

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

**AUDITED FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED 31 MARCH 2022

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TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE GENERAL DIRECTOR	1
INDEPENDENT AUDITORS' REPORT	2 - 3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7 - 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 27



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 2022.

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

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 2022, 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 minimize 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

05 May 2022

No.: 1184 /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 05 May 2022 as set out from page 04 to page 27, which comprise the balance sheet as at 31 March 2022, 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 2022 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.



Khúc Thị Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

05 May 2022
Hanoi, S.R. Vietnam

Bui Thi Mai Huong
Auditor
Audit Practising Registration Certificate
No. 3829-2021-001-1

BALANCE SHEET

As at 31 March 2022

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		526,592,023,927	218,435,972,559
I. Cash	110		18,160,216,829	6,025,192,177
1. Cash	111	4	18,160,216,829	6,025,192,177
II. Short-term receivables	130		214,182,313,565	124,075,896,383
1. Short-term trade receivables	131	5	207,491,626,810	116,652,859,558
2. Short-term advances to suppliers	132	6	1,234,955,926	2,472,816,704
3. Other short-term receivables	136	7	5,455,730,829	4,950,220,121
III. Inventories	140	8	279,375,373,305	83,024,719,159
1. Inventories	141		284,093,755,915	90,534,084,179
2. Provision for devaluation of inventories	149		(4,718,382,610)	(7,509,365,020)
IV. Other short-term assets	150		14,874,120,228	5,310,164,840
1. Short-term prepayments	151	9	3,302,997,661	2,673,124,012
2. Value added tax deductibles	152		11,571,122,567	2,637,040,828
B. NON-CURRENT ASSETS	200		37,682,383,422	33,361,058,441
I. Fixed assets	220		35,131,616,481	30,913,262,383
1. Tangible fixed assets	221	10	27,800,699,131	29,762,061,234
- Cost	222		73,773,246,240	72,245,872,816
- Accumulated depreciation	223		(45,972,547,109)	(42,483,811,582)
2. Finance lease assets	224	11	6,409,488,431	-
- Cost	225		6,489,256,793	-
- Accumulated depreciation	226		(79,768,362)	-
3. Intangible assets	227	12	921,428,919	1,151,201,149
- Cost	228		2,204,131,432	2,204,131,432
- Accumulated amortisation	229		(1,282,702,513)	(1,052,930,283)
II. Long-term assets in progress	240		21,136,364	42,272,727
1. Construction in progress	242		21,136,364	42,272,727
III. Other long-term assets	260		2,529,630,577	2,405,523,331
1. Long-term prepayments	261	9	2,529,630,577	2,405,523,331
TOTAL ASSETS (270=100+200)	270		564,274,407,349	251,797,031,000

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 March 2022

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		521,944,029,890	236,147,122,533
I. Current liabilities	310		509,490,809,712	204,964,209,158
1. Short-term trade payables	311	13	321,033,664,984	100,656,549,424
2. Short-term advances from customers	312		-	70,592,138
3. Taxes and amounts payable to the State budget	313	14	781,504,351	639,029,500
4. Payables to employees	314		18,158,472,524	11,464,390,188
5. Short-term accrued expenses	315		406,729,327	1,719,110,530
6. Other current payables	319		9,353,796,570	6,563,566,146
7. Short-term loans and obligations under finance leases	320	15	159,756,641,956	83,850,971,232
II. Long-term liabilities	330		12,453,220,178	31,182,913,375
1. Long-term loans and obligations under finance leases	338	16	10,364,217,843	29,093,911,040
2. Long-term provisions	342		2,089,002,335	2,089,002,335
D. EQUITY	400		42,330,377,459	15,649,908,467
I. Owner's equity	410	17	42,330,377,459	15,649,908,467
1. Owner's contributed capital	411		72,158,884,133	72,158,884,133
2. Accumulated (losses)	421		(29,828,506,674)	(56,508,975,666)
- (Losses) accumulated to the prior year end	421a		(56,508,975,666)	(59,273,789,912)
- Retained earnings of the current year	421b		26,680,468,992	2,764,814,246
TOTAL RESOURCES (440=300+400)	440		564,274,407,349	251,797,031,000


Le Thi Thanh Thuy
Preparer/Chief Accountant


Aggarwal Kulbhushan
Finance Controller


Gurusankar Gurumoorthy
General Director

05 May 2022

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT
For the year ended 31 March 2022

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	19	1,083,427,406,709	470,874,342,931
2. Net revenue from goods sold and services rendered (10=01)	10		1,083,427,406,709	470,874,342,931
3. Cost of sales	11		988,060,376,362	427,231,433,380
4. Gross profit from goods sold and services rendered (20=10-11)	20		95,367,030,347	43,642,909,551
5. Financial income	21		8,338,466,498	4,462,441,968
6. Financial expenses	22		12,254,415,959	5,563,293,332
- In which: Interest expense	23		2,128,166,175	2,776,620,896
7. Selling expenses	25	21	45,466,823,943	24,874,749,402
8. General and administration expenses	26	21	19,454,147,951	14,906,377,539
9. Operating profit (30=20+(21-22)-(25+26))	30		26,530,108,992	2,760,931,246
10. Other income	31		150,360,000	3,883,000
11. Profit from other activities (40=31)	40		150,360,000	3,883,000
12. Accounting profit before tax (50=30+40)	50		26,680,468,992	2,764,814,246
13. Current corporate income tax expense	51	22	-	-
14. Net profit after corporate income tax (60=50-51)	60		26,680,468,992	2,764,814,246


Le Thi Thanh Thuy
Preparer/Chief Accountant


Aggarwal Kulbhushan
Finance Controller


Gurusankar Gurumoorthy
General Director

05 May 2022

CASH FLOW STATEMENT

For the year ended 31 March 2022

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	26,680,468,992	2,764,814,246
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	5,143,921,294	4,767,367,479
Provisions	03	(2,790,982,410)	6,683,669,886
Foreign exchange loss/(gain) arising from translating foreign currency items	04	2,310,856,606	(1,675,799,075)
(Gain) from investing activities	05	(146,610,000)	-
Interest expense	06	2,128,166,175	2,776,620,896
3. Operating profit before movements in working capital	08	33,325,820,657	15,316,673,432
Increases in receivables	09	(99,115,914,354)	(30,233,686,417)
Increases in inventories	10	(193,559,671,736)	(26,759,709,598)
Increases in payables (excluding accrued loan interest and corporate income tax payable)	11	225,518,648,648	22,908,786,579
(Increase)/decrease in prepaid expenses	12	(753,980,895)	322,709,683
Interest paid	14	(2,128,166,175)	(2,776,620,896)
Net cash used in operating activities	20	(36,713,263,855)	(21,221,847,217)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(9,124,558,432)	(1,865,440,147)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	146,610,000	-
Net cash used in investing activities	30	(8,977,948,432)	(1,865,440,147)

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT (Continued)

For the year ended 31 March 2022

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	321,555,578,987	234,570,802,699
2. Repayment of borrowings	34	(263,976,478,262)	(209,340,325,530)
3. Repayment of obligations under finance leases	35	(91,603,378)	(94,262,752)
Net cash generated by financing activities	40	57,487,497,347	25,136,214,417
Net increases in cash (50=20+30+40)	50	11,796,285,060	2,048,927,053
Cash at the beginning of the year	60	6,025,192,177	3,976,265,124
Effects of changes in foreign exchange rates	61	338,739,592	-
Cash at the end of the year (70=50+60+61)	70	18,160,216,829	6,025,192,177


Le Thi Thanh Thuy
Preparer/Chief Accountant

Aggarwal Kulbhushan
Finance ControllerGurusankar Gurumoorthy
General Director

05 May 2022

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.

The parent company of the Company is Vin Pearl Global Vietnam Limited (incorporated in Hongkong). 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 2022 was 1,058 (as at 31 March 2021: 960).

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 Certificate.

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 2021.

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.

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 financial 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 the 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:

	<u>Years</u>
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.

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.

Intangible assets and amortisation

Intangible assets represent land use rights, land compensation expenses, site clearance expenses and software that are stated at cost less accumulated amortisation. Land use rights, land compensation and site clearance expenses are amortised using the straight-line method over the Company's operating duration of 30 years. Software is amortised using the straight-line method over the period of 5 years.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise costs of tool and dies, insurance, maintenance and repair, operating lease expense and other prepayments, which are expected 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.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

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 recognized 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 realized. 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.

As at 31 March 2022, the Company did not recognize deferred tax assets for temporary differences between taxable profit and accounting profit due to the uncertainty of the future taxable profit stream.

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	98,815,500	20,706,500
Bank demand deposits	18,061,401,329	6,004,485,677
	<u>18,160,216,829</u>	<u>6,025,192,177</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	132,663,193,131	5,002,193,090
Pearl Grass Creation Company Limited	68,551,120,732	36,919,545,948
Pearl Global Industries Company Limited	-	63,238,910,887
Priscilla Investment (Mtius) Limited	-	7,356,800,000
Brothers and Friends (BAF Woman) GMBH	-	58,097,203
Others	6,277,312,947	4,077,312,430
	<u>207,491,626,810</u>	<u>116,652,859,558</u>

In which:

Short-term trade receivables from related parties
(Details stated in Note 23)

	<u>205,387,639,401</u>	<u>108,294,441,728</u>
	<u>205,387,639,401</u>	<u>108,294,441,728</u>

6. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Duy Minh Garment Joint Stock Company	555,991,808	-
Adept Thread & Accessories Co., Ltd	-	324,353,905
Ching Fung Apparel Accessories Co., Ltd	-	287,832,041
Edicate Button & Garment Accessories Manufactory Limited	-	281,741,760
Others	678,964,118	1,578,888,998
	<u>1,234,955,926</u>	<u>2,472,816,704</u>

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Payment on behalf of related parties	4,234,653,576	586,941,533
Advances	58,898,267	76,500,000
Other receivables	1,162,178,986	4,286,778,588
	<u>5,455,730,829</u>	<u>4,950,220,121</u>
In which:		
Receivables from related parties (Details stated in Note 23)	4,234,653,576	1,510,967,001
	<u>4,234,653,576</u>	<u>1,510,967,001</u>

8. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	15,388,385,090	-	12,305,452,535	-
Raw materials	189,974,166,552	584,804,391	38,823,011,976	2,022,420,448
Tools and supplies	408,584,693	-	120,562,822	30,310,305
Work in progress	22,111,755,966	263,696,443	25,282,631,531	4,791,168,468
Finished goods	56,210,863,614	3,869,881,776	14,002,425,315	665,465,799
	<u>284,093,755,915</u>	<u>4,718,382,610</u>	<u>90,534,084,179</u>	<u>7,509,365,020</u>

As at 31 March 2022, the Company made provision for devaluation of inventories with the amount of VND 4,718,382,610 (as at 31 March 2021: VND 7,509,365,020) because the net realizable value of inventories was lower than their cost.

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Insurance expenses	799,239,214	735,292,540
Operating lease expenses	560,894,746	429,739,933
Others	1,942,863,701	1,508,091,539
	3,302,997,661	2,673,124,012
b. Non-current		
Tools and dies	1,764,090,314	1,685,885,505
Maintenance and repair expenses	495,693,876	303,761,402
Others	269,846,387	415,876,424
	2,529,630,577	2,405,523,331

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	26,970,106,457	38,395,557,934	4,389,893,206	2,490,315,219	72,245,872,816
Purchases	707,051,594	1,582,665,550	562,165,092	-	2,851,882,236
Transfer from construction in progress	21,136,363	-	-	-	21,136,363
Disposals	(327,397,082)	(1,018,248,093)	-	-	(1,345,645,175)
Closing balance	27,370,897,332	38,959,975,391	4,952,058,298	2,490,315,219	73,773,246,240
ACCUMULATED DEPRECIATION					
Opening balance	14,372,881,635	24,645,863,802	2,249,976,085	1,215,090,060	42,483,811,582
Charge for the year	1,603,800,184	2,477,354,993	501,293,986	251,931,539	4,834,380,702
Disposals	(327,397,082)	(1,018,248,093)	-	-	(1,345,645,175)
Closing balance	15,649,284,737	26,104,970,702	2,751,270,071	1,467,021,599	45,972,547,109
NET BOOK VALUE					
Opening balance	12,597,224,822	13,749,694,132	2,139,917,121	1,275,225,159	29,762,061,234
Closing balance	11,721,612,595	12,855,004,689	2,200,788,227	1,023,293,620	27,800,699,131

As at 31 March 2022, the cost of the Company's tangible fixed assets includes VND 20,078,296,700 (as at 31 March 2021: VND 20,528,879,714) 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 carrying value as at 31 March 2022 of VND 10,502,966,956 (as at 31 March 2021: VND 13,119,617,909), 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	-	-
Additions	6,489,256,793	6,489,256,793
Closing balance	<u>6,489,256,793</u>	<u>6,489,256,793</u>
ACCUMULATED DEPRECIATION		
Opening balance	-	-
Charge for the year	79,768,362	79,768,362
Closing balance	<u>79,768,362</u>	<u>79,768,362</u>
NET BOOK VALUE		
Opening balance	-	-
Closing balance	<u>6,409,488,431</u>	<u>6,409,488,431</u>

PEARL GLOBAL VIETNAM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Land compensation	Site clearance expenses	Software	Total
	VND	expenses	VND	VND	VND
COST					
Opening balance	69,980,290	612,110,000	576,035,238	946,005,904	2,204,131,432
Closing balance	69,980,290	612,110,000	576,035,238	946,005,904	2,204,131,432
ACCUMULATED AMORTISATION					
Opening balance	40,591,302	355,047,389	334,122,545	323,169,047	1,052,930,283
Charge for the year	2,203,570	19,274,415	18,138,483	190,155,762	229,772,230
Closing balance	42,794,872	374,321,804	352,261,028	513,324,809	1,282,702,513
NET BOOK VALUE					
Opening balance	29,388,988	257,062,611	241,912,693	622,836,857	1,151,201,149
Closing balance	27,185,418	237,788,196	223,774,210	432,681,095	921,428,919

As described in Note 15, the Company has pledged the land use right certificate with its term 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.

PEARL GLOBAL VIETNAM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

13. 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.	248,058,401,431	248,058,401,431	40,664,636,403	40,664,636,403
Suzhou Dongyi International Trade Company	5,531,102,160	5,531,102,160	-	-
Young Textile Co., Ltd.	4,464,643,103	4,464,643,103	168,918,394	168,918,394
Pearl Global Industries Company Limited	-	-	16,681,856,589	16,681,856,589
Fountain Set Limited	-	-	12,735,427,749	12,735,427,749
HUAREN LINEN (HK) Co., Ltd.	-	-	3,083,366,088	3,083,366,088
Tin Phat Padding Quilting Joint Stock Company	-	-	395,141,007	395,141,007
Zhejiang Weixing Import & Export Co., Ltd.	858,914,728	858,914,728	116,010,194	116,010,194
Others	62,120,603,562	62,120,603,562	26,811,193,000	26,811,193,000
	321,033,664,984	321,033,664,984	100,656,549,424	100,656,549,424

In which:

Short-term trade payables to related parties
(Details stated in Note 23)

248,058,401,431	248,058,401,431	57,346,492,992	57,346,492,992
248,058,401,431	248,058,401,431	57,346,492,992	57,346,492,992

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable	Net-off/Paid	Closing balance
	VND	during the year	during the year	VND
Value added tax	-	133,062,062	133,062,062	-
Personal income tax	637,250,807	1,398,749,966	1,256,275,115	779,725,658
Other taxes	1,778,693	-	-	1,778,693
	639,029,500	1,531,812,028	1,389,337,177	781,504,351

15. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance			In the year			Closing balance	
	Amount	Amount able to be paid off	VND	Increases	Decreases	Effect of foreign exchange	Amount	Amount able to be paid off
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	66,403,519,232	66,403,519,232	284,536,318,837	248,519,420,262		40,422,707	102,460,840,514	102,460,840,514
Pearl Global HK Limited Company (ii)	17,376,000,000	17,376,000,000	33,785,606,000	-		32,778,400	51,194,384,400	51,194,384,400
Current portion of long-term loans (see Note 16)	71,452,000	71,452,000	5,239,440,000	71,452,000		-	5,239,440,000	5,239,440,000
Current portion of long-term obligations under finance leases (see Note 16)	-	-	861,977,042	-		-	861,977,042	861,977,042
	83,850,971,232	83,850,971,232	324,423,341,879	248,590,872,262		73,201,107	159,756,641,956	159,756,641,956

(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 payable within maximum 06 months from the date of withdrawal for each covenant. The loan is secured as per the Mortgage Contract by the land use right certificate, workshop, warehouse and production line of Pearl Global Vietnam Co., Ltd (see Note 10 and Note 12).

(ii) Represent short-term loans from Pearl Global HK Limited Company (related party) according to the Loan Agreements with the amount of USD 1,477,780 to supplement working capital for the Company's business activities, loan principal is repayable within a year. Loan interest rate is fixed at 4% per annum. The loan is unsecured.

PEARL GLOBAL VIETNAM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

16. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year			Closing balance	
	VND		VND			VND	
	Amount	Amount able to be paid off	Increases	Decreases	Effect of foreign exchange differences	Amount	Amount able to be paid off
Long-term loans							
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch	71,452,000	71,452,000	-	71,452,000	-	-	-
Pearl Global HK Company Limited (i)	29,093,911,040	29,093,911,040	-	15,385,606,000	(425,865,040)	13,282,440,000	13,282,440,000
Long-term obligations under finance leases							
Vietcombank Leasing Co., Ltd (ii)	-	-	3,233,654,150	91,603,378	41,144,113	3,183,194,885	3,183,194,885
	29,165,363,040	29,165,363,040	3,233,654,150	15,548,661,378	(384,720,927)	16,465,634,885	16,465,634,885

In which:

Amount due for settlement within 12 months	71,452,000	71,452,000	6,101,417,042	6,101,417,042
Amount due for settlement after 12 months	29,093,911,040	29,093,911,040	10,364,217,843	10,364,217,843

(i) Represent the long-term unsecured and non-interest bearing loans from Pearl Global HK Limited Company (related party) 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 2017);

(b) the Loan Agreement dated 11 March 2020 and the Annex No.01 dated 11 March 2021 with the amount of USD 350,000 to supplement working capital for the Company's business (loan principal repayment is extended to 11 March 2026)

(ii) Finance lease from Vietcombank Leasing Company Limited under the finance leasing contract dated 10 September 2021. The loan period is 48 months, the floating interest rate as of 31 March 2022 is 4.25% per annum. The total rental amount is USD 142,552. The loan principal is repaid equally on a monthly basis.

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	5,239,440,000	71,452,000
In the second year	-	5,282,304,000
After three years	8,043,000,000	23,811,607,040
	13,282,440,000	29,165,363,040
Less: Amount due for settlement within 12 months (shown under Short-term loans)	5,239,440,000	71,452,000
Amount due for settlement after 12 months	8,043,000,000	29,093,911,040

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

	Closing balance	Opening balance
	VND	VND
On demand or within one year	861,977,042	-
In the second year	870,459,420	-
After three years	1,450,758,423	-
	3,183,194,885	-
Less: Amount due for settlement within 12 months (shown under Short-term obligations under financial leases)	861,977,042	-
Amount due for settlement after 12 months	2,321,217,843	-

17. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital VND	Accumulated (losses) VND	Total VND
Prior year's opening balance	72,158,884,133	(59,273,789,912)	12,885,094,221
Profit for the year	-	2,764,814,246	2,764,814,246
Current year's opening balance	72,158,884,133	(56,508,975,666)	15,649,908,467
Profit for the year	-	26,680,468,992	26,680,468,992
Current year's closing balance	72,158,884,133	(29,828,506,674)	42,330,377,459

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. The amount of capital contributed in VND on the report is converted using the actual exchange rate at the time of capital contribution in accordance with prevailing accounting regime and regulations. As at 31 March 2022, 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	3,522,035	72,158,884,133	3,522,035	72,158,884,133
	3,522,035	72,158,884,133	3,522,035	72,158,884,133

18. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
United States Dollar (USD)	738,966	237,718

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	1,083,358,738,709	466,616,571,904
Revenue from processing of domestic goods	-	1,766,600,658
Others	68,668,000	2,491,170,369
	1,083,427,406,709	470,874,342,931
In which:		
Revenue from related parties in the year (See Note 23)	926,835,915,359	449,492,163,923
	926,835,915,359	449,492,163,923

20. PRODUCTION COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	877,514,004,910	323,818,431,208
Labour	161,440,644,433	120,022,093,143
Depreciation and amortisation	5,143,921,294	4,767,367,479
Other monetary expenses	47,920,340,353	37,170,875,136
	1,092,018,910,990	485,778,766,966

21. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
General and administration expenses		
Salary expense	12,682,101,299	10,232,411,512
Others	6,772,046,652	4,673,966,027
	19,454,147,951	14,906,377,539
Selling expenses		
Salary expense	9,155,851,192	6,628,381,304
Export cost and loading, unloading charges	7,861,722,000	4,549,667,809
Transportation cost	16,066,966,029	2,384,406,101
Others	12,382,284,722	11,312,294,188
	45,466,823,943	24,874,749,402

22. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Profit before tax	26,680,468,992	2,764,814,246
Adjustments for taxable profit		
Add back:	1,225,484,416	132,962,161
Non-deductible expenses	1,225,484,416	132,962,161
Loss carry-forward	(27,905,953,408)	(2,897,776,407)
Taxable profit of the current year	-	-
Taxable profit at incentive tax rate of 10%	-	-
Corporate income tax expense based on taxable profit in the current year	-	-

As at 31 March 2022, the Company has unused tax losses of VND 2,785,980,205 (as at 31 March 2021: VND 30,691,933,613) available for offset against future profits. The Company did not yet recognize the deferred tax asset for loss carried forward because of uncertainty in future profit.

According to Decision No. 12/GP-BG dated 11 August 2003 of the People's Committee of Bac Giang province, the Company is entitled to an annual corporate income tax incentive equal to 10% of profit earned during the project implementation period, and to corporate income tax exemption for four years from the profit-making year and 50% reduction for four years thereafter.

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>
Pearl Global Industries Limited	Ultimate Parent Company
Vin Pearl Global Vietnam Limited	Parent Company
Pearl Global HK Limited Company	Affiliate
Pearl Grass Creation Limited	Affiliate
DSSP Global Limited	Affiliate
Pearl Global USA, Inc.	Affiliate

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

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Sale of goods and services	926,835,915,359	449,492,163,923
Pearl Grass Creation Limited	451,666,147,731	261,889,371,240
Pearl Global Industries Limited	5,880,988,218	154,838,578,494
Pearl Global HK Limited Company	458,163,374,385	29,630,422,386
Pearl Global USA, Inc.	11,125,405,025	3,133,791,803
Purchases of goods and services	533,328,073,907	181,831,392,146
DSSP Global Limited	533,328,073,907	170,979,964,462
Pearl Global Industries Limited	-	10,851,427,684
Payment on-behalf	12,597,333,531	6,961,129,570
Pearl Global HK Limited Company	12,597,333,531	6,961,129,570
On-behalf payment by related party	50,865,466,403	23,507,529,357
Pearl Grass Creation Limited	50,865,466,403	23,507,529,357

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Short-term trade receivables	205,387,639,401	108,294,441,728
Pearl Global HK Limited Company	132,663,193,131	5,002,193,090
Pearl Grass Creation Limited	68,551,120,732	36,919,545,948
Pearl Global USA, Inc.	4,173,325,538	3,133,791,803
Pearl Global Industries Limited	-	63,238,910,887
Short-term trade payables	248,058,401,431	57,346,492,992
DSSP Global Limited	248,058,401,431	40,664,636,403
Pearl Global Industries Limited	-	16,681,856,589
Short-term loans	56,433,824,400	17,376,000,000
Pearl Global HK Limited Company	56,433,824,400	17,376,000,000
Long-term loans	8,043,000,000	29,093,911,040
Pearl Global HK Limited Company	8,043,000,000	29,093,911,040
Other short-term receivables	4,234,653,576	1,510,967,001
Pearl Global HK Limited Company	4,234,653,576	796,726,228
Pearl Grass Creation Limited	-	714,240,773
Other short-term payables	6,227,902,180	5,564,539,529
Pearl Grass Creation Limited	5,194,990,475	5,298,804,734
Pearl Global Industries Limited	1,032,911,704	265,734,795



Le Thi Thanh Thuy
Preparer/Chief Accountant



Aggarwal Kulbhushan
Finance Controller




Gurusankar Gurumoorthy
General Director

05 May 2022