

PEARL GLOBAL VIETNAM CO., LTD.

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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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 2024.

THE GENERAL DIRECTOR

The General Director of the Company 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 2024, 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

02 May 2024

Số: 1022 /VN1A-HN-BC

BÁO CÁO KIỂM TOÁN ĐỘC LẬP

Kính gửi: Tổng Giám đốc Công ty TNHH Pearl Global Việt Nam

Chúng tôi đã kiểm toán báo cáo tài chính kèm theo của Công ty TNHH Pearl Global Việt Nam (gọi tắt là "Công ty"), được lập ngày 02 tháng 5 năm 2024, từ trang 04 đến trang 25, bao gồm Bảng cân đối kế toán tại ngày 31 tháng 3 năm 2024, Báo cáo kết quả hoạt động kinh doanh, Báo cáo lưu chuyển tiền tệ cho năm tài chính kết thúc cùng ngày và Bản thuyết minh báo cáo tài chính.

Trách nhiệm của Tổng Giám đốc

Tổng Giám đốc Công ty chịu trách nhiệm về việc lập và trình bày trung thực và hợp lý báo cáo tài chính của Công ty theo chuẩn mực kế toán, chế độ kế toán doanh nghiệp Việt Nam và các quy định pháp lý có liên quan đến việc lập và trình bày báo cáo tài chính và chịu trách nhiệm về kiểm soát nội bộ mà Tổng Giám đốc xác định là cần thiết để đảm bảo cho việc lập và trình bày báo cáo tài chính không có sai sót trọng yếu do gian lận hoặc nhầm lẫn.

Trách nhiệm của Kiểm toán viên

Trách nhiệm của chúng tôi là đưa ra ý kiến về báo cáo tài chính dựa trên kết quả của cuộc kiểm toán. Chúng tôi đã tiến hành kiểm toán theo các chuẩn mực kiểm toán Việt Nam. Các chuẩn mực này yêu cầu chúng tôi tuân thủ chuẩn mực và các quy định về đạo đức nghề nghiệp, lập kế hoạch và thực hiện cuộc kiểm toán để đạt được sự đảm bảo hợp lý về việc liệu báo cáo tài chính của Công ty có còn sai sót trọng yếu hay không.

Công việc kiểm toán bao gồm thực hiện các thủ tục nhằm thu thập các bằng chứng kiểm toán về các số liệu và thuyết minh trên báo cáo tài chính. Các thủ tục kiểm toán được lựa chọn dựa trên xét đoán của Kiểm toán viên, bao gồm đánh giá rủi ro có sai sót trọng yếu trong báo cáo tài chính do gian lận hoặc nhầm lẫn. Khi thực hiện đánh giá các rủi ro này, Kiểm toán viên đã xem xét kiểm soát nội bộ của Công ty liên quan đến việc lập và trình bày báo cáo tài chính trung thực, hợp lý nhằm thiết kế các thủ tục kiểm toán phù hợp với tình hình thực tế, tuy nhiên không nhằm mục đích đưa ra ý kiến về hiệu quả của kiểm soát nội bộ của Công ty. Công việc kiểm toán cũng bao gồm đánh giá tính thích hợp của các chính sách kế toán được áp dụng và tính hợp lý của các ước tính kế toán của Tổng Giám đốc cũng như đánh giá việc trình bày tổng thể báo cáo tài chính.

Chúng tôi tin tưởng rằng các bằng chứng kiểm toán mà chúng tôi đã thu thập được là đầy đủ và thích hợp làm cơ sở cho ý kiến kiểm toán của chúng tôi.

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 2024, 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. 0036-2023-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

02 May 2024
Hanoi, S.R. Vietnam

Pham Thi Huong Lien
Auditor
Audit Practising Registration Certificate
No. 6126-2023-001-1

BALANCE SHEET
As at 31 March 2024

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		537,774,292,543	643,358,247,519
I. Cash	110		11,699,494,233	1,812,313,413
1. Cash	111	4	11,699,494,233	1,812,313,413
II. Short-term financial investments	120		10,700,000,000	850,000,000
1. Held-to-maturity investments	123	5	10,700,000,000	850,000,000
III. Short-term receivables	130		97,516,895,509	138,356,571,508
1. Short-term trade receivables	131	6	82,789,524,591	126,945,115,191
2. Short-term advances to suppliers	132	7	8,740,531,681	3,985,414,865
3. Short-term loan receivables	135		3,903,750,000	10,000,000
4. Other short-term receivables	136		2,083,089,237	7,416,041,452
IV. Inventories	140	8	399,250,809,595	487,085,504,392
1. Inventories	141		401,039,170,499	489,951,593,473
2. Provision for devaluation of inventories	149		(1,788,360,904)	(2,866,089,081)
V. Other short-term assets	150		18,607,093,206	15,253,858,206
1. Short-term prepayments	151	9	3,680,475,591	4,241,168,379
2. Value added tax deductibles	152		14,926,617,615	11,012,689,827
B. NON-CURRENT ASSETS	200		91,810,595,172	67,033,476,103
I. Long-term receivables	210		1,668,093,618	444,000,000
1. Long-term loans receivable	215		-	444,000,000
2. Other long-term receivables	216		1,668,093,618	-
II. Fixed assets	220		82,736,710,336	59,525,936,216
1. Tangible fixed assets	221	10	66,741,197,995	52,799,326,870
- Cost	222		121,271,460,337	101,037,980,000
- Accumulated depreciation	223		(54,530,262,342)	(48,238,653,130)
2. Finance lease assets	224	11	15,183,260,015	5,900,036,000
- Cost	225		17,855,726,615	6,953,984,639
- Accumulated depreciation	226		(2,672,466,600)	(1,053,948,639)
3. Intangible assets	227	12	812,252,326	826,573,346
- Cost	228		2,185,619,532	2,204,131,432
- Accumulated amortisation	229		(1,373,367,206)	(1,377,558,086)
III. Other long-term assets	260		7,405,791,218	7,063,539,887
1. Long-term prepayments	261	9	7,405,791,218	7,063,539,887
TOTAL ASSETS (270=100+200)	270		629,584,887,715	710,391,723,622

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)
As at 31 March 2024

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		460,694,135,030	618,738,382,767
I. Current liabilities	310		451,641,433,986	600,652,779,196
1. Short-term trade payables	311	13	303,323,334,628	397,731,889,972
2. Short-term advances from customers	312		-	3,069,907,187
3. Taxes and amounts payable to the State budget	313	14	11,105,789,963	6,063,829,830
4. Payables to employees	314		18,302,204,326	14,316,183,534
5. Short-term accrued expenses	315	15	14,191,320,753	7,377,631,407
6. Other current payables	319		244,774,502	16,627,467,175
7. Short-term loans and obligations under finance leases	320	16	104,474,009,814	155,465,870,091
II. Long-term liabilities	330		9,052,701,044	18,085,603,571
1. Long-term loans and obligations under finance leases	338	16	7,660,110,671	15,996,601,236
2. Long-term provisions	342		1,392,590,373	2,089,002,335
D. EQUITY	400		168,890,752,685	91,653,340,855
I. Owner's equity	410	17	168,890,752,685	91,653,340,855
1. Owner's contributed capital	411		72,158,884,133	72,158,884,133
2. Retained earnings	421		96,731,868,552	19,494,456,722
- Retained earnings/(loss) accumulated to the prior year end	421a		19,494,456,722	(29,828,506,674)
- Retained earnings of the current year	421b		77,237,411,830	49,322,963,396
TOTAL RESOURCES (440=300+400)	440		629,584,887,715	710,391,723,622

Le Thi Thanh Thuy
Preparer/Chief Accountant

Aggarwal Kulbhushan
Chief Finance Officer

Gurusankar Gurumoorthy
General Director

02 May 2024

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 March 2024

Unit: VND

ITEMS	Codes	Note	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	19	1,448,760,340,761	1,137,413,216,239
2. Net revenue from goods sold and services rendered (10=01)	10		1,448,760,340,761	1,137,413,216,239
3. Cost of sales	11		1,250,154,685,964	975,343,712,203
4. Gross profit from goods sold and services rendered (20=10-11)	20		198,605,654,797	162,069,504,036
5. Financial income	21	21	15,999,031,436	37,568,445,095
6. Financial expenses	22	22	22,533,533,126	50,744,760,934
- In which: Interest expense	23		6,861,695,419	6,518,898,059
7. Selling expenses	25	23	72,299,761,039	68,319,246,076
8. General and administration expenses	26	23	33,016,171,225	24,665,397,773
9. Operating profit (30=20+(21-22)-(25+26))	30		86,755,220,843	55,908,544,348
10. Other income	31		977,879,771	111,218,224
11. Other expenses	32		2,104,771,887	369,250,378
12. (Loss) from other activities (40=31-32)	40		(1,126,892,116)	(258,032,154)
13. Accounting profit before tax (50=30+40)	50		85,628,328,727	55,650,512,194
14. Current corporate income tax expense	51	24	8,390,916,897	6,327,548,798
15. Net profit after corporate income tax (60=50-51)	60		77,237,411,830	49,322,963,396

Le Thi Thanh Thuy
Preparer/Chief Accountant

Aggarwal Kulbhushan
Chief Finance Officer

Gurusankar Gurumoorthy
General Director

02 May 2024

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT
For the year ended 31 March 2024

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. <i>Profit before tax</i>	01	85,628,328,727	55,650,512,194
2. <i>Adjustments for:</i>			
Depreciation and amortisation of fixed assets	02	11,395,457,150	6,671,476,878
Provisions	03	(1,774,140,139)	(1,852,293,529)
Foreign exchange losses arising from translating foreign currency items	04	9,288,374,109	5,325,518,252
Losses from investing activities	05	10,562,836,842	365,197,268
Interest expense	06	6,861,695,419	6,518,898,059
3. <i>Operating profit before movements in working capital</i>	08	121,962,552,108	72,679,309,122
Decreases in receivables	09	34,711,978,916	75,693,121,851
Decrease/(increase) in inventories	10	88,912,422,974	(205,857,837,558)
(Decrease)/increase in payables (excluding accrued loan interest and corporate income tax payable)	11	(99,105,462,044)	82,661,750,117
Decrease/(increase) in prepaid expenses	12	218,441,457	(5,472,080,028)
Interest paid	14	(9,325,511,495)	(4,055,081,983)
Corporate income tax paid	15	(3,182,803,652)	(1,132,785,815)
<i>Net cash generated by operating activities</i>	20	134,191,618,264	14,516,395,706
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(42,353,978,788)	(31,222,645,623)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	92,525,253	507,090,909
3. Cash outflow for lending, buying debt instruments of other entities	23	(14,603,750,000)	(1,304,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,304,000,000	-
5. Interest earned, dividends and profits received	27	587,118,511	-
<i>Net cash used in investing activities</i>	30	(54,974,085,024)	(32,019,554,714)

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT (Continued)
For the year ended 31 March 2024

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	174,708,289,678	231,594,914,045
2. Repayment of borrowings	34	(245,648,770,906)	(229,307,723,248)
3. Repayment of obligations under finance leases	35	(2,549,489,925)	(1,234,866,456)
Net cash (used in)/generated by financing activities	40	(73,489,971,153)	1,052,324,341
Net increase/(decrease) in cash (50=20+30+40)	50	5,727,562,087	(16,450,834,667)
Cash at the beginning of the year	60	1,812,313,413	18,160,216,829
Effects of changes in foreign exchange rates	61	4,159,618,733	102,931,251
Cash at the end of the year (70=50+60+61)	70	11,699,494,233	1,812,313,413

Le Thi Thanh Thuy
Preparer/Chief Accountant

Aggarwal Kulbhushan
Chief Finance Officer

Gurusankar Gurumoorthy
General Director

02 May 2024

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 Registration Certificate No. 12/GP-BG dated 11 August 2003 issued by Bac Giang Provincial People's Committee, and its amendments. The latest amendment (4th amendment) was dated 27 February 2020. The latest amended Enterprise Registration Certificate (8th amendment) dated 20 January 2020.

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 Limited (incorporated in India).

The total number of the Company's employees as at 31 March 2024 was 1,483 (as at 31 March 2023: 1,216).

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 Investment 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 2023.

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.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits.

Loan receivables

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

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 based on the General Director's assessment and estimates, 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 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 comprises cost of purchase and other directly attributable expenses. 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 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.

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.

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:

	<u>Years</u>
Machinery, equipment	5 - 10

Intangible assets and amortisation

Intangible assets comprise 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 issued for consumption, insurance premium, maintenance and repair expense, 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.

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 of commercial bank where the Company usually transacts 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 if any) 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.

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	54,856,000	28,973,000
Bank demand deposits	11,644,638,233	1,783,340,413
	<u>11,699,494,233</u>	<u>1,812,313,413</u>

5. HELD-TO-MATURITY INVESTMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
	Cost	Cost
Term deposits	10,700,000,000	850,000,000
	<u>10,700,000,000</u>	<u>850,000,000</u>

Held-to-maturity investments at the end of the year reflect bank deposits with terms of 6 months and 12 months at Vietnam Technological and Commercial Joint Stock Bank with interest rates as of 31 March 2024 is 3.7% per annum and 5.3% per annum respectively. As described in Note 16, as at 31 March 2024, the term deposit contract with amount of VND 10,000,000,000 is used to secure bank loans.

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Pearl Grass Creation Company Limited	53,229,614,648	92,589,924,930
Pearl Global USA, Inc.	25,264,381,091	6,553,840,162
Pearl Global HK Company Limited	4,295,528,852	27,801,350,099
	<u>82,789,524,591</u>	<u>126,945,115,191</u>
In which:		
Short-term trade receivables from related parties	82,789,524,591	126,945,115,191
(Details stated in Note 25)		

7. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Brother Machinery (Asia) Limited	2,683,152,500	1,228,969,500
Cosma Technology Pte. Ltd.,	2,325,711,699	-
QPS Company Limited	2,309,574,816	81,614,500
TDI Group Joint Stock Company	811,944,000	-
Others	610,148,666	2,674,830,865
	<u>8,740,531,681</u>	<u>3,985,414,865</u>

8. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	25,251,755,266	-	33,124,715,243	-
Raw materials and consumables	221,675,202,704	43,234,796	331,918,902,000	259,757,817
Tools and supplies	1,275,980,871	-	1,591,374,484	16,849,018
Work in progress	38,064,952,143	341,212,172	19,900,043,633	283,698,765
Finished goods	90,679,825,967	1,403,913,936	103,416,558,113	2,305,783,481
Goods on consignment	24,091,453,548	-	-	-
	<u>401,039,170,499</u>	<u>1,788,360,904</u>	<u>489,951,593,473</u>	<u>2,866,089,081</u>

As at 31 March 2024, VND 1,077,728,177 (as at 31 March 2023: VND 1,852,293,529) was reversed as a provision for devaluation of inventories due to the change in the difference between the net realizable value of inventories and their cost.

9. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
Operating lease expenses	2,528,859,001	2,203,007,046
Insurance premium	469,676,103	943,607,148
Others	681,940,487	1,094,554,185
	<u>3,680,475,591</u>	<u>4,241,168,379</u>
b. Non-current		
Tools and dies issued for consumption	6,503,866,357	6,468,188,955
Maintenance and repair expenses	265,344,319	502,461,526
Others	636,580,542	92,889,406
	<u>7,405,791,218</u>	<u>7,063,539,887</u>

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	45,521,453,990	43,218,962,281	9,050,430,238	3,247,133,491	101,037,980,000
Purchases	13,905,056,124	13,505,088,296	6,179,258,787	679,305,182	34,268,708,389
Sale and lease back fixed assets under financial leasing contracts	-	(9,775,556,116)	(1,617,961,394)	-	(11,393,517,510)
Disposals	(1,342,222,728)	(911,905,572)	(387,582,242)	-	(2,641,710,542)
Closing balance	58,084,287,386	46,036,588,889	13,224,145,389	3,926,438,673	121,271,460,337
ACCUMULATED DEPRECIATION					
Opening balance	17,438,403,223	25,995,582,330	3,360,418,035	1,444,249,542	48,238,653,130
Charge for the year	3,955,829,502	4,064,014,610	1,385,652,829	265,978,228	9,671,475,169
Sale and lease back fixed assets under financial leasing contracts	-	(1,034,434,011)	(82,991,476)	-	(1,117,425,487)
Disposals	(977,036,830)	(911,905,572)	(373,498,068)	-	(2,262,440,470)
Closing balance	20,417,195,895	28,113,257,357	4,289,581,320	1,710,227,770	54,530,262,342
NET BOOK VALUE					
Opening balance	28,083,050,767	17,223,379,951	5,690,012,203	1,802,883,949	52,799,326,870
Closing balance	37,667,091,491	17,923,331,532	8,934,564,069	2,216,210,903	66,741,197,995

As at 31 March 2024, the cost of the Company's tangible fixed assets includes VND 16,260,240,880 (as at 31 March 2023: VND 17,676,183,694) of tangible fixed assets which have been fully depreciated but are still in use.

As described in Note 16, the Company has pledged some tangible fixed assets with the carrying value as at 31 March 2024 of VND 23,149,266,885 (as at 31 March 2023: VND 25,551,377,911), 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	6,953,984,639	6,953,984,639
Sale and lease back fixed assets under financial leasing contracts	10,901,741,976	10,901,741,976
Closing balance	17,855,726,615	17,855,726,615
ACCUMULATED DEPRECIATION		
Opening balance	1,053,948,639	1,053,948,639
Charge for the year	1,618,517,961	1,618,517,961
Closing balance	2,672,466,600	2,672,466,600
NET BOOK VALUE		
Opening balance	5,900,036,000	5,900,036,000
Closing balance	15,183,260,015	15,183,260,015

As per lease contract No. 119.21.10/CTTC dated 10 September 2021, No.119.21.12/CTTC dated 25 September 2021, No. 119.23.08/CTTC dated 26 May 2023 and No. 119.23.10/CTTC dated 29 September 2023, the Company shall have the right to purchase assets upon the expiry date with the purchase price from 0.1% to 1% of the total asset value.

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Land compensation expenses VND	Site clearance expenses VND	Software VND	Total VND
COST					
Opening balance	69,980,290	612,110,000	576,035,238	946,005,904	2,204,131,432
Increase during the year	-	-	-	91,143,000	91,143,000
Disposals	-	-	-	(109,654,900)	(109,654,900)
Closing balance	69,980,290	612,110,000	576,035,238	927,494,004	2,185,619,532
ACCUMULATED AMORTISATION					
Opening balance	44,998,442	393,596,219	370,399,511	568,563,914	1,377,558,086
Charge for the year	2,203,570	19,274,415	18,138,483	65,847,552	105,464,020
Disposals	-	-	-	(109,654,900)	(109,654,900)
Closing balance	47,202,012	412,870,634	388,537,994	524,756,566	1,373,367,206
NET BOOK VALUE					
Opening balance	24,981,848	218,513,781	205,635,727	377,441,990	826,573,346
Closing balance	22,778,278	199,239,366	187,497,244	402,737,438	812,252,326

As described in Note 16, as at 31 March 2024, 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.

As at 31 March 2024, the cost of the Company's intangible assets includes VND 283,985,610 (as at 31 March 2023: VND 393,640,510) of intangible assets which have been fully amortised but are still in use.

13. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
	Amount/ Amount able to be paid off	Amount/ Amount able to be paid off
DSSP Global Ltd.	272,907,732,620	347,325,870,697
Ducksan Vina Company Limited	2,701,648,015	-
Tien Hung Joint Stock Company	2,613,718,369	-
Coats PP Company Limited	2,233,905,216	3,117,170,884
Ho Guom Group Joint Stock Company	1,800,692,725	2,207,108,490
Others	21,065,637,683	45,081,739,901
	<u>303,323,334,628</u>	<u>397,731,889,972</u>
In which:		
Short-term trade payables to related parties (Details stated in Note 25)	272,907,732,620	347,325,870,697

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Opening balance</u>	<u>Payable</u>	<u>Net-off/Paid</u>	<u>Closing balance</u>
	<u>VND</u>	<u>during the year</u>	<u>during the year</u>	<u>VND</u>
		<u>VND</u>	<u>VND</u>	
Value added tax	-	1,301,149,984	1,301,149,984	-
Corporate income tax	5,194,762,983	8,390,916,897	3,182,803,652	10,402,876,228
Personal income tax	869,066,847	4,562,761,699	4,972,961,340	458,867,206
Other taxes	-	426,102,189	182,055,660	244,046,529
	<u>6,063,829,830</u>	<u>14,680,930,769</u>	<u>9,638,970,636</u>	<u>11,105,789,963</u>

15. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Accruals for bonus	8,679,881,879	6,385,563,896
Accruals for purchasing	5,188,263,255	-
Other accruals	323,175,619	992,067,511
	<u>14,191,320,753</u>	<u>7,377,631,407</u>

16. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year			Closing balance	
	Amount	VND Amount able to be paid off	Increases	Decreases	VND Effect of foreign exchange	Amount	VND Amount able to be paid off
a. Short-term loan							
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	101,518,031,531	101,518,031,531	164,097,289,678	168,731,577,947	3,672,961,449	100,556,704,711	100,556,704,711
Pearl Global HK Limited Company	52,646,896,959	52,646,896,959	10,611,000,000	63,257,896,959	-	-	-
Current portion of long-term obligations under finance leases (see Long-term obligations under finance leases)	1,300,941,601	1,300,941,601	3,917,305,102	1,300,941,600	-	3,917,305,103	3,917,305,103
	<u>155,465,870,091</u>	<u>155,465,870,091</u>	<u>178,625,594,780</u>	<u>233,290,416,506</u>	<u>3,672,961,449</u>	<u>104,474,009,814</u>	<u>104,474,009,814</u>

- (i) Represent short-term loan from Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch under the Credit Contract No. SGO20150562/HDTD dated 05 June 2015 and Appendix No. SGO20150506/HDTD/PLHM-915880 dated 10 May 2023 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 Contracts by term deposit contracts, the land use right certificate, workshop, warehouse and production line of Pearl Global Vietnam Co., Ltd (see Note 5, Note 10 and Note 12).

	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
b. Long-term loan							
Pearl Global HK Company Limited	13,659,296,000	13,659,296,000	-	13,659,296,000	-	-	-
c. Long-term obligations under finance leases							
Vietcombank Leasing Co.,Ltd (ii)	3,638,246,837	3,638,246,837	10,170,386,023	2,549,489,925	318,272,839	11,577,415,774	11,577,415,774
	<u>17,297,542,837</u>	<u>17,297,542,837</u>	<u>10,170,386,023</u>	<u>16,208,785,925</u>	<u>318,272,839</u>	<u>11,577,415,774</u>	<u>11,577,415,774</u>

In which:

Amount due for settlement within 12 months	1,300,941,601	1,300,941,601				3,917,305,103	3,917,305,103
Amount due for settlement after 12 months	15,996,601,236	15,996,601,236				7,660,110,671	7,660,110,671

- (ii) Finance lease from Vietcombank Leasing Company Limited under the finance leasing contracts No. 119.21.10/CTTC dated 10 September 2021, No.119.21.12/CTTC dated 25 September 2021, No. 119.23.08/CTTC dated 26 May 2023 and No. 119.23.10/CTTC dated 29 September 2023. The applicable interest rates as of 31 March 2024 are 9.56% per annum, 9.48% per annum, 7.70% per annum and 8.00% per annum respectively. The loan period is 48 months. The loan principal is repaid equally on a monthly basis.

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

	Closing balance	Opening balance
	VND	VND
On demand or within one year	3,917,305,103	1,300,941,601
In the second year	3,601,995,398	1,300,941,600
In the third to fifth year inclusive	4,058,115,273	14,695,659,636
	<u>11,577,415,774</u>	<u>17,297,542,837</u>
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under finance leases)	3,917,305,103	1,300,941,601
Amount due for settlement after 12 months	<u>7,660,110,671</u>	<u>15,996,601,236</u>

17. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital	Accumulated (losses)/Retained earning	Total
	VND	VND	VND
Prior year's opening balance	72,158,884,133	(29,828,506,674)	42,330,377,459
Profit for the year	-	49,322,963,396	49,322,963,396
Current year's opening balance	72,158,884,133	19,494,456,722	91,653,340,855
Profit for the year	-	77,237,411,830	77,237,411,830
Current year's closing balance	72,158,884,133	96,731,868,552	168,890,752,685

Investment capital and charter capital

According to the latest Investment Certificate, 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 2024, 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

Foreign currencies

	Closing balance	Opening balance
United States Dollar (USD)	207,831	40,023

Operating lease commitments

At the balance sheet date, the Company had outstanding non-cancellable operating leases commitments which fall due as follows:

	Closing balance VND	Opening balance VND
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
Within one year	1,847,019,649	1,656,000,000
In the second to fifth year inclusive	14,135,454,011	483,000,000

Operating lease payments represent total rentals payable under:

- Office lease agreement No. 137/HDMVP,BNTNN-PGVN with Today's Rural Newspaper on 13 July 2023: renting 459 m2 of the space on the 3rd floor of Today's Rural Newspaper building at Lot E2, Cau New Urban Area Giay, Yen Hoa ward, Cau Giay district. The contract has a term of 2 years from 15 July 2023 to 15 July 2025; and
- Warehouse lease agreement No. 03/2023/HDTXTC-PG with Thanh Cong Production and Import-Export Joint Stock Company dated 13 November 2023: renting 3,048.4 m2 of factory at Dinh Tri Industrial cluster, Dinh commune Tri, Bac Giang City, Bac Giang Province. The contract has a term of 5 years from 08 March 2024 to 08 March 2029.

19. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Revenue from sales and processing of exported goods	1,448,760,340,761	1,137,413,216,239
	<u>1,448,760,340,761</u>	<u>1,137,413,216,239</u>
In which:		
Revenue from related parties in the year (Details stated in Note 25)	1,431,855,623,517	1,010,192,879,937

20. PRODUCTION COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	1,011,515,225,315	804,365,674,390
Labour	239,417,751,390	201,491,431,910
Depreciation and amortisation	11,395,457,150	6,671,476,878
Other monetary expenses	122,661,814,285	100,793,755,040
	<u>1,384,990,248,140</u>	<u>1,113,322,338,218</u>

21. FINANCIAL INCOME

	Current year VND	Prior year VND
Foreign exchange gain	15,405,108,679	37,553,966,193
Bank and loan interest	593,922,757	14,478,902
	<u>15,999,031,436</u>	<u>37,568,445,095</u>

22. FINANCIAL EXPENSE

	Current year VND	Prior year VND
Foreign exchange loss	14,776,311,932	43,388,566,149
Interest expense	6,861,695,419	6,518,898,059
Other financial expenses	895,525,775	837,296,726
	<u>22,533,533,126</u>	<u>50,744,760,934</u>

23. SELLING EXPENSE AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses		
Salary expense	22,740,721,436	16,422,267,361
Others	10,275,449,789	8,243,130,412
	33,016,171,225	24,665,397,773
Selling expenses		
Salary expense	37,141,445,289	30,825,591,217
Transportation cost	22,143,231,397	15,338,772,193
Export cost and loading, unloading charges	7,560,497,681	4,852,106,812
Others	5,454,586,672	17,302,775,854
	72,299,761,039	68,319,246,076

24. CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	8,390,916,897	5,194,762,983
Adjustments for corporate income tax expense in previous years to the current year	-	1,132,785,815
Total current corporate income tax expense	8,390,916,897	6,327,548,798

	Current year VND	Prior year VND
Profit before tax	85,628,328,727	55,650,512,194
Adjustments for taxable profit		
Add back/(Deduct):	1,597,906,020	(4,408,216,070)
Accruals	1,597,906,020	(4,408,216,070)
Add back:	(3,317,065,773)	705,333,708
Non-deductible expenses	2,376,410,924	210,143,264
Unrealized exchange rate (profit)/loss	(5,693,476,697)	495,190,444
Taxable profit of the current year	83,909,168,974	51,947,629,832
Taxable profit at incentive tax rate of 10%	83,909,168,974	51,947,629,832
Corporate income tax expense based on taxable profit in the current year	8,390,916,897	5,194,762,983

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.

25. 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	1,431,855,623,517	1,010,192,879,937
Pearl Grass Creation Limited	820,440,839,772	643,779,505,208
Pearl Global HK Limited Company	558,049,604,231	308,432,692,993
Pearl Global USA, Inc.	53,365,179,514	57,980,681,736
Purchases of goods and services	599,688,815,345	764,123,398,358
DSSP Global Limited	599,688,815,345	764,123,398,358
On-behalf payment by related party	9,441,390,148	66,416,079,216
Pearl Grass Creation Limited	9,026,026,639	66,416,079,216
Pearl Global USA, Inc.	415,363,509	-
On-behalf payment for related party	2,789,500,481	-
Pearl Global HK Limited Company	2,390,371,137	-
Pearl Grass Creation Limited	399,129,344	-
Loan interest	1,308,951,706	-
Pearl Global HK Limited Company	1,308,951,706	-

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

	Closing balance VND	Opening balance VND
Short-term trade receivables	82,789,524,591	126,945,115,191
Pearl Grass Creation Company Limited	53,229,614,648	92,589,924,930
Pearl Global USA, Inc.	25,264,381,091	6,553,840,162
Pearl Global HK Company Limited	4,295,528,852	27,801,350,099
Other short-term receivables	-	5,571,930,366
Pearl Global HK Limited Company	-	5,571,930,366
Short-term trade payables	272,907,732,620	347,325,870,697
DSSP Global Limited	272,907,732,620	347,325,870,697
Short-term loans	-	52,646,896,959
Pearl Global HK Limited Company	-	52,646,896,959
Long-term loans	-	13,659,296,000
Pearl Global HK Limited Company	-	13,659,296,000
Other short-term payables	-	16,377,752,783
Pearl Grass Creation Limited		13,913,936,708
Pearl Global HK Limited Company		2,463,816,075

26. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash outflows for purchases of fixed assets and construction in progress exclude an amount of VND 1,047,139,016 (2022: VND 910,883,400) representing an addition in fixed assets and construction in progress that has not yet been paid, and include an amount of VND 8,130,383,015 (2022: VND 0) representing prepayments to suppliers for purchases of fixed assets and construction in progress. Consequently, increases, decreases in accounts payable, receivable have been adjusted by the same amounts.

Le Thi Thanh Thuy
Preparer/Chief Accountant

Aggarwal Kulbhushan
Chief Finance Officer

Gurusankar Gurumoorthy
General Director

02 May 2024

