



PEARL GLOBAL VIETNAM CO., LTD.

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 March 2020



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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 2020.

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. Gurusankar Gurumoorthy	General Director (appointed on 07 May 2019)
Mr. Pulkit Seth	General Director (resigned on 07 May 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 2020, 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.



Gurusankar Gurumoorthy
General Director

16 June 2020

No.: 0038 /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 16 June 2020 as set out from page 04 to page 23, which comprise the balance sheet as at 31 March 2020, 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 2020 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 would like to draw readers' attention to Note 02 of the Notes to the financial statements about the accumulated losses of the Company as at 31 March 2020 and its negative cash flow from operating activity. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The General Director's plan on going concern ability is disclosed in Note 02.

Our opinion is not modified in respect of this matter.



Trần Xuân Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0723-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

16 June 2020
Hanoi, S.R. Vietnam

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

BALANCE SHEET

As at 31 March 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		166.478.332.355	68.745.774.271
I. Cash	110		3.976.265.124	4.841.963.267
1. Cash	111	4	3.976.265.124	4.841.963.267
II. Short-term receivables	130		93.847.067.997	33.888.347.604
1. Short-term trade receivables	131	5	69.585.660.905	33.348.970.192
2. Short-term advances to suppliers	132	6	5.297.331.288	81.780.045
3. Other short-term receivables	136	7	18.964.075.804	457.597.367
III. Inventories	140	8	63.015.301.585	26.564.560.641
1. Inventories	141		63.774.374.581	26.564.560.641
2. Provision for devaluation of inventories	149		(759.072.996)	-
IV. Other short-term assets	150		5.639.697.649	3.450.902.759
1. Short-term prepayments	151	9	2.033.302.001	1.468.655.868
2. Value added tax deductibles	152		3.606.395.648	1.982.246.891
B. NON-CURRENT ASSETS	200		37.225.517.467	37.479.087.443
I. Fixed assets	220		33.815.189.715	33.597.452.239
1. Tangible fixed assets	221	10	31.122.192.714	31.028.394.010
- Cost	222		68.059.348.364	63.984.132.570
- Accumulated depreciation	223		(36.937.155.650)	(32.955.738.560)
2. Finance lease assets	224	11	1.581.856.937	1.961.461.001
- Cost	225		3.037.026.000	3.037.026.000
- Accumulated depreciation	226		(1.455.169.063)	(1.075.564.999)
3. Intangible assets	227	12	1.111.140.064	607.597.228
- Cost	228		2.043.201.432	1.490.836.038
- Accumulated amortisation	229		(932.061.368)	(883.238.810)
II. Long-term assets in progress	240		42.272.727	703.533.935
1. Long-term construction in progress	242		42.272.727	703.533.935
III. Other long-term assets	260		3.368.055.025	3.178.101.269
1. Long-term prepayments	261	9	3.368.055.025	3.178.101.269
TOTAL ASSETS (270=100+200)	270		203.703.849.822	106.224.861.714


The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)


As at 31 March 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		190,818,755,601	145,530,658,890
I. Current liabilities	310		162,174,155,182	138,465,785,233
1. Short-term trade payables	311	13	85,255,473,705	55,232,838,825
2. Short-term advances from customers	312		-	32,622,197,940
3. Taxes and amounts payable to the State budget	313	14	475,740,252	269,605,173
4. Payables to employees	314		5,739,497,459	8,306,312,970
5. Other current payables	319		7,592,509,724	677,437,419
6. Short-term loans and obligations under finance leases	320	15	63,110,934,042	41,357,392,906
II. Long-term liabilities	330		28,644,600,419	7,064,873,657
1. Long-term loans and obligations under finance leases	338	16	26,488,975,946	5,397,107,544
2. Long-term provisions	342		2,155,624,473	1,667,766,113
D. EQUITY	400		12,885,094,221	(39,305,797,176)
I. Owner's equity	410	17	12,885,094,221	(39,305,797,176)
1. Owner's contributed capital	411		72,158,884,133	20,773,778,283
2. Accumulated (losses)	421		(59,273,789,912)	(60,079,575,459)
- (Losses) accumulated to the prior year end	421a		(60,079,575,459)	(33,235,888,893)
- Profit/(Losses) of the current year	421b		805,785,547	(26,843,686,566)
TOTAL RESOURCES (440=300+400)	440		203,703,849,822	106,224,861,714


Le Thi Thanh Thuy
Preparer


Aggarwal Kulbhushan
Finance Controller


Gurusankar Gurusamorthy
General Director

16 June 2020

INCOME STATEMENT

For the year ended 31 March 2020

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	19	377,349,127,253	288,185,137,823
2. Net revenue from goods sold and services rendered (10=01)	10		377,349,127,253	288,185,137,823
3. Cost of sales	11		343,521,679,121	293,498,706,556
4. Gross profit/(loss) from goods sold and services rendered (20=10-11)	20		33,827,448,132	(5,313,568,733)
5. Financial income	21		862,346,316	1,793,770,527
6. Financial expenses	22		5,861,594,192	2,648,697,882
- In which: Interest expense	23		1,635,027,076	1,073,305,289
7. Selling expenses	25	21	7,874,818,057	6,378,883,930
8. General and administration expenses	26	21	20,642,125,564	14,647,788,340
9. Operating profit/(loss) (30=20+(21-22)-(25+26))	30		311,256,635	(27,195,168,358)
10. Other income	31	22	729,882,268	351,481,792
11. Other expenses	32		235,353,356	-
12. Profit from other activities (40=31-32)	40		494,528,912	351,481,792
13. Accounting profit/(loss) before tax (50=30+40)	50		805,785,547	(26,843,686,566)
14. Current corporate income tax expense	51	23	-	-
15. Net profit/(loss) after corporate income tax (60=50-51)	60		805,785,547	(26,843,686,566)


Le Thi Thanh Thuy
Preparer


Aggarwal Kulbhushan
Finance Controller



16 June 2020

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 March 2020

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit/(Loss) before tax	01	805,785,547	(26,843,686,566)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	4,418,764,553	4,199,754,785
Provisions	03	1,246,931,356	-
Foreign exchange losses arising from translating foreign currency items	04	2,974,769,803	-
Loss/(Gain) from investing activities	05	13,573,025	(67,051,818)
Interest expense	06	1,635,027,076	1,073,305,289
3. Operating profit/(loss) before movements in working capital	08	11,094,851,360	(21,637,678,310)
Increases in receivables	09	(60,527,572,791)	(13,819,191,257)
Increases in inventories	10	(37,209,813,940)	(11,653,192,677)
(Decrease)/increase in payables (excluding accrued loan interest and corporate income tax payable)	11	(1,462,120,644)	42,371,844,553
Increases in prepaid expenses	12	(754,599,889)	(959,203,662)
Interest paid	14	(1,635,027,076)	(1,073,305,289)
Net cash used in operating activities	20	(90,494,282,980)	(6,770,726,642)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(2,010,055,041)	(7,060,847,105)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	65,886,246	67,051,818
Net cash used in investing activities	30	(1,944,168,795)	(6,993,795,287)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	51,385,105,850	-
2. Proceeds from borrowings	33	224,870,945,663	114,493,841,473
3. Repayment of borrowings	34	(184,130,910,877)	(96,936,470,227)
4. Repayment of obligations under finance leases	35	(552,387,004)	(552,387,004)
Net cash generated by financing activities	40	91,572,753,632	17,004,984,242
Net (decrease)/increase in cash (50=20+30+40)	50	(865,698,143)	3,240,462,313
Cash at the beginning of the year	60	4,841,963,267	1,601,500,954
Cash at the end of the year (70=50+60)	70	3,976,265,124	4,841,963,267

Le Thi Thanh Thuy
Preparer

Aggarwal Kulbhushan
Finance Controller

Gurusankar Gurumoorthy
General Director

16 June 2020

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 27 February 2020, the Company's investment capital and charter capital are USD 4,219,659 (equivalent to VND 83,285,105,850) and USD 3,522,035 (equivalent to VND 72,158,884,133), respectively. The parent company is Vin Pearl Global Vietnam 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 2020 was 953 (31 March 2019: 981).

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 first 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 2019.

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.

As at 31 March 2020, the Company had accumulated losses of VND 59,273,789,912 (as at 31 March 2019: VND 60,079,575,459). Besides, for the year ended 31 March 2020, the net cash used in operating activity is minus (-) VND 90,494,282,980 (the year ended 31 March 2019: minus (-) VND 6,770,726,642). However, the Company carefully assessed the cash flow plan for the next financial year and worked with the parent company about the financial support plan in the near future. Accordingly, the Company realized that its business situation was better than the previous year, and after considering the business solutions, the Company has confirmed that it has sufficient financial capacity to pay its due debts and to meet the conditions for continuous operation for at least the next 12 months from the reporting date. Therefore, it is appropriate to prepare the financial statements on the going concern basis.

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 merchandises 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 related 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:

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

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.

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.

Other borrowing costs for supplementary working capital are recognized into income statement in the financial year.

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> VND	<u>Opening balance</u> VND
Cash on hand	2,576,000	97,823,500
Bank demand deposits	3,973,689,124	4,744,139,767
	<u>3,976,265,124</u>	<u>4,841,963,267</u>

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Short-term trade receivables		
Pearl Grass Creation Company Limited	31.715.880.641	11.602.663.379
Priscilla Investment (Mtius) Limited	15.986.800.000	-
Pearl Global HK Company Limited	14.259.177.054	17.627.619.031
Pearl Global Industries Company Limited	3.935.115.085	205.142.038
Brothers and Friends (BAF Woman) GMBH	2.423.673.172	112.078.893
DSSP Global Company Limited	-	2.767.600.360
Others	1.265.014.954	1.033.866.491
	<u>69.585.660.905</u>	<u>33.348.970.192</u>

In which:

In which:

Short-term trade receivables from related parties
(Details stated in Note 24)

	49.910.172.780	32.203.024.808
	<u>49.910.172.780</u>	<u>32.203.024.808</u>

6. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Pantex Manifattura Tessuti SRL	669,377,315	-
Morito Scovill HK Co., Ltd.	650,427,430	-
Roomtextiles Hongkong Co., Ltd	513,581,602	-
Others	3,463,944,941	81,780,045
	<u>5,297,331,288</u>	<u>81,780,045</u>

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payment on behalf	17.914.043.967	192.140.687
Advances	144.927.275	-
Other receivables	905.104.562	265.456.680
	<u>18.964.075.804</u>	<u>265.456.680</u>

In which:

Receivables from related parties (Note 24)

	17.914.043.967	192.140.687
	<u>17.914.043.967</u>	<u>192.140.687</u>

8. INVENTORIES

	Closing balance		Opening balance	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	8,300,313,519	-	3,337,769,869	-
Raw materials	34,798,601,797	-	5,333,042,443	-
Tools and supplies	165,609,064	-	124,086,318	-
Work in progress	13,658,144,660	-	6,755,517,388	-
Finished goods	6,851,705,541	759,072,996	11,014,144,623	-
	63,774,374,581	759,072,996	26,564,560,641	-

During the year, the Company made provision for devaluation of inventories with the amount of VND 759,072,996 (previous year: VND 0) because the net realizable value of finished goods was lower than its cost.

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Insurance expenses	697,891,384	388,070,721
Operating lease expenses	317,225,469	248,255,955
Other	1,018,185,148	832,329,192
	2,033,302,001	1,468,655,868
b. Non-current		
Tools and dies	1,563,308,350	2,129,181,082
Maintenance and repair expenses	1,114,681,072	470,226,977
Others	690,065,603	578,693,210
	3,368,055,025	3,178,101,269

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
COST					
Opening balance	25,314,381,435	33,059,473,190	3,119,962,726	2,490,315,219	63,984,132,570
Purchases	860,174,252	2,274,626,012	588,480,592	-	3,723,280,856
Transfer from construction in progress	440,315,050	-	-	-	440,315,050
Disposals	-	-	(88,380,112)	-	(88,380,112)
Closing balance	26,614,870,737	35,334,099,202	3,620,063,206	2,490,315,219	68,059,348,364
ACCUMULATED DEPRECIATION					
Opening balance	11,256,644,258	19,420,641,583	1,592,210,262	686,242,457	32,955,738,560
Charge for the year	1,526,377,358	1,907,575,575	291,961,197	264,423,801	3,990,337,931
Disposals	-	-	(8,920,841)	-	(8,920,841)
Closing balance	12,783,021,616	21,328,217,158	1,875,250,618	950,666,258	36,937,155,650
NET BOOK VALUE					
Opening balance	14,057,737,177	13,638,831,607	1,527,752,464	1,804,072,762	31,028,394,010
Closing balance	13,831,849,121	14,005,882,044	1,744,812,588	1,539,648,961	31,122,192,714

As at 31 March 2020, the cost of the Company's tangible fixed assets includes VND 20,967,100,419 (31 March 2019: VND 21,681,284,636) of tangible fixed assets which have been fully depreciated but are still in use.

As described in Note 15 and Note 16, the Company has pledged some tangible fixed assets with the net book value as at 31 March 2020 of VND 20,615,831,349 (31 March 2019: VND 20,842,326,432), and other assets formed in the future in accordance with provisions of the mortgage contracts signed with the banks to secure bank loans.

11. 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	3,037,026,000	3,037,026,000
ACCUMULATED DEPRECIATION		
Opening balance	1,075,564,999	1,075,564,999
Charge for the year	379,604,064	379,604,064
Closing balance	1,455,169,063	1,455,169,063
NET BOOK VALUE		
Opening balance	1,961,461,001	1,961,461,001
Closing balance	1,581,856,937	1,581,856,937

12. 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
Increase during the year	-	-	-	552,365,394	552,365,394
Closing balance	<u>69,980,290</u>	<u>612,110,000</u>	<u>576,035,238</u>	<u>785,075,904</u>	<u>2,043,201,432</u>
ACCUMULATED AMORTISATION					
Opening balance	36,184,162	316,498,559	297,845,579	232,710,510	883,238,810
Charge for the year	2,203,570	19,274,415	18,138,483	9,206,090	48,822,558
Closing balance	<u>38,387,732</u>	<u>335,772,974</u>	<u>315,984,062</u>	<u>241,916,600</u>	<u>932,061,368</u>
NET BOOK VALUE					
Opening balance	<u>33,796,128</u>	<u>295,611,441</u>	<u>278,189,659</u>	<u>-</u>	<u>607,597,228</u>
Closing balance	<u>31,592,558</u>	<u>276,337,026</u>	<u>260,051,176</u>	<u>543,159,304</u>	<u>1,111,140,064</u>

As described in Note 15 and Note 16, 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.

13. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	VND		VND	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
DSSP Global Ltd.	53,181,318,770	53,181,318,770	50,996,807,255	50,996,807,255
Pearl Global Industries Company Limited	7,152,165,834	7,152,165,834	-	-
Tin Phat Padding Quilting Joint Stock Company	1,204,177,545	1,204,177,545	-	-
Zhejiang Weixing Import & Export Co., Ltd.	1,947,856,769	1,947,856,769	-	-
S.One Textile Ltd	1,191,975,808	1,191,975,808	-	-
Thanh Dung One member Company	987,451,994	987,451,994	1,049,462,641	1,049,462,641
Hanoi Paper and Bag Company Limited	-	-	31,728,536	31,728,536
Others	19,590,526,985	19,590,526,985	3,154,840,393	3,154,840,393
	85,255,473,705	85,255,473,705	55,232,838,825	55,232,838,825

In which:

Short-term trade payables from related parties
(Details stated in Note 24)

	60,333,484,604	60,333,484,604	50,996,807,255	50,996,807,255
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14. TAXES AND OTHER PAYABLES TO STATE BUDGET

	Opening balance	Payable during the year	Net-off/Paid during the year	Closing balance
	VND	VND	VND	VND
Payables				
Value added tax	-	1,219,277,845	1,219,277,845	-
Personal income tax	269,605,173	1,743,747,774	1,537,612,695	475,740,252
Other taxes	-	236,436,538	236,436,538	-
	269,605,173	3,199,462,157	2,993,327,078	475,740,252

15. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Effect of foreign exchange Decreases	Amount	VND Amount able to be paid off
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	14,632,751,000	14,632,751,000	155,718,940,994	109,133,941,655	62,794,102,624	62,794,102,624
Pearl Global HK Limited Company	17,675,768,180	17,675,768,180	69,152,004,669	87,567,929,796	-	-
HSBC Bank (Vietnam) LTD	8,055,187,638	8,055,187,638	-	7,996,892,246	-	-
Current portion of long-term loans (see Note 16)	458,768,667	458,768,667	-	236,200,000	222,568,667	222,568,667
Current portion of long-term obligations under finance leases (see Note 16)	534,917,421	534,917,421	89,153,574	554,506,130	94,262,751	94,262,751
	41,357,392,906	41,357,392,906	224,960,099,237	205,489,469,827	63,110,934,042	63,110,934,042

(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 USD 4,500,000 to supplement working capital for production. Loan interest rate is specified in each covenant. Loan principal and interest are repayable within maximum 04 months from the date of withdrawal for each covenant. The loan is secured as per the Contract to mortgage the land use right certificate, Workshop, Warehouse and Production line of Pearl Global Vietnam Co., Ltd.

16. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount	VND	Increases	VND	Amount	VND
Long-term loans						
Joint Stock Commercial Bank for Foreign Trade of Vietnam	506,416,667	506,416,667	-	-	136,816,667	136,816,667
- Bac Giang Branch (i)						
Vietnam Technological and Commercial Joint Stock Bank	242,956,000	242,956,000	-	-	157,204,000	157,204,000
- Ha Thanh branch (ii)						
Pearl Global HK Company Limited (iii)	5,017,349,969	5,017,349,969	21,025,323,946	-	26,417,523,946	26,417,523,946
Long-term obligations under finance leases						
Vietcombank Leasing Co., Ltd (iv)	624,070,996	624,070,996	-	24,697,885	94,262,751	94,262,751
	6,390,793,632	6,390,793,632	21,025,323,946	399,547,916	26,805,807,364	26,805,807,364

In which:

- Amount due for settlement within 12 months 993,686,088 993,686,088
- Amount due for settlement after 12 months 5,397,107,544 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, a Elantra 2017 1.6 AT (AVN) car and machinery and equipment owned by Pearl Global Vietnam Co., Ltd.
- (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 (a) the Loan Agreement dated 05 June 2017 with the amount of USD 228,000 to purchase new equipment and supplement working capital for the Company's business activities (loan principal is repayable in 5 years from June 2018); (b) the Loan Agreement dated 03 September 2019 and the Annex No.01 dated 20 March 2020 with the amount of USD 127,780 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 19 May 2025); (c) the Loan Agreement dated 06 January 2020 and the Annex No.01 dated 20 March 2020 with the amount of USD 211,240 to supplement working capital for Company's business activities (loan principal is extended to be repaid on 19 May 2025); (d) the Loan Agreement dated 01 March 2020 and the Annex No.01 dated 20 March 2020 with the amount of USD 350,000 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 19 May 2025); (e) the Loan Agreement dated 18 March 2020 and the Annex No.01 dated 20 March 2020 with the amount of USD 200,000 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 19 May 2025).

- (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 entrustee. 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 entrustee 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>VND</u>	<u>Opening balance</u> <u>VND</u>
On demand or within one year	222,568,667	458,768,667
In the second year	5,463,652,000	5,307,953,969
After five years	21,025,323,946	-
	26,711,544,613	5,766,722,636
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under financial leases)	222,568,667	458,768,667
Amount due for settlement after 12 months	26,488,975,946	5,307,953,969

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

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
On demand or within one year	94,262,750	534,917,421
In the second year	-	89,153,575
	94,262,750	624,070,996
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under financial leases)	-	-
Amount due for settlement after 12 months	94,262,750	624,070,996

17. OWNER'S EQUITY

Movement in owner's equity

	<u>Owner's contributed capital</u> <u>VND</u>	<u>Accumulated (losses)</u> <u>VND</u>	<u>Total</u> <u>VND</u>
Prior year's opening balance	20,773,778,283	(33,235,888,893)	(12,462,110,610)
(Loss) for the year	-	(26,843,686,566)	(26,843,686,566)
Current year's opening balance	20,773,778,283	(60,079,575,459)	(39,305,797,176)
Capital increase	51,385,105,850	-	51,385,105,850
Profit for the year	-	805,785,547	805,785,547
Current year's closing balance	72,158,884,133	(59,273,789,912)	12,885,094,221

Investment capital and charter capital

According to the latest Investment Certificate dated 27 February 2020, the Company's investment capital and charter capital are USD 4,219,659 (equivalent to VND 83,285,105,850) and USD 3,522,035 (equivalent to VND 72,158,884,133), respectively. As at 31 March 2020, 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 Limited	3,522,035	72,158,884,133	1,302,376	20,773,778,283
	3,522,035	72,158,884,133	1,302,376	20,773,778,283

18. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
United States Dollar (USD)	115,804	105,858

19. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Sales of merchandise and services		
Revenue from sales and processing of exported goods	365,073,049,706	271,256,405,432
Revenue from processing of domestic goods	12,276,077,547	16,928,732,391
	377,349,127,253	288,185,137,823
In which:		
Revenue from related parties (See Note 24)	343,465,394,026	236,757,864,973
	343,465,394,026	236,757,864,973

20. PRODUCTION COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	222,109,598,219	152,746,294,387
Labour	125,826,298,116	115,875,121,317
Depreciation and amortisation	4,418,764,553	4,199,754,785
Other monetary expenses	22,424,150,044	50,788,156,720
	374,778,810,932	323,609,327,209

21. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses		
Salary expense	13,808,722,806	10,559,004,182
Others	6,833,402,758	4,088,784,158
	20,642,125,564	14,647,788,340
Selling expenses		
Salary expense	1,318,150,400	1,038,863,915
Export fee and carriage outwards	3,533,987,688	3,034,331,765
Transportation cost	2,722,931,408	2,136,613,960
Others	299,748,561	169,074,290
	7,874,818,057	6,378,883,930

22. OTHER INCOME

	Current year VND	Prior year VND
Claims for defective goods from supplier	640,031,558	-
Others	89,850,710	351,481,792
	729,882,268	351,481,792

23. CORPORATE INCOME TAX

	Current year VND	Prior year VND
Profit/(Loss) before tax	805,785,547	(26,843,686,566)
Adjustments for taxable profit		
Add back: non-deductible expenses	658,723,577	165,300,000
Loss carry-forward	(1,464,509,124)	-
Taxable profit	-	-
Taxable profit at incentive tax rate of 10%	-	-
Corporate income tax expense based on taxable profit in the current year	-	-

The company is obliged to pay corporate income tax according to the current regulations. The annual corporate income tax is equal to 10% of the profits earned during the project implementation period.

24. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Relationship
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:

	Current year VND	Prior year VND
Sale of goods and services	343,465,394,025	236,757,864,973
Pearl Global HK Company Limited	129,910,036,885	87,217,904,720
Pearl Grass Creation Company Limited	67,975,916,458	113,064,571,074
Pearl Global Fareast Company Limited	91,204,810,691	33,707,788,819
Pearl Global Industries Company Limited	53,703,738,184	-
DSSP Global Company Limited	670,891,807	2,767,600,360
Purchases of goods and services	155,881,606,603	131,284,868,334
DSSP Global Company Limited	148,839,288,598	131,225,709,809
Pearl Global Industries Company Limited	7,042,318,005	-
Pearl Grass Creation Company Limited	-	59,158,525
Payment on behalf	17,718,999,600	275,677,496
Pearl Grass Creation Company Limited	14,156,668,479	-
Pearl Global HK Limited Company	3,562,331,121	-

Vin Pearl Global Vietnam Limited	-	192,140,687
Pearl Global Industries Company Limited	-	

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	44.239.032.121	72.942.935.120
Short-term trade receivables	14.259.177.054	17.627.619.031
Short-term advances from customers	-	32.622.197.940
Other short-term receivables	3.562.331.121	-
Short-term loans	21.025.323.946	17.675.768.180
Long-term loans	5.392.200.000	5.017.349.969
Pearl Grass Creation Limited Company	50.118.304.727	11.602.663.379
Short-term trade receivables	31.715.880.641	11.602.663.379
Other short-term receivables	14.156.668.479	-
Other short-term payables	4.245.755.608	-
DSSP Global Company Limited	53.181.318.770	53.764.407.615
Short-term trade receivables	-	2.767.600.360
Short-term trade payables	53.181.318.770	50.996.807.255
Pearl Global Industries Company Limited	11.087.280.919	205.142.038
Short-term trade receivables	3.935.115.085	205.142.038
Short-term trade payables	7.152.165.834	-
Vin Pearl Global Vietnam Limited	195.044.367	192.140.687
Other short-term receivables	195.044.367	192.140.687
Pearl Global Fareast Limited	312.378.285	-
Other short-term payables	312.378.285	-

25. OTHER MATTER

The 2019 novel coronavirus ("Covid-19") originated in China has spread widely across a large number of countries during the first 3 months of 2020, creating challenges to all industries as well as the society. The Company has assessed the overall impact of the outbreak on its operations and taken all possible measures to mitigate the negative effects on its employees and activities. The Company is paying continuous attention to the outbreak in order to respond appropriately, timely and in a proactive manner.


Le Thi Thanh Thuy
Preparer


Aggarwal Kulbhushan
Finance Controller


Gurusankar Gurumoorthy
General Director

16 June 2020