

DSSP GLOBAL LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

**LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS**

DSSP GLOBAL LIMITED

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DSSP GLOBAL LIMITED
DIRECTORS' CONSOLIDATED REPORT

The directors present their consolidated report and the annual audited financial statements of the Group for the year ended March 31, 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding and sampling trading. The principle activities of subsidiary is set out in Note (20a) to the consolidated financial statements.

RESULT AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for year ended March 31, 2016 are set out in the income statement on page 5.

During the year, interim dividend at US\$0.03 (2015: Nil) per share totaling US\$425,000 (2015: Nil) in Company and at US\$3.13 (2015: Nil) per share totaling US\$470,000 (2015: Nil) in the subsidiary has been declared by the directors and paid out of retained profits.

SHARE CAPITAL AND RESERVES

Details and movements of share capital of the Group are set out in Note (19) to the financial statements.

There were no movement in reserves except for change to accumulated losses which arose from profit or loss and payment of dividends.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in Note (12) to the consolidated financial statements.

DIRECTORS

The directors of the Group during the year and up to the date of this report were:

Holding Company

Deepak Kumar SETH
Pulkit SETH
Shefali SETH

Subsidiary

Deepak Kumar SETH
Pulkit SETH
Amit KUMAR

There being no provision in the Company's Articles of Association to the contrary, all directors continue in office for the ensuring year.

DSSP GLOBAL LIMITED

DIRECTORS' CONSOLIDATED REPORT (CONT'D)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Except for the related party transactions as disclosed in Note (23) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which directors of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of the directors of the Group and holding Group (whether made by the Group or otherwise) or an associated Group (if made by the Group).

BUSINESS REVIEW

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Deepak Kumar SETH
Chairman

Hong Kong,

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師

LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
DSSP GLOBAL LIMITED
(incorporated in Hong Kong with limited liability)**

We have audited the consolidated financial statements of DSSP Global Limited (the "Company") and its subsidiary (collectively referred to as the "Group") set out on pages 5 to 33, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with sections 405 of the Hong Kong Companies Ordinance (Cap.622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
DSSP GLOBAL LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.



Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong,

DSSP GLOBAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2016

	<u>NOTES</u>	<u>2016</u> US\$	<u>2015</u> (Restated) US\$
REVENUE	(6)	22,047,060	23,315,483
OTHER INCOME AND GAINS, NET	(6)	292,382	72,243
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT		8,096	19,875
COST OF GOODS SOLD		(18,470,659)	(19,927,507)
STAFF COSTS		(1,959,607)	(1,775,313)
DEPRECIATION		(97,294)	(77,423)
OTHER OPERATING EXPENSES		(1,072,227)	(894,801)
PROFIT FROM OPERATION		747,751	732,557
FINANCE COSTS	(7)	(81,002)	(163,639)
PROFIT BEFORE TAXATION	(8)	666,749	568,918
TAXATION	(10)	(195,839)	(152,371)
PROFIT FOR THE YEAR		470,910	416,547
OTHER COMPREHENSIVE (EXPENSE)/INCOME		(101,324)	28,630
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>369,586</u>	<u>445,177</u>
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company	(11)	345,729	380,243
Non-controlling interests		<u>125,181</u>	<u>36,304</u>
		<u>470,910</u>	<u>416,547</u>

THE NOTES ON PAGES 10 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2016

	<u>NOTES</u>	<u>2016</u> US\$	<u>2015</u> (Restated) US\$
Non-Current Assets			
Property, plant and equipment	(12)	1,410,860	1,022,894
Deposits		133,858	133,858
Deferred tax assets	(10)	110,899	136,744
		1,655,617	1,293,496
Current Assets			
Inventories	(13)	785,652	738,492
Deposits and prepayments		334,097	293,377
Trade deposit paid		429,421	259,221
Trade and other receivables	(14)	2,338,014	3,992,518
Amount due from immediate holding company	(9ii)	434,346	433,323
Amount due from ultimate holding company		1,666	-
Cash and bank balances		828,056	214,051
		5,151,252	5,930,982
Current Liabilities			
Amount due to fellow subsidiary	(15)	6,849	-
Trade and other payables	(16)	1,103,286	1,122,664
Provision for taxation		75,144	34,881
Secured bank borrowings	(17)	-	747,678
		1,185,279	1,905,223
Net Current Assets		3,965,973	4,025,759
Total Assets less Current Liabilities		5,621,590	5,319,255
Non-Current Liabilities			
Employee benefits obligation	(18)	210,458	159,456
NET ASSETS		5,411,132	5,159,799

THE NOTES ON PAGES 10 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016

	<u>NOTES</u>	<u>2016</u> US\$	<u>2015</u> (Restated) US\$
EQUITY			
Share capital	(19)	1,505,121	1,505,121
Reserves		<u>2,482,283</u>	<u>2,662,878</u>
Total equity attributable to equity holders of the company		3,987,404	4,167,999
Non-controlling interests		<u>1,423,728</u>	<u>991,800</u>
TOTAL EQUITY		<u><u>5,411,132</u></u>	<u><u>5,159,799</u></u>

APPROVED BY THE BOARD OF DIRECTORS ON
BEHALF OF THE BOARD BY:

AND SIGNED ON

Deepak Kumar SETH
Director

Pulkit SETH
Director

THE NOTES ON PAGES 10 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Attributable to equity holders of the Company</u>			
	<u>Share Capital</u>	<u>Retained Profits</u>	<u>Non-controlling Interests</u>	<u>Total Equity</u>
	US\$	US\$	US\$	US\$
At April 1, 2014 (Restated)	1,505,121	2,753,428	5,623	4,264,172
Disposal of partial interests of a subsidiary without losing control	-	(499,423)	949,873	450,450
Total comprehensive income for the year	<u>-</u>	<u>408,873</u>	<u>36,304</u>	<u>445,177</u>
At March 31, 2015 (Restated) and April 1, 2015	1,505,121	2,662,878	991,800	5,159,799
Disposal of partial interests of a subsidiary without losing control	-	(114,323)	307,373	193,050
Dividends paid	-	(425,000)	(626)	(425,626)
Total comprehensive income for the year	<u>-</u>	<u>358,728</u>	<u>125,181</u>	<u>483,909</u>
At March 31, 2016	<u>1,505,121</u>	<u>2,482,283</u>	<u>1,423,728</u>	<u>5,411,132</u>

THE NOTES ON PAGES 10 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
	US\$	(Restated) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	666,749	568,918
Adjustments for:		
Bank interest income	(574)	-
Interest expenses	81,002	163,639
Depreciation	187,585	168,493
Remeasurement of define benefits plan	17,680	38,172
Gain on disposal of plant and equipment	(8,096)	(19,875)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	944,346	919,347
Decrease in deposits	-	721
(Increase)/Decrease in inventories	(47,160)	1,162,469
Increase in deposits and prepayments	(40,720)	(5,431)
(Increase)/Decrease in trade deposit paid	(170,200)	334,596
Decrease/(Increase) in trade and other receivables	1,654,504	(1,112,541)
(Decrease)/Increase in trade and other payables	(19,378)	280,310
Net payments to ultimate holding company	(1,666)	-
Net payment to immediate holding company	(1,023)	(439,612)
Net payments to a director	-	(800)
Net receipts from a fellow subsidiary	6,849	-
NET CASH GENERATED FROM OPERATIONS	2,325,552	1,139,059
Bank interest income	574	-
Interest paid	(81,002)	(163,639)
Income tax paid	(134,412)	(99,779)
Net cash generated from operating activities	2,110,712	875,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	8,096	23,764
Payment to acquire property, plant and equipment	(575,551)	(582,376)
Proceeds from disposal of partial interests of a subsidiary	193,050	450,450
Increase in employee benefits obligation	51,002	24,344
Net cash used in investing activities	(323,403)	(83,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments to secured bank borrowings	(747,678)	(717,688)
Dividends paid	(425,626)	-
Net cash used in financing activities	(1,173,304)	(717,688)
NET INCREASE IN CASH AND CASH-EQUIVALENTS	614,005	74,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>214,051</u>	<u>139,916</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>828,056</u>	<u>214,051</u>

THE NOTES ON PAGES 10 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

DSSP Global Limited is a company incorporated in Hong Kong with limited liability. Its principal activity is investment holding and sampling trading. The address of its registered office is Unit 801-3, 8/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are respectively Pearl Global Industries Limited and Pearl Global (HK) Limited. The ultimate holding company and immediate holding company are respectively incorporated in India and Hong Kong. The shares of the ultimate holding company are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in United States Dollars ("US\$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

In 2016, the Group adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

- | | |
|--|--|
| • Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| • Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| • Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle |

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Group and the methods of computation in the Group's consolidated financial statements. As such, no 2015 comparatives have been amended as a result from adopting the captioned HKFRSs.

b. Impact of issued but not yet effective HKFRSs

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

- | | |
|--------------------------------------|--|
| • HKFRS 9 | Financial Instruments ⁽¹⁾ |
| • HKFRS 15 | Revenue from Contracts with Customers ⁽¹⁾ |
| • Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽²⁾ |

Notes:

- ⁽¹⁾ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ⁽²⁾ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Group's consolidated financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Property, Plant and Equipment

Property, plant and equipment except land, are stated at cost less aggregate depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of property, plant and equipment over its expected useful lives.

Infrastructures	5 years
Machineries	5 years
Furniture and fixtures	3 - 5 years
Motor vehicles	5 years
Tools and equipment	5 years

Land is stated at cost and not depreciated. Land titles represent building usage rights of Taman Pasadenia Apartment at Jakarta ("Hak Milik atas Satuan Rumah Susun") for a maximum period of 20 years and could be extended.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the Consolidated Statement of Comprehensive Income.

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

g. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

h. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

i. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables amounts due to immediate holding company and a director, and secured bank borrowings which are subsequently measured at amortized cost, using the effective interest method.

j. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

k. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

m. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("US\$"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

n. 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 net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

p. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when goods are delivered to buyers.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Other income is recognised on a receipt basis.

q. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

r. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost as stated in the preceding note.

s. Employee Benefits Obligation

The Group determines its post-employment benefits obligation under the Labor Law of the Republic of Indonesia No. 13/2003. The cost of providing post-employment benefits is determined using "Projected Unit Credit" method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded the higher of 10% of the defined benefit obligation and 10% of the fair value of plan assets at that date. These gains or losses are recognized on a straight-line basis method over the expected average remaining working lives of the employees. Past service cost arising from the introduction of a defined benefit plan or changes in the benefits obligation of an existing plan are required to be amortized over the period until the benefits concerned become vested.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

u. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

- (i) Market risk includes three types of risk as below:
 - Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
 - Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
 - Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.
- (ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.
- (iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.
- (iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from immediate holding company, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and a director, and secured bank borrowings which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below:

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

- Foreign exchange risk: the Group exposed to foreign exchange risk from various currency exposures primarily Indonesian Rupiah. The Group has some forward deals with bank to hedge its exposure to foreign currency risk in connection with the recording currency.
- Credit risk: the Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any customers.
- Interest rate risk: the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

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DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

(b) Employee benefits

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid (Rupiah currency), and that have maturity approximating the terms of the related post employment benefit liability.

(c) Income taxes

The Group is subject to income tax in Indonesian tax jurisdictions. Significant judgment is required in determining local provision for income tax, among other, non deductible expenses. The Group recognises provision for income tax based on self assessment. Where the final tax outcome as a result of tax audit is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Prepaid taxes are impaired as the carrying amounts may not be recoverable.

6. <u>REVENUE, OTHER INCOME AND GAINS</u>	<u>2016</u>	<u>2015</u>
Revenue recognised during the year including revenue arising from:	US\$	US\$
Turnover:		
Export sales	22,047,060	23,315,483
	-----	-----
Other income and gains, net:		
Exchange differences, net	-	72,243
Sampling income	231,487	-
Recovery income	60,321	-
Bank interest income	574	-
	292,382	72,243
	=====	=====
Total revenue recognised	22,339,442	23,387,726
	=====	=====

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. <u>FINANCE COSTS</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$
Bank interest and bank charges	81,002	163,639
	=====	=====

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

Depreciation	187,586	168,493
Exchange differences, net	83,734	(72,243)
Gain on disposal of plant and equipment	(8,096)	(19,875)
Staff costs (including directors' remuneration)		
- Salaries and allowance	1,838,735	1,684,351
- Employee benefit	70,263	23,112
- Employee welfare	48,743	27,371
- Contribution to retirement benefit scheme - MPF	1,866	-
	=====	=====

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

- (i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Emoluments:		
Acting as directors	-	-
Provision for management services	60,000	48,000
	60,000	48,000
	=====	=====

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DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

- (ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

<u>Name of borrower</u>	<u>Relevant director</u>	<u>Outstanding principal</u>					<u>Provision</u>
		<u>At beginning of year</u>	<u>At end of year</u>	<u>Greatest outstanding</u>	<u>Overdue amount</u>		
		HK\$	HK\$	HK\$	HK\$	HK\$	
Pearl Global Industries Ltd.	Deepak Kumar SETH	-	1,666	1,666	-	-	-
Pearl Global (HK) Ltd.	Deepak Kumar SETH and Pulkit SETH	433,323	434,346	434,346	-	-	-
		=====	=====	=====	=====	=====	

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director.

- (iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, except for the related party transactions as disclosed in Note (23) to the financial statements, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the current year. Income tax of subsidiary has been provided at the prevailing rate of the country the subsidiary operates.

	<u>2016</u>	<u>2015</u> (Restated)
	US\$	US\$
Hong Kong tax		
- current year	1,075	-
Overseas income tax		
- current year	173,600	110,055
Overseas deferred tax	<u>21,164</u>	<u>42,316</u>
Total	<u>195,839</u>	<u>152,371</u>

- a. The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	<u>2016</u>	<u>2015</u> (Restated)
	US\$	US\$
Profit before taxation	<u>666,749</u>	<u>568,918</u>
Tax at the domestic income tax rate	166,085	142,791
Tax effect of expenses that are not deductible in determining taxable profit	19,749	24,081
Tax effect of income that are not taxable in determining taxable profit	(40,831)	(64,835)
Net tax allowance claimed	6,203	8,018
Withholding income tax of dividends received from subsidiary	23,469	-
Current year deferred tax	<u>21,164</u>	<u>42,316</u>
Taxation expense for the year	<u>195,839</u>	<u>152,371</u>

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TAXATION (CONT'D)

- b. The following is the analysis of deferred tax balance presented on the consolidated statement of financial position.

	<u>2016</u>	<u>2015</u>
	US\$	(Restated) US\$
Subsidiary:		
Deferred tax assets	110,899	136,744
	<u>=====</u>	<u>=====</u>

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of US\$345,729 of (2015: profit of US\$380,243) attributable to shareholders of the Group is a profit of US\$534,515 (2015: profit of US\$128,839) which is dealt with in the Company's own accounts.

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DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Infrastructures	Machineries	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Construction in Progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Cost</u>								
At 1/4/2014	182,932	283,340	2,076,806	156,348	363,881	404,481	-	3,467,788
Additions	-	-	92,295	-	13,926	41,280	434,875	582,376
Disposal	-	-	(8,400)	-	(91,361)	-	-	(99,761)
At 31/3/2015 and 1/4/2015	182,932	283,340	2,160,701	156,348	286,446	445,761	434,875	3,950,403
Additions	-	-	91,255	-	143,137	13,197	327,963	575,552
Disposal	-	-	(12,000)	-	(71,003)	-	-	(83,003)
At 31/3/2016	182,932	283,340	2,239,956	156,348	358,580	458,958	762,838	4,442,952
<u>Aggregate Depreciation</u>								
At 1/4/2014	-	278,234	1,871,954	154,828	215,043	334,829	-	2,854,888
Charge for the year	-	2,345	91,070	1,200	39,361	34,517	-	168,493
Written back on disposal	-	-	(8,400)	-	(87,472)	-	-	(95,872)
At 31/3/2015 and 1/4/2015	-	280,579	1,954,624	156,028	166,932	369,346	-	2,927,509
Charge for the year	-	1,527	90,291	293	64,241	31,234	-	187,586
Written back on disposal	-	-	(12,000)	-	(71,003)	-	-	(83,003)
At 31/3/2016	-	282,106	2,032,915	156,321	160,170	400,580	-	3,032,092
<u>Net Book Value</u>								
At 31/3/2016	182,932	1,234	207,041	27	198,410	58,378	762,838	1,410,860
At 31/3/2015	182,932	2,761	206,077	320	119,514	76,415	434,875	1,022,894

Depreciation expenses of US\$90,291 (2015: US\$91,070) has been charged to consolidated statement of comprehensive income within cost of goods sold and US\$97,294 (2015: US\$77,423) has been charged to consolidated statement of comprehensive income within depreciation expenses.

At March 31, 2015, machineries and equipment are used as collateral for bank loan facilities amounting to US\$1,500,000 as disclosed in Note (17) to the consolidated financial statements.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. <u>INVENTORIES</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$
Work in progress	785,652	738,492
	<u>=====</u>	<u>=====</u>

As of March 31, 2015, inventories are used as collateral for bank loan facilities amounting to US\$2,000,000 as disclosed in Note (17) to the consolidated financial statements.

14. <u>TRADE AND OTHER RECEIVABLE</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$
Trade receivables (Note (i))	2,292,565	3,964,127
Other receivables	<u>45,449</u>	<u>28,391</u>
	2,338,014	3,992,518
	<u>=====</u>	<u>=====</u>

(i) Aging analysis of trade receivables is as follows:

Neither past due nor impaired	2,338,014	3,964,127
Past due but not impaired	<u>-</u>	<u>-</u>
	2,338,014	3,964,127
	<u>=====</u>	<u>=====</u>

As of March 31, 2015, trade receivables are used as collateral for bank loan facilities amounting to US\$2,000,000 as disclosed in Note (17) to the consolidated financial statements.

15. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount due to a fellow subsidiary is interest free and has no fixed terms of repayment. The fellow subsidiary had agreed not demand repayment until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. <u>TRADE AND OTHER PAYABLES</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$
Trade payables (Note (i))	331,093	569,278
Other payables	5,747	4,549
Accruals	<u>766,446</u>	<u>548,837</u>
	<u>1,103,286</u>	<u>1,122,664</u>

(i) Maturity of the trade payables is as follows:

Due for payment:		
Not later than one year	<u>331,093</u>	<u>569,278</u>

17. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Amount repayable within one year:		
Export loan	-	747,678
Packing credit loan	<u>-</u>	<u>-</u>
	<u>-</u>	<u>747,678</u>

The bank loan facilities are secured by the Group's machineries and equipment, inventories, trade receivables together with director's personal guarantee.

18. <u>EMPLOYEE BENEFITS OBLIGATION</u>	<u>2016</u>	<u>2015</u>
	US\$	(Restated) US\$
Balance brought forward	159,456	135,111
Charged to Consolidated Statement of Comprehensive Income	52,045	25,419
Payment during the year	<u>(1,043)</u>	<u>(1,074)</u>
Balance carried forward	<u>210,458</u>	<u>159,456</u>

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

	<u>2016</u>		<u>2015</u>	
	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
		HK\$		HK\$
Issued and fully paid:				
Ordinary shares of HK1 each				
At March 31	11,709,844	11,709,844	11,709,844	11,709,844
	=====	=====	=====	=====
Translated into US\$		1,505,121		1,505,121
		=====		=====

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>NOTES</u>	<u>2016</u>	<u>2015</u>
		US\$	US\$
Non-Current Assets			
Investment in a subsidiary	(20a)	1,049,980	1,184,980
Current Assets			
Amount due from ultimate holding company	(9ii)	1,666	-
Amount due from immediate holding company	(9ii)	434,346	433,323
Other receivable		561	-
Bank and cash balances		<u>230,543</u>	<u>5,255</u>
		667,116	438,578
Current Liabilities			
Amount due to a fellow subsidiary	(15)	6,849	-
Accrual		2,571	1,928
Provision for taxation		<u>1,075</u>	<u>-</u>
		10,495	1,928
Net Current Assets		<u>656,621</u>	<u>436,650</u>
NET ASSETS		<u>1,706,601</u>	<u>1,621,630</u>
EQUITY			
Share capital	(19)	1,505,121	1,505,121
Retained profits	(21)	<u>201,480</u>	<u>116,509</u>
TOTAL EQUITY		<u>1,706,601</u>	<u>1,621,630</u>

APPROVED BY THE BOARD OF DIRECTORS ON
ON BEHALF OF THE BOARD BY:

AND SIGNED

Deepak Kumar SETH
Director

Pulkit SETH
Director

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(a) Particulars of principal subsidiary

<u>Name of subsidiary</u>	<u>Place of Incorporation</u>	<u>Percentage of Equity attributable to the Company</u>		<u>Principal activity</u>
		<u>2016</u>	<u>2015</u>	
PT Pinnacle Apparels *	Indonesia	69.91%	78.89%	Engaged in garment and textiles industry

* Not audited by Louis Lai & Luk CPA Limited

21. MOVEMENT IN THE RESERVES OF THE COMPANY

	<u>Retained Profits/ (Accumulated Losses)</u>
	<u>HK\$</u>
At April 1, 2014	(12,330)
Total comprehensive expenses for the year	<u>128,839</u>
At March 31, 2015 and April 1, 2015	116,509
Total comprehensive income for the year	<u>84,971</u>
At March 31, 2016	<u>201,480</u>

22. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	<u>2016</u>	<u>2015</u>
	<u>US\$</u>	<u>US\$</u>
Within one year	242,155	179,423
In the second to fifth years inclusive	<u>270,430</u>	<u>512,585</u>
	<u>512,585</u>	<u>692,008</u>

Operating lease payments represent rental payments payable by the Group for its leased premises. Leases are negotiated for an averaged term four to five years.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with its related parties below.

<u>Name of Company</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>2016</u>	<u>2015</u>
			US\$	US\$
Pearl Global Industries Ltd.	Ultimate holding company	Sampling income	(1,666)	-
		Amount due from	1,666	-
Norp Knit Industries Ltd.	Fellow subsidiary	Sampling income	(218,798)	-
		Recovery income	(60,321)	-
		Amount due to	(6,849)	-
Pearl Global (HK) Ltd.	Immediate holding company	Sampling income	(11,023)	-
		Amount due from	434,346	433,323

24. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purpose, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the end of reporting period.

	(Expressed in US\$)				
	2016				
	HK\$	IDR	GBP	SGD	Total
Deposits	-	8,856	-	-	8,856
Deposits and prepayments	-	334,097	-	-	334,097
Trade and other receivables	561	44,888	-	-	45,449
Cash and bank balances	9,349	179,611	210	16	189,186
Trade and other payables	(2,571)	-	-	-	(2,571)
Provision for taxation	(1,075)	(74,069)	-	-	(75,144)
Net exposure arising from recognised assets and liabilities	6,264	493,383	210	16	499,873

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CURRENCY RISK (CONT'D)

(i) Exposure to currency risk (Cont'd)

	(Expressed in US\$)					
	2015					
	HK\$	IDR	GBP	SGD	EUR	Total
Deposits	-	8,856	-	-	-	8,856
Deposits and prepayments	-	183,493	-	-	-	183,493
Trade deposit paid	-	55,641	-	-	-	55,641
Trade and other receivables	-	27,890	-	-	-	27,890
Cash and bank balances	374	78,373	156	16	-	78,919
Trade and other payables	(1,928)	(676,342)	-	-	681	(677,589)
Provision for taxation	-	(34,881)	-	-	-	(34,881)
Net exposure arising from recognised assets and liabilities	(1,554)	(356,970)	156	16	681	(357,671)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss before tax in response to reasonably possible changes (e.g. $\pm 10\%$) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	US\$	US\$	US\$	US\$
Indonesian Rupiah (IDR)	41,197	(41,197)	(29,807)	29,807
British Pound (GBP)	18	(18)	13	(13)
Singapore dollar (SGD)	1	(1)	1	(1)
Euro (EUR)	-	-	57	(57)
	41,216	(41,216)	(29,736)	29,736

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CURRENCY RISK (CONT'D)

(ii) Sensitivity analysis (Cont'd)

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the Hong Kong dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2015.

25. <u>INTEREST RATE RISK</u>	<u>2016</u>	<u>2015</u>
Financial liabilities bearing variable interests:	US\$	US\$
Export loan	-	747,678
Packing credit	-----	-----
	-	747,678
	=====	=====

Should market interest rate on March 31 increase by 10%, the profit or loss for the year would be reduced by a net amount of US\$Nil (2015: US\$16,364). The carrying amounts of financial assets and financial liabilities measured at amortised cost and the carrying amount of financial liabilities bearing variable interest measure at fair value would not be affected by the assumed 10% increase in interest rates.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

27. COMMENCEMENT OF BUSINESS

The Company has commenced the business on June 18, 2015.

28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on