motor vehicles</u> VND	<u>Total</u> VND
COST					
Opening balance	23,230,698,789	31,238,532,271	2,364,647,500	2,490,315,219	59,324,193,779
Purchases	614,862,500	3,518,315,298	755,315,226	-	4,888,493,024
Transfer from construction in progress	1,468,820,146	-	-	-	1,468,820,146
Disposals	-	(1,697,374,379)	-	-	(1,697,374,379)
Closing balance	25,314,381,435	33,059,473,190	3,119,962,726	2,490,315,219	63,984,132,570
ACCUMULATED DEPRECIATION					
Opening balance	9,909,471,987	19,311,073,506	1,230,214,538	421,818,656	30,872,578,687
Charge for the year	1,347,172,271	1,806,942,456	361,995,724	264,423,801	3,780,534,252
Disposals	-	(1,697,374,379)	-	-	(1,697,374,379)
Closing balance	11,256,644,258	19,420,641,583	1,592,210,262	686,242,457	32,955,738,560
NET BOOK VALUE					
Opening balance	13,321,226,802	11,927,458,765	1,134,432,962	2,068,496,563	28,451,615,092
Closing balance	14,057,737,177	13,638,831,607	1,527,752,464	1,804,072,762	31,028,394,010

As at 31 March 2019, the cost of the Company's tangible fixed assets includes VND 21,681,284,636 (31 March 2018: VND 19,880,651,871) of tangible fixed assets which have been fully depreciated but are still in use.

As described in Note 14 and Note 15, the Company has pledged some tangible fixed assets with the net book value as at 31 March 2019 of VND 20,842,326,432 (31 March 2018: VND 13,043,899,864), and other assets formed in the future in accordance with provisions of the mortgage contracts signed with the banks to secure bank loans.

9. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Machinery and equipment VND	Total VND
COST		
Opening balance	3,037,026,000	3,037,026,000
Closing balance	<u>3,037,026,000</u>	<u>3,037,026,000</u>
ACCUMULATED DEPRECIATION		
Opening balance	695,960,934	695,960,934
Charge for the year	379,604,065	379,604,065
Closing balance	<u>1,075,564,999</u>	<u>1,075,564,999</u>
NET BOOK VALUE		
Opening balance	<u>2,341,065,066</u>	<u>2,341,065,066</u>
Closing balance	<u>1,961,461,001</u>	<u>1,961,461,001</u>

10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Land compensation expense VND	Site clearance expense VND	Software VND	Total VND
COST					
Opening balance	69,980,290	612,110,000	576,035,238	232,710,510	1,490,836,038
Closing balance	<u>69,980,290</u>	<u>612,110,000</u>	<u>576,035,238</u>	<u>232,710,510</u>	<u>1,490,836,038</u>
ACCUMULATED AMORTISATION					
Opening balance	33,980,592	297,224,144	279,707,096	232,710,510	843,622,342
Charge for the year	2,203,570	19,274,415	18,138,483	-	39,616,468
Closing balance	<u>36,184,162</u>	<u>316,498,559</u>	<u>297,845,579</u>	<u>232,710,510</u>	<u>883,238,810</u>
NET BOOK VALUE					
Opening balance	<u>35,999,698</u>	<u>314,885,856</u>	<u>296,328,142</u>	-	<u>647,213,696</u>
Closing balance	<u>33,796,128</u>	<u>295,611,441</u>	<u>278,189,659</u>	-	<u>607,597,228</u>

As described in Note 14 and Note 15, the Company has pledged the land use right Certificate with its term is up to November 2033 in Dinh Tri Commune, Bac Giang City, Bac Giang Province under mortgage contracts signed with the banks to secure bank loans.

11. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
DSSP Global Ltd.	50,996,807,255	50,996,807,255	4,526,268,323	4,526,268,323
Thanh Dung One member Company	1,049,462,641	1,049,462,641	624,760,582	624,760,582
Hanoi Paper and Bag Company Limited	31,728,536	31,728,536	676,653,750	676,653,750
ARKSUN - Vietnam Joint Stock Company	-	-	1,750,869,724	1,750,869,724
ABC Bac Ninh Joint Stock Company	-	-	1,525,297,195	1,525,297,195
Others	3,154,840,393	3,154,840,393	4,453,759,607	4,453,759,607
	55,232,838,825	55,232,838,825	13,557,609,181	13,557,609,181
In which:				
Short-term trade payables to related parties (Details stated in Note 23)	50,996,807,255	50,996,807,255	4,526,268,323	4,526,268,323
	50,996,807,255	50,996,807,255	4,526,268,323	4,526,268,323

12. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Pearl Global HK Company Limited	32,622,197,940	-
Others	-	286,222,319
	32,622,197,940	286,222,319
In which:		
Short-term advance from related parties (Details stated in Note 23)	32,622,197,940	-
	32,622,197,940	-

13. TAXES AND OTHER PAYABLES TO STATE BUDGET

	Opening balance	Payable	Net-off/Paid	Closing balance
	VND	during the year	during the year	VND
Payables				
Value added tax	-	955,849,191	955,849,191	-
Personal income tax	221,647,420	1,528,160,824	1,480,203,071	269,605,173
Other taxes	-	3,000,000	3,000,000	-
	221,647,420	2,487,010,015	2,439,052,262	269,605,173

14. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance
	Amount	VND Amount able to be paid off	Increases	Decreases	VND Amount able to be paid off
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	15,902,250,000	15,902,250,000	63,440,748,000	64,710,247,000	14,632,751,000
Pearl Global HK Limited Company (ii)	15,222,934,200	15,222,934,200	21,154,245,900	18,701,411,920	17,675,768,180
HSBC Bank (Vietnam) Ltd. (iii)	-	-	29,898,847,571	21,843,659,933	8,055,187,638
Current portion of long-term loans (see Note 15)	1,200,200,000	1,200,200,000	547,131,961	1,288,563,294	458,768,667
Current portion of long-term obligations under finance leases (see Note 15)	546,632,716	546,632,716	540,671,708	552,387,003	534,917,421
	32,872,016,916	32,872,016,916	115,581,645,140	107,096,269,150	41,357,392,906

- (i) Represent short-term loan from Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch under the Credit Contract with the credit limit of VND 16,000,000,000 to supplement working capital for production. Loan interest rate is specified in each covenant. Loan principal and interest are repayable within maximum 03 months from the date of withdrawal for each covenant. The loan is secured under Mortgage Contract by the assets which were formed on or will be formed on the land and the land use rights with the area of 26,350 m², of which the land use term is up to November 2033 in Dinh Tri Commune, Bac Giang City, Bac Giang Province under Land use right Certificate No. Y949801 and guaranteed by Vin Pearl Global Vietnam Limited.
- (ii) Represent the unsecured and non-interest bearing short-term loans from Pearl Global HK Limited Company according to (a) the Loan Agreement dated 03 May 2018 with the amount of USD 350,000 for investment and loan repayment (loan principal is repayable after 1 year from May 2018); (b) Loan Agreement dated 08 June 2018 with the amount of USD 300,000 for purchase of new boiler (loan principal is repayable after 1 year from June 2018); (c) Loan Agreement dated 08 January 2019 with the amount of USD 127,780 to supplement working capital for the Company's business activities (loan principal is repayable after 1 year from January 2019).
- (iii) Represent short-term loan from HSBC Bank (Vietnam) Ltd. under the Credit Contract with the credit limit of USD 1,000,000 to supplement working capital for production. Loan interest rate is specified in each covenant. Loan principal and interest are repayable within maximum 03 months from the date of withdrawal for each covenant.

15. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance
	Amount	VND	Increases	Decreases	VND
Long-term loans		Amount able to be paid off			Amount able to be paid off
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bac Giang Branch (i)	1,709,227,961	1,709,227,961	-	1,202,811,294	506,416,667
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh branch (ii)	328,708,000	328,708,000	-	85,752,000	242,956,000
Pearl Global HK Company Limited (iii)	28,032,135,989	28,032,135,989	-	23,014,786,020	5,017,349,969
Long-term obligations under finance leases					
Vietcombank Leasing Co.,Ltd (iv)	1,176,457,999	1,176,457,999	-	552,387,003	624,070,996
	31,246,529,949	31,246,529,949	-	24,855,736,317	6,390,793,632

In which:

Amount due for settlement within 12 months
Amount due for settlement after 12 months

	1,746,832,716	1,746,832,716	993,686,088
	29,499,697,233	29,499,697,233	5,397,107,544

- (i) Represent long-term loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam ("VCB") - Bac Giang Branch under Credit Contract with a credit limit of VND 1,016,000,000 to purchase automobiles for travel purpose of the Company in Dinh Tri Commune, Bac Giang City, Bac Giang Province. The loan term is 36 months from the date of the first disbursement which falls on 26 October 2017. Loan interest rate is fixed at 8.8% per. Loan interest is payable on the 26th of every month. Principal is repayable every 3 months in 11 installments. The loan is secured by a Toyota Innova 2.0G car and a Eiantra 2017 1.6 AT (AVN) car.
- (ii) Represent long-term loan from Vietnam Technological and Commercial Joint Stock Bank ("TCB") - Ha Thanh Branch under Credit Agreement dated 31 January 2018 with a credit limit of VND 343,000,000 to purchase automobile for travel purpose. The loan contract has a term of 48 months from the first disbursement date of 31 January 2018. The interest rate is floating rate as per withdrawal request cum covenant prepared on each withdrawal. The loan is secured by a Chevrolet car, Plate No. 98LD-004.47 and is guaranteed by Pearl Global HK Company Limited.
- (iii) Represent the unsecured and non-interest bearing long-term loans from Pearl Global HK Limited Company according to the Loan Agreement dated 05 June 2017 with the amount of USD 228,000 to purchase new equipment and supplement working capital for Company's business activities (loan principal is repayable after 5 years from June 2017).

- (iv) Represent the financial lease agreement signed with Vietcombank Leasing Company Limited on 18 December 2015, with the lease amount of USD 95,655, and the lease term of 48 months from the date on which the lessor disburses the first amount to the supplier or import trustee. The grace period for principal is one month, the principal repayment period is 47 months and principal and interest are repayable on a monthly basis. Interest rate on due payments is applied from the date on which the lessor disburses the first amount to the supplier or the import trustee and is adjustable every 6 months. At the time of the first disbursement and adjustment, the lease interest rate is calculated by 12-month USD savings interest rate for individuals with interest paid in arrears announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam - Main Operation Center plus a margin of 3.7% per annum. After fulfilling the obligations under this Agreement, the lessee is entitled to repurchase the leased property at a nominal price of USD 200 or VND 4,000,000 for all properties.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	458,768,667	1,200,200,000
In the second year	5,307,953,969	28,869,871,950
	<u>5,766,722,636</u>	<u>30,070,071,950</u>
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under financial leases)	458,768,667	1,200,200,000
Amount due for settlement after 12 months	<u><u>5,307,953,969</u></u>	<u><u>28,869,871,950</u></u>

Long-term obligations under finance leases are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	534,917,421	546,632,716
In the second year	89,153,575	546,632,716
In the third to fifth year inclusive	-	83,192,567
	<u>624,070,996</u>	<u>1,176,457,999</u>
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under financial leases)	534,917,421	546,632,716
Amount due for settlement after 12 months	<u><u>89,153,575</u></u>	<u><u>629,825,283</u></u>

16. OWNER'S EQUITY

Movement in owner's equity

	<u>Owner's contributed capital</u>	<u>Accumulated (losses)</u>	<u>Total</u>
	VND	VND	VND
Prior year's opening balance	<u>20,773,778,283</u>	<u>(17,744,424,435)</u>	<u>3,029,353,848</u>
(Loss) for the year	-	(15,491,464,458)	(15,491,464,458)
Current year's opening balance	<u>20,773,778,283</u>	<u>(33,235,888,893)</u>	<u>(12,462,110,610)</u>
(Loss) for the year	-	(26,843,686,566)	(26,843,686,566)
Current year's closing balance	<u><u>20,773,778,283</u></u>	<u><u>(60,079,575,459)</u></u>	<u><u>(39,305,797,176)</u></u>

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Investment capital and charter capital

According to the latest Investment Certificate dated 01 April 2019, the Company's investment capital and charter capital are USD 2,000,000 (equivalent to VND 31,900,000,000) and USD 1,302,376 (equivalent to VND 20,773,778,283), respectively. As at 31 March 2019, the charter capital was fully contributed by the owner as follows:

Owner	Contributed capital			
	Closing balance		Opening balance	
	USD	VND equivalent	USD	VND equivalent
Vin Pearl Global Vietnam Company Limited	1,302,376	20,773,778,283	1,302,376	20,773,778,283
	1,302,376	20,773,778,283	1,302,376	20,773,778,283

17. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
United States Dollar (USD)	105,858	38,786

18. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Sales of merchandise and services		
Revenue from processing of exported goods	271,256,405,432	93,338,819,391
Revenue from processing of domestic goods	16,928,732,391	27,906,080,080
	288,185,137,823	121,244,899,471
In which:		
Revenue from related parties (See Note 23)	236,757,864,973	4,667,194,588
	236,757,864,973	4,667,194,588

19. PRODUCTION COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	152,746,294,387	10,178,592,260
Labour	115,875,121,317	103,080,850,304
Depreciation and amortisation	4,199,754,785	3,276,097,093
Other monetary expenses	50,788,156,720	24,610,725,912
	323,609,327,209	141,146,265,569

20. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses		
Salary expense	10,559,004,182	9,288,631,273
Others	4,088,784,158	2,843,614,207
	14,647,788,340	12,132,245,480
Selling expenses		
Salary expense	1,038,863,915	591,829,448
Export fee and carriage outwards	3,034,331,765	1,606,257,176
Transportation cost	2,136,613,960	1,465,590,546
Others	169,074,290	147,762,296
	6,378,883,930	3,811,439,466

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21. OTHER INCOME

	<u>Current year</u> VND	<u>Prior year</u> VND
Income from payable written off	-	5,827,156,017
Others	351,481,792	144,750,000
	<u>351,481,792</u>	<u>5,971,906,017</u>

22. CORPORATE INCOME TAX

The Company was not obliged to pay corporate income tax expense as there was no taxable profit in the year.

23. RELATED PARTY TRANSACTIONS AND BALANCES

List of related party with significant transactions and balances for the year:

<u>Related party</u>	<u>Relationship</u>
Vin Pearl Global Vietnam Limited	Parent Company
Pearl Global HK Limited Company	Affiliate
Pearl Grass Creation Limited Company	Affiliate
DSSP Global Ltd	Affiliate
Pearl Global Industries Company Limited	Affiliate
Pearl Global Fareast Company Limited	Affiliate

Significant transactions with the related parties during the year were as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Sale of goods and services	236,757,864,973	4,667,194,588
Pearl Grass Creation Company Limited	113,064,571,074	4,667,194,588
Pearl Global HK Company Limited	87,217,904,720	-
Pearl Global Fareast Company Limited	33,707,788,819	-
DSSP Global Company Limited	2,767,600,360	-
Purchases of goods and services	131,284,868,334	-
DSSP Global Company Limited	131,225,709,809	-
Pearl Grass Creation Company Limited	59,158,525	-
Payment on behalf	275,677,496	-
Vin Pearl Global Vietnam Limited	192,140,687	-
Pearl Global Industries Company Limited	83,536,809	-

Significant related party balances as at the balance sheet date were as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Pearl Global HK Limited Company		
Short-term loans	17,675,768,180	15,222,934,200
Long-term loans	5,017,349,969	28,032,135,989
Short-term trade receivables	17,627,619,031	-
Short-term advances from customers	32,622,197,940	-
Pearl Grass Creation Limited Company		
Short-term trade receivables	11,602,663,379	1,176,061,052
DSSP Global Company Limited		
Short-term trade receivables	2,767,600,360	-
Short-term trade payables	50,996,807,255	4,526,268,323
Pearl Global Industries Company Limited		
Short-term trade receivables	205,142,038	-
Vin Pearl Global Vietnam Limited		
Other short-term receivables	192,140,687	-


 Le Thi Thanh Thuy
 Preparer


 Jude Suresh
 Financial Director




 Pulkit Seth
 General Director

13 May 2019

