

PT PINNACLE APPARELS

**Financial Statements
For the Years Ended
March 31, 2016 and 2015**

PT PINNACLE APPARELS

Table of Contents	Page
Directors' Statement Letter	
Independent Auditors' Report	
Financial Statements For the Years Ended March 31, 2016 and 2015	
Statements of Financial Position	1
Statements of Profit or Loss and Other Comprehensive Income	2
Statements of Changes in Equity	3
Statements of Cash Flows	4
Notes to the Financial Statements	5

**DIRECTOR'S STATEMENT LETTER
RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2016 AND 2015**

PT PINNACLE APPARELS

We, the undersigned:

- | | | |
|--------------------------|---|--|
| 1. Name | : | Amit Kumar |
| Office Address | : | Tanjung Emas Export Processing Zone
Jl. Coaster 8 Blok A. 15-15a Semarang 50174 |
| Domicile as stated in ID | : | Jl. Bukit Arjuna no. 4 |
| Card/Paspor | : | Bukit Sari – Semarang 50261 |
| Phone Number | : | +6224-3516585 |
| Position | : | Director |
| 2. Name | : | Pawan Lahoti |
| Office Address | : | Graha Kirana Lt.1 Suite 103, Jl. Yos Sudarso Kav. 88 |
| Domicile as stated in ID | : | Menara Kelapa Gading Kondominium Tower E605 |
| Card/Paspor | : | Kelapa Gading – Jakarta Utara |
| Phone Number | : | +6221-65314680 |
| Position | : | Finance Manager |

state that :

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements have been prepared and presented in conformity with Indonesian Financial Accounting Standards;
3. a. All information in financial statements have been disclosed in a complete and truthful manner;
b. The financial statements do not contain any misleading material information or facts, and do not omit material information or facts; and
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully

Jakarta, April 22, 2016

Director

Finance Manager



P. K. Lahoti


RSM

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Amir Abadi Jusuf, Aryanto, Mawar & Rekan
Registered Public Accountants

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Number : R/250.AGA/Iji.2/2016

Independent Auditor's Report

The Shareholders, Commissioners and Directors
PT Pinnacle Apparels

We have audited the accompanying financial statements of PT Pinnacle Apparels ("the Company"), which comprises the statement of financial position as of March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of 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 the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Pinnacle Apparels as of March 31, 2016 and its financial performance and cash flows for year then ended, in accordance with Indonesian Financial Accounting Standards.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Emphasis of Matter

We draw attention to Note 20 to the Financial Statements which describe the rationale on the statements of corresponding figures as of March 31, 2015 and April 1, 2014/ March 31, 2014 in relation to the adoption of Statement of Financial Accounting Standard No.24 (Revised 2013) "Employee Benefits" which took effect on January 1, 2015 and has been applied retrospectively. Our opinion is not modified with respect to this matter.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan



Leknor Joni

Public Accountant License Number: AP.0797

Jakarta, April 22, 2016

PT PINNACLE APPARELS
STATEMENTS OF FINANCIAL POSITION
March 31, 2016 and 2015
(In US Dollar)

	Notes	2016 USD	2015*) USD	April 1, 2014/ March 31, 2014*) USD
ASSETS				
Current Assets				
Cash on Hand and in Banks	3	597,513	208,796	139,915
Accounts Receivable from Third Parties	4	2,292,565	3,964,127	2,842,371
Other Receivables	5	44,888	28,391	37,606
Inventories	6	785,652	738,492	1,900,961
Advance to Suppliers	7	429,421	259,221	593,817
Prepaid Taxes	13.a	247,814	204,133	190,285
Prepaid Expenses	8	86,283	89,244	97,661
Total Current Assets		4,484,136	5,492,404	5,802,616
Non Current Assets				
Deferred Tax Assets	13.d	110,899	136,744	188,603
Property, Plant and Equipment - Net	9	1,410,860	1,022,894	612,900
Refundable Deposits	10	133,858	133,858	134,579
Total Non Current Assets		1,655,617	1,293,496	936,082
TOTAL ASSETS		6,139,753	6,785,900	6,738,698
LIABILITIES AND EQUITY				
Current Liabilities				
Bank Loans	11	--	747,678	1,465,366
Accounts Payable	12	331,093	569,278	405,431
Other Payables		5,747	4,549	2,660
Taxes Payable	13.b	74,069	34,881	24,605
Accrued Expenses	14	763,875	546,909	433,363
Total Current Liabilities		1,174,784	1,903,295	2,331,425
Non Current Liabilities				
Employee Benefits Liabilities	15	210,458	159,456	135,111
Total Non Current Liabilities		210,458	159,456	135,111
Total Liabilities		1,385,242	2,062,751	2,466,536
Equity				
Share Capital - Par Value USD 10 per Share				
Authorized - 200,000 Shares,				
Issued and Paid Up - 150,198 Shares	16.a	1,501,980	1,501,980	1,501,980
Additional Paid-in Capital		1,980	1,980	1,980
Retained Earnings		3,250,551	3,219,189	2,768,202
Total Equity		4,754,511	4,723,149	4,272,162
TOTAL LIABILITIES AND EQUITY		6,139,753	6,785,900	6,738,698

*) Restated (Note 20)

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended March 31, 2016 and 2015
(In US Dollar)

	Notes	2016 USD	2015*) USD
REVENUES	17	22,047,060	23,315,483
COST OF GOODS SOLD	18	(18,250,195)	(19,927,507)
GROSS PROFIT		<u>3,796,865</u>	<u>3,387,976</u>
Gain on Sale of Property, Plant and Equipment		8,096	19,875
General and Administrative Expenses	19	(2,803,632)	(2,777,026)
Selling Expenses	19	(251,887)	(145,773)
Loss on Foreign Exchange - Net		(83,734)	72,243
Other Income (Expenses) - Net		(6,050)	18,234
		<u>(3,137,207)</u>	<u>(2,812,447)</u>
PROFIT BEFORE TAX		<u>659,658</u>	<u>575,529</u>
INCOME TAX EXPENSES			
Current Tax	13.c	(150,131)	(110,055)
Deferred Tax	13.d	(21,164)	(42,316)
Total Income Tax Expenses - Net		<u>(171,295)</u>	<u>(152,371)</u>
NET PROFIT FOR THE YEAR		<u><u>488,363</u></u>	<u><u>423,158</u></u>
Item that will not be Reclassified Subsequently to Profit or Loss :			
Remeasurement of Define Benefits Plan		17,680	38,172
Related Taxes		(4,681)	(9,543)
Other Comprehensive Income for the Year After Tax		<u>12,999</u>	<u>28,629</u>
Total Comprehensive Income for the Year		<u><u>501,362</u></u>	<u><u>451,787</u></u>

*) Restated (Note 20)

PT PINNACLE APPARELS
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2016 and 2015
(In US Dollar)

	Share Capital USD	Additional Paid-in Capital USD	Retained Earnings USD	Total Equity USD
Balance as of March 31, 2014 (Before Restated)	1,501,980	1,980	2,744,155	4,248,115
Accumulated Effect of Implementation of SFAS 24 (Revised 2014)	-	-	24,047	24,047
Balance as of March 31, 2014 (After Restated)	1,501,980	1,980	2,768,202	4,272,162
Profit for the Year	-	-	423,158	423,158
Cash Dividend	-	-	(800)	(800)
Other Comprehensive Income For the Year	-	-	28,629	28,629
Balance as of March 31, 2015	1,501,980	1,980	3,219,189	4,723,149
Profit for the Year	-	-	488,363	488,363
Cash Dividend	-	-	(470,000)	(470,000)
Other Comprehensive Income For the Year	-	-	12,999	12,999
Balance as of March 31, 2016	1,501,980	1,980	3,250,551	4,754,511

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2016 and 2015
(In US Dollar)

	Notes	2016 USD	2015 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Income Tax		659,658	575,529
Adjustments for:			
Depreciation Expenses		187,585	168,493
Interest Expenses and Bank Charges		81,002	163,639
Gain on Sale of Property, Plant, and Equipment		(8,096)	(19,875)
Employee Benefits Obligation		69,725	63,591
Operating Income Before Changes in Working Capital		989,874	951,377
Changes in Assets and Liabilities:			
Accounts and Other Receivables		1,655,065	(1,112,541)
Inventories		(47,160)	1,162,470
Advance to Suppliers		(170,200)	334,596
Prepaid Expense and Tax		(40,420)	--
Other Current Assets		--	(5,431)
Accounts and Other Payables		(236,987)	165,736
Accrued Expenses		216,966	113,546
Taxes Payables Other than Corporate Income Tax		--	1,749
Cash Generated from Operations		2,367,138	1,611,502
Interest Paid	19	(81,002)	(163,639)
Income Tax Paid		(111,242)	(101,529)
Employee Benefits Obligations Paid		(1,043)	(1,074)
Net Cash Flows Provided by Operating Activities		2,173,851	1,345,260
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	9	(575,551)	(582,377)
Proceeds from Sale of Property, Plant, and Equipment		8,096	23,764
Deduction of Refundable Deposits		--	722
Net Cash Flows Used in Investing Activities		(567,456)	(557,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed From Bank Loans - Net	11	(747,678)	(717,688)
Cash Dividend Payment	16.b	(470,000)	(800)
Net Cash Flows Used in Financing Activities		(1,217,678)	(718,488)
NET INCREASE IN CASH ON HAND AND IN BANKS		388,717	68,881
CASH ON HAND AND IN BANKS - AT THE BEGINNING OF THE YEAR		208,796	139,915
CASH ON HAND AND IN BANKS - AT THE END OF THE YEAR		597,513	208,796
Cash on Hand and in Banks Consist of:			
Cash on Hand	3	17,827	13,529
Cash in Banks		579,686	195,267
TOTAL		597,513	208,796

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended
March 31, 2016 and 2015

1. General

1.a. Background

PT Pinnacle Apparels (formerly PT Norwest Industry, the "Company") was established based on Notarial Deed No. 27 of H. Dana Sasmita, SH, Notary in Jakarta, dated April 8, 2002. The deed of establishment was approved by Ministry of Justice of Republic of Indonesia in its Decision Letter No. C-14557.HT.01.01.TH.2002 dated August 5, 2002. Based on notification of approval from the Capital Investment Coordination Board (BKPM) No. 187/II/PMA/2002 dated April 4, 2002 the Company was established within the framework of the Foreign Capital Investment.

Based on Resolutions of the Shareholders of PT Pinnacle Apparels, as stipulated on notarial deed No. 56 of Wiwik Condro, SH, Notary in Jakarta, dated September 25, 2015, Raam Fashion Limited sells its shares to DSSP Global Limited. The change in capital structure effectively on September 28, 2015 and has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-AH.01.03-0967581 Tahun 2015, dated September 28, 2015.

The Company's Articles of Association have been amended several times, most recently related to changes in capital structure and the changes of Board of Directors of the Company's based on Notarial Deed No. 43 of Kumala Tjahyani Widodo, SH, Notary in Jakarta, dated January 14, 2015 and has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. AHU-0003060.AH.01.03.Tahun 2015, dated January 19, 2015, and authorized by the Chairman of the Capital Investment Coordinating Board (BKPM) No. 3358/1/IP-PB/PMA/2014.

In accordance with article 3 of Article of Association and Notification of Approval from BKPM, the Company is engaged in garment and textiles industry.

The Company is domiciled in Jakarta and its factory is located in Tanjung Emas Export Processing Zone, Semarang. The Company started its commercial operations in September 2002.

As of March 31, 2016 and 2015, the Company has 2,090 and 1,932 employees, respectively (unaudited).

1.b. The Company's Management

The Company's managements as of March 31, 2016 and 2015 are as follows:

Commissioner	: Rajesh Vishnu Ajwani
President Director	: Pulkit Seth
Director	: Amit Kumar
Director	: Deepak Seth

2. Summary of Significant Accounting Policies

2.a. Compliance with the Financial Accounting Standards (SAK)

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, using going concern, historical cost and accrual basis of accounting concepts. The basis have been consistently applied and will be noted otherwise.

The statements of cash flows are prepared using the indirect method, by classifying cash flows into operating, investing and financing activities.

2.b. The following are new standards, amendments of standards and interpretation of standard issued by DSAK-IAI and effectively applied for the period starting on or after January 1, 2015, as follows:

- PSAK No. 1 (Revised 2013) "Presentation of Financial Statements"
- PSAK No. 24 (Revised 2013) "Employee Benefits"
- PSAK No. 46 (Revised 2013) "Income Taxes"

The following is the impact of the amendments in accounting standards that are relevant and significant to financial statements of company:

- PSAK No. 1 (Revised 2013) has introduce changes in the format and revision of the title of the report. This standard is applied retrospectively and therefore certain comparative information have been restated. The significant impact of changes of this accounting standar to the Company;

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

- a. Change of report title which previously named "Statement of Comprehensive Income" become "Statement of Profit or Loss and Other Comprehensive Income";
 - b. Additional component of the financial statements i.e. comparative information, which comprised minimum comparative information and additional comparative information;
 - c. Requirement for the presentation of other comprehensive income are grouped into (a). items that will not be reclassified to profit or loss; and (b). items that will be reclassified to profit or loss.
- PSAK No. 24 (Revised 2013) "Employee Benefits".
Main revision to the standard which relevant to the Company is all actuarial gains and losses are recognized immediately in other comprehensive income and the past service cost is recognized in profit or loss. However, the Company's will apply this change on its Financial Statements on March 31, 2016. Management is in the conclusion that the impact of such change will not be material, in respect of this matter.
 - PSAK No. 46 (Revised 2013) "Income Taxes"
This PSAK No. 46 (Revised 2013) emphasize on measurement of deferred tax on assets measured at fair value, assuming that the carrying amount of the assets will be recovered through sales. In addition, this standard also removes provision on final tax.

The following disclosures is selected according to the real situation in the entity:

- a. The Group has reclassified the presentation of final income tax expense and comparative information has been restated accordingly
- b. The adoption of the revised standard had no material effect to the consolidated financial statements.

2.c. Foreign Currency Transactions and Balances

The Company maintains its accounting records in USD currency. Transactions in currencies other than USD are recorded at the prevailing rate of exchange in effect on the date of transaction. Exchange gains and losses arising from translations of foreign currency monetary assets and liabilities are recognized in the current period statement of comprehensive income.

As of statements of financial position date, monetary assets and liabilities denominated in foreign currencies are translated at the approximate prevailing Bank Indonesia middle rate at that date.

Exchange rates used as of March 31, 2016 and 2015:

<u>Currencies</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
IDR	0.000075	0.000075
EUR	1.09	1.13
HKD	0.13	0.13
SGD	0.71	0.75
GBP	1.39	1.58

Exchange gains or losses arising from foreign currency translations are recognized in the current period statements of comprehensive income.

2.d. Transaction with Related Parties

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. Has control or joint control over the reporting entity;
 - ii. Has significant influence over the reporting entity; or
 - iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An Entity is related to the reporting entity if it meets one of the following:
 - i. The entity and the reporting entity 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 member of a group which the other entity is a member;
 - iii. Both entities are joint ventures of the same third party;

PT PINNACLE APPARELS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Years Ended

March 31, 2016 and 2015

- iv. One entity is a joint venture of a third entity and the other 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- 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 parent of the entity).

2.e. Financial Asset and Financial Liabilities

Financial Asset

The Company classifies its financial assets into loans and receivables.

This classification depends on the purpose of acquisition of financial assets. Management determines the classification of financial assets at its initial recognition.

(i) Loans and Receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that intends to sell immediately or in the near term and upon initial recognition designated as at fair value through profit or loss;
- (b) those that upon initial recognition designated as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial recognition, loans and receivable are measured at amortized cost using the effective interest method.

Loans and receivables include cash on hand and in banks, accounts receivable and other receivables.

Provision for Impairment Loss of the Financial Assets

The Company assessed individually if there is objective evidence regarding impairment of financial assets. If there is objective evidence of financial assets impairment individually, the impairment assessed is calculated using discounted cash flows method and/or fair value of the collateral.

For financial assets which do not have objective evidence regarding impairment, the Company will allocate provision for impairment collectively. Collective calculation is exercised using certain formula. Every year, the Company analyzes the basis of percentage until the relevant historical data is obtained.

Financial Liabilities

The Company classifies its financial liabilities in categories (i) financial liabilities measured at fair value through profit and loss and (ii) financial liabilities measured using amortized cost.

(i) Financial liabilities are measured using amortized cost.

Financial liabilities which are not classified as financial liabilities measured at fair value through profit and loss are categorized and measured using amortized cost.

Bank loans, accounts payable, other payables and accrued expenses are included in financial liabilities classified as financial liabilities measured using amortized cost.

2.f. Inventories

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

2.g. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight line method.

2.h. Property, Plant, and Equipment

Property, Plant and Equipment after initial recognition, are measured based on cost method and stated at cost less accumulated depreciation and provision for impairment.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets as follows:

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

	Useful lives	% per Annum
Infrastructures	5	20
Machineries	5	20
Furniture and Fixtures	5	20
Vehicles	5	20
Tools and Equipment	3-5	20-33

The carrying amount of an item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition (that determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss when item is derecognized.

At the end of each reporting period, the Company made regular review of the useful lives, residual values, depreciation method and residual life based on the technical conditions.

2.i. Impairment of Assets

The Company assess at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e., an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset or Cash Generated Unit's (CGU) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses of continuing operations, if any, are recognized in the consolidated statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period.

Reversal of an impairment-loss is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.j. Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are recognized when an employee has rendered service during accounting period, at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Short term employee benefits include such as wages, salaries, bonus and incentive.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

Post-employment Benefits

Post-employment benefits such as retirement, severance and service payments are calculated based on Labor Law No. 13/2003 ("Law 13/2003").

The Company recognizes the amount of the net defined benefit liability at the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets which calculated by independent actuaries using the Projected Unit Credit method. Present value benefit obligation determine by discounting the benefit.

The Company account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices.

Current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefit liabilities (assets) recognized in profit and loss.

The remeasurement of the net defined benefit liability (assets) comprise actuarial gain and losses, return on plan assets, and any change in effect of the asset ceiling recognized in other comprehensive income.

2.k. Revenues and Expenses Recognition

Revenue is recognized when invoices are made and goods has been delivered to customers at the time of shipment.

Expense is recognized when incurred.

2.l. Income Tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax and deferred tax is recognized in profit or loss, except for income tax arising from transactions or events that are recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or equity, respectively.

Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax benefits relating to tax loss that can be carried back to recover current tax of a previous periods is recognized as an asset. Deferred tax asset is recognized for the carryforward of unused tax losses and unused tax credit to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- a. the initial recognition of goodwill; or
- b. the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

The carrying amount of a deferred tax asset reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The Company offset deferred tax assets and deferred tax liabilities if, and only if:

- a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - i. the same taxable entity; or
 - ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Company offset current tax assets and current tax liabilities if, and only if, the Company:

- a. has legally enforceable right to set off the recognized amounts, and
- b. intends either to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

2.m. Critical Accounting Estimate and Judgement

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimated Useful Lives

The Company reviews on useful lives of property, plant, and equipment based on several factors i.e. technical conditions and technology development in the future. Operating results in the future will be affected by the estimated changes of those factors.

Post Employment Benefit

The present value of post employment benefit depends on several factors which are determined by actuarial basis based on several assumptions. Assumptions used to determine pension costs (benefits) covered discount rate. The changes of assumption might affect carrying value of post employment benefit.

The Company determines the appropriate discount rate at the final reporting, by considering the discount rate of government's bond which denominated in benefit's currency that will be paid and have a similar terms with the terms of the related liabilities

3. Cash on Hand and in Banks

	2016 USD	2015 USD
Cash on Hand		
Rupiah	14,872	8,717
USD	2,612	4,597
HKD	117	43
Poundsterling	210	156
SGD	16	16
Sub Total	17,827	13,529
Cash in Banks		
USD	414,947	125,611
Rupiah	164,739	69,656
Sub Total	579,686	195,267
Total	597,513	208,796

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

As of March 31, 2016, the Company has money insurance amounting to IDR11,300,000,000 equivalent with USD818,120 that covered transit loss due to fire and fraud by employee.

4. Accounts Receivable from Third Parties

	2016 USD	2015 USD
Talbots	1,113,515	1,378,473
Banana Republic (PGL)	775,563	1,534,922
Ann Taylor	383,101	892,443
S.Oliver Bernd Freier GMBH & Co.Kg	20,386	135,780
Ralph Lauren	—	22,509
Total	2,292,565	3,964,127

As of March 31, 2015, accounts receivable are used as collateral for bank loan facilities amounting to USD2,000,000 (Note 11).

Management believes that all accounts receivable are collectible, accordingly the management does not provide allowance for impairment losses.

5. Other Receivables

Other receivables to the related parties mainly represents employee loan which is given by the Company to support the household needs. The employee loan repayment shall be deducted from the monthly salaries. On March 31, 2016 and 2015, other receivables amounting to USD44,888 and USD28,391, respectively.

6. Inventories

This account represents inventory in working process as of March 31, 2016 and 2015 amounting to USD785,652 and USD738,492, respectively.

Based on a review of inventories, the Company's management believes there is no impairment on inventories, thus management does not provide allowance for inventories obsolescence accounts. Inventories are covered by insurance against losses from fire and other risks under several blanket policies amounting to USD2,950,000 as of March 31, 2016 and 2015.

As of March 31, 2015, Inventories are used as collateral for bank loan facilities amounting to USD2,000,000 (Note 11).

7. Advance to Suppliers

	2016 USD	2015 USD
Textbank Limited	159,629	--
Silverred Holding Limited	93,238	--
High Fashion Silk (Zhejiang) Co. Ltd	56,948	--
Mastex Inc.	29,767	--
New Bond Textiles Ltd	28,725	6,444
Silver Team Textiles Ltd	25,422	--
Vardhman Textiles Ltd	--	76,520
Tunas Mobilindo Parama	--	54,988
Konak Tul Perde San	--	43,037
Grateful Textiles Co. Ltd	--	19,743
Shenzen Faun Textiles	--	19,404
Others (each below USD 10,000)	35,692	39,085
Total	429,421	259,221

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

8. Prepaid Expenses

	2016 USD	2015 USD
Factory Rent	64,008	62,731
Factory Supplies	12,730	13,465
Work Permit	7,600	5,300
Office Rent	845	5,825
Others (below USD 1,000)	1,100	1,923
Total	86,283	89,244

Factory rent represents two factories space rental in Semarang, Central Java. On January 25, 2013, the Company has renewed rental agreement of factory (unit 1 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 4 years until January 24, 2017. On October 1, 2013, the Company has renewed rental agreement of factory (unit 2 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 5 years until September 30, 2018.

9. Property, Plant, and Equipment

2016				
	Beginning Balance USD	Additions USD	Disposals USD	Ending Balance USD
Direct Ownership				
Cost				
Land Titles	182,932	--	--	182,932
Infrastructures	283,340	--	--	283,340
Machineries	2,160,701	91,255	12,000	2,239,956
Furniture and Fixtures	156,348	--	--	156,348
Vehicles	286,446	143,137	71,003	358,580
Tools and Equipment	445,761	13,197	--	458,958
Subtotal	3,515,528	247,589	83,003	3,680,114
Construction in Progress	434,875	327,963	--	762,838
Total	3,950,403	575,552	83,003	4,442,952
Accumulated Depreciation				
Infrastructures	280,579	1,527	--	282,106
Machineries	1,954,624	90,291	12,000	2,032,915
Furniture and Fixtures	156,028	293	--	156,321
Vehicles	166,932	64,241	71,003	160,170
Tools and Equipment	369,346	31,234	--	400,580
Total	2,927,509	187,585	83,003	3,032,092
Carrying Value	1,022,894			1,410,860

2015				
	Beginning Balance USD	Additions USD	Disposals USD	Ending Balance USD
Direct Ownership				
Cost				
Land Titles	182,932	--	--	182,932
Infrastructures	283,340	--	--	283,340
Machineries	2,076,806	92,295	8,400	2,160,701
Furniture and Fixtures	156,348	--	--	156,348
Vehicles	363,881	13,926	91,361	286,446
Tools and Equipment	404,481	41,280	--	445,761
Sub Total	3,467,788	147,501	99,761	3,515,528
Construction in Progress	--	434,875	--	434,875
Total	3,467,788	582,376	99,761	3,950,403

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

	2015			
	Beginning	Additions	Disposals	Ending
	Balance			Balance
	USD	USD	USD	USD
Accumulated Depreciation				
Infrastructures	278,234	2,345	--	280,579
Machineries	1,871,954	91,070	8,400	1,954,624
Furniture and Fixtures	154,828	1,200	--	156,028
Vehicles	215,043	39,361	87,472	166,932
Tools and Equipment	334,829	34,517	--	369,346
Total	2,854,888	168,493	95,872	2,927,509
Carrying Value	612,900			1,022,894

Depreciation expenses were allocated to the following:

	2016	2015
	USD	USD
Cost of Goods Sold (Note 18)	90,291	91,070
General and Administrative Expense (Note 19)	97,294	77,423
Total	187,585	168,493

Based on management's review and estimates of the status of individual property, plant, and equipment at the end of the period, there is no impairment to write down which should be applied to the amount recorded in the financial statements as of March 31, 2016 and 2015, respectively.

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.

Property, plant and equipment are covered by insurance against losses from fire and other risks under several blanket policies amounting to IDR3,010,205,468 and USD2,126,000 as of March 31, 2016 and IDR3,695,900,000 and USD2,126,000 as of March 31, 2015. Management believes that sum of insured is adequate to cover possible losses from fire and other risks of related assets.

As of March 31, 2015, Machineries and Equipment are used as collateral for bank loan facilities amounting to USD1,500,000 (Note 11).

10. Refundable Deposits

	2016	2015
	USD	USD
Plants	101,553	101,553
Warehouses	19,159	19,159
Office	7,992	7,992
Electricity	4,114	4,114
Others	1,040	1,040
Total	133,858	133,858

11. Bank Loans

This account represent loan to The Hongkong and Shanghai Banking Corporation Bank for export facility on March 31, 2016 and 2015 amounting to Nil and USD747,678, respectively.

Based on Corporate Facility Agreement dated August 30, 2012, No. JAK/120805/U/120806, the Company has obtained credit facilities for import and export from The Hongkong and Shanghai Banking Corporation with combined maximum limit credit amounting to USD4,000,000 and subject to review any event. The agreement has been amended several times and most recently by amendment No. JAK/140537/U/140425 dated June 17, 2014 with combined maximum limit amounting to USD 4,000,000.

The facilities are secured by the followings:

- Fiduciary transfer over Machinery and Equipment (note 9) of USD1,500,000
- Fiduciary transfer over Inventories (note 6) of USD2,000,000;

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

- Fiduciary transfer over Accounts Receivable (note 4) of USD2,000,000;
- Letter of undertaking from shareholders to inject additional equity/subordinated loan to cover losses;
- Letter of undertaking from shareholders to ensure the Tangible Networth will remain at minimum USD2,000,000; and
- Personal Guarantee in the name of Mr. Pulkit Seth under Hongkong Law for the amount of USD4,000,000.

Total payment for the year ended March 31, 2016 is amounting to USD9,595,773 as well as its total draw down for the year of USD9,595,773. The outstanding balance as of March 31, 2016 of this facility is Nil. Interest expense on this facility for the year is amounting to USD30,674.

Under the agreement, the Company should maintain debt to equity ratio not to exceed 1.5 and minimum current ratio of 1.0. As of March 31, 2016 and 2015, the Company has fulfilled these covenants.

12. Accounts Payable

	2016 USD	2015 USD
Lamicitra Nusantara	62,920	63,188
PT Coats Rejo Indonesia	35,793	10,519
Kufner Hongkong Limited	21,551	9,671
Precision Custom Coatings Asia LLC Indonesia	20,443	—
H Wear Limited	15,448	43,573
Inti Duta Dwitama Transin	10,463	26,603
Sai Apparel Industries	4,664	40,959
Others (each below USD 20,000)	159,811	374,765
Total	331,092	569,278

13. Taxation

a. Prepaid Taxes

	2016 USD	2015 USD
Value Added Tax - Net	233,092	204,133
Income Tax Article 19	14,722	—
Total	247,814	204,133

b. Taxes Payable

	2016 USD	2015 USD
Income Tax Article 21	14,576	14,694
Income Tax Article 23	665	247
Income Tax Article 25	7,850	7,129
Corporate Income Tax Article 29	50,978	12,811
Total	74,069	34,881

c. Income Tax Benefit (Expenses)

Reconciliation between income before estimated income tax as shown in the statements of comprehensive income and estimated taxable income of the Company is as follows:

	2016 USD	2015 USD
Income (Loss) before Income Tax as per Statement of Other Comprehensive Income	659,658	575,529
Temporary Differences:		
Depreciation	(154,378)	(232,854)
Employee Benefits	69,725	63,591
Post Employee Benefits Payment	(1,043)	(1,074)
	(85,696)	(170,336)

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

	2016 USD	2015 USD
Permanent Differences:		
Interest Income already Subjected to Final Tax	(1,411)	(2,785)
Profit on Sales of Vehicles-Commercial	(8,096)	(19,875)
Profit on Sales of Vehicles-Fiscal	947	(3,829)
Non Deductible Expenses		
Depreciation Expenses	24,812	32,071
Motor Vehicle Maintenance	4,549	7,692
Mobile Phone	1,683	2,043
Guest House	2,844	3,221
Entertainment	1,238	16,492
	<u>26,566</u>	<u>35,030</u>
Taxable Income	600,528	440,223
Income Tax at Tax Rate of 25%	150,131	110,055
Total Income Tax Expense	150,131	110,055
Credit Taxes:		
Income Tax Article 22	6,444	14,961
Income Tax Article 25	92,709	82,283
Total Credit Taxes	99,153	97,244
Corporate Income Tax Payable	50,978	12,811

d. Deferred Tax Assets

	2014	Credited (Charged) to	Credited (Charge) to Other	2015	Credited (Charged) to	Credited (Charge) to Other	2016
	USD	Profit or Loss	Comprehensive Income	USD	Profit or Loss	Comprehensive Income	USD
Property, Plant and Equipment	155,094	(58,214)	-	96,880	(38,595)	-	58,285
Employee Benefits Obligations	33,509	15,898	(9,543)	39,864	17,431	(4,681)	52,614
Total	188,603	(42,316)	(9,543)	136,744	(21,164)	(4,681)	110,899

e. Administration

Based on letter No. 33/PA-JKT/XII/2016 on December 31, 2015, the Company apply for fixed asset revaluation for tax purposes in 2015 based on Regulation of Minister of Finance No. 191/PMK.010/2015 on October 15, 2015. The Company has made payment for Final Income Tax Article 19 of fixed asset revaluation for December 2015 amounted to Rp204,600,000 (USD14,722) (based on Surat Setoran Pajak).

14. Accrued Expenses

	2016 USD	2015 USD
Salaries and Wages	508,585	295,196
Bonus	224,156	230,332
BPJS Payable	27,485	17,220
Legal and Professional Fee	3,649	4,161
Total	763,875	546,909

15. Employee Benefits Liabilities

The Company provides benefits for its employees who achieve the retirement age at 55 based on the provisions of Labor Law No.13/2003 dated March 25, 2003. The benefits are unfunded.

The Company calculated employee benefit liabilities as of March 31, 2016 and 2015 based The Constitution of No.13 in 2003 about The Employment.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

As of March 31, 2016, the liabilities for employee benefits were calculated by an independent actuary, PT Katsir Imam Sapto Aktuaria using the "Projected Unit Credit" method. Those calculation were used as the basis for March 31, 2016 reporting, in their report dated April 19, 2016, with No.3293/KIS/LA/04/2016.

The principal assumptions used in determining employee benefits obligation as of March 31, 2016, 2015, and April 1, 2014/ March 31, 2015 are as follows:

	2016 USD	2015 USD	April 1, 2014/ March 31, 2014 USD
Discount Rate	9.40%	8.50%	8.50%
Future Salary	3.00%	3.00%	5.00%
Number of Employees	2,090	1,932	1,981
Normal Retirement Age	55 Years	55 Years	55 Years
Valuation Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Voluntary resignation determined as 2% - 37% for employees below the age of 20-22 and will be linearly decreasing until 0% at the age of 54.

Past service cost – non-vested:

- Amortization method: straight line.
- Amortization periods: remaining service years of each employee.

The amount recognized in statements of financial position and profit or loss for the years ended of March 31, 2016 and 2015 are as follows:

	2016 USD	2015*) USD	April 1, 2014/ March 31, 2014*) USD
Present Value Obligation	210,458	159,456	135,111
Liability in the Statement of financial Position	210,458	159,456	135,111
Unrecognized Service Cost:			
Current Service Cost	42,283	37,853	40,651
Interest Cost	27,442	25,738	19,586
Net Expense Charged in the Statement of Profit or Loss and Other Comprehensive Income	69,725	63,591	60,237
	2016 USD	2015*) USD	April 1, 2014/ March 31, 2014*) USD
Beginning of the Year	111,898	73,725	--
Other Comprehensive Expense in Current Year	17,680	38,172	73,725
End of the Year	129,578	111,897	73,725

Movements in liability recognized in the Statements of Financial Position are as follows:

	2016 USD	2015*) USD	April 1, 2014/ March 31, 2014*) USD
Beginning of the Year	159,456	135,111	154,447
Employee Benefits Expenses Recognized in Current Year	69,725	63,591	60,236
Other Comprehensive Expense	(17,680)	(38,172)	(73,725)
Actual Benefit Payment	(1,043)	(1,074)	(5,847)
End of the Year	210,458	159,456	135,111

*) Restated (Note 20)

16. Share Capital and Cash Dividend

- Based on Resolutions of the Shareholders of PT Pinnacle Apparels, as stipulated on notarial deed No. 56 of Wiwik Condro, SH, Notary in Jakarta, dated September 25, 2015, DSSP Global Limited sold its shares to Raam Fashion Limited. The change in capital structure was effective on September 28, 2015 and has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-AH.01.03-0967581 Year 2015, dated September 28, 2015.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

The compositions of shareholders' as of March 31, 2016 and 2015 is as follows:

2016			
Shareholders	Shares Issued		Issued and Paid-up Capital USD
	Number of Shares	%	
DSSP Global Limited	104,998	69.91	1,049,980
Raam Fashion Limited	45,000	29.96	450,000
Mr. Pulkit Seth	200	0.13	2,000
Total	150,198	100.00	1,501,980

2015			
Shareholders	Shares Issued		Issued and Paid-up Capital USD
	Number of Shares	%	
DSSP Global Limited	118,498	78.89	1,184,980
Raam Fashion Limited	31,500	20.97	315,000
Mr. Pulkit Seth	200	0.13	2,000
Total	150,198	100.00	1,501,980

- b. Based on Circular Resolution dated July 25, 2015, The Company declared cash dividend amounting to USD4 per share. The cash dividend has been paid on August 2015 amounting to USD470,000.

17. Revenues

	2016 USD	2015 USD
Export Sales - Third Parties	22,047,060	23,315,483
Total	22,047,060	23,315,483

This account represents export sales of 244,430 and 268,683 dozens for the year 2016 and 2015, respectively.

18. Cost of Goods Sold

	2016 USD	2015 USD
Material	12,689,459	14,293,311
Labor	4,529,741	4,283,331
Overhead Costs:		
Spare Parts	221,018	472,022
Factory Rent	256,803	238,762
Freight Cost	201,547	253,640
Power and Fuel	206,643	239,422
Depreciation (Note 9)	90,291	91,070
Maintenance	54,693	55,949
Total	18,250,195	19,927,507

The Company carries out production activity based on order received from customers. All finished goods inventory are directly delivered to customer when finished. Therefore, cost of goods sold represents cost of finished goods that already shipped to customers during the period.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

19. General and Administrative and Selling Expenses

	2016 USD	2015 USD
General and Administrative Expenses		
Salary	1,402,269	1,345,197
Bonus and Allowance	378,702	339,154
Import and Export	200,783	164,659
Telecommunication	176,760	186,269
Depreciation (Note 9)	97,294	77,423
Bank Interest and Bank Charges	81,002	163,639
Employee Benefits (Note 15)	69,725	63,591
Rent Office & Machine	58,127	61,977
Transportation	57,958	61,574
Employee Welfare	48,743	27,371
Insurance	36,099	37,817
Office Maintenance	33,876	38,704
Work Permit	32,255	24,474
Inspection Charges	27,320	39,332
Printing and Stationary	21,962	39,588
Water	21,334	19,246
Tax and Duties	20,169	39,823
Legal and Professional Fee	14,722	19,252
Travelling	12,579	16,136
Office Consumable	5,649	6,205
Others	6,304	5,595
Sub Total	2,803,632	2,777,026
Selling Expenses		
Made Sample Expenses	194,714	85,390
Travelling Overseas	32,529	30,410
Entertainment	11,733	15,419
Others	12,911	14,554
Sub Total	251,887	145,773
Total	3,055,519	2,922,799

20. Restated of Financial Statements

In connection with the adoption of the new SFAS effective from January 1, 2015, the Company has restated its financial statements for the year ended March 31, 2015 and 2014 by applying PSAK 24 (Revised 2013) retrospectively.

Adoption PSAK 24 (Revised 2013): "Employee Benefits"

Revised PSAK 24 introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefit. As a result of the adoption of revised PSAK 24, the Group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. The standard also requires net interest expense/ income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year.

This change in accounting policy has been applied retrospectively by restating the balances for the year ended March 31, 2015, with the presentation of adjustments to comparatives for the year ended March 31, 2014.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

The following is certain account of consolidated statements of financial position before and after restatement:

	Before Restatement USD	Adjustment USD	After Restatement USD
March 31, 2015			
Assets			
Deferred Tax Assets	144,273	(7,529)	136,744
Liabilities			
Liabilities for Employee Benefits	189,571	(30,115)	159,456
Equity			
Retained Earnings	3,196,603	22,586	3,219,189
Statement of Profit or Loss and Other Comprehensive Income			
General and Administrative Expenses	(2,736,552)	(40,474)	(2,777,026)
Total Income Tax benefits (Expense)	(162,759)	10,388	(152,371)
Net Income for The Year	453,248	(30,090)	423,158
Total Comprehensive Income for The Year	453,248	(1,461)	451,787
March 31, 2014			
Assets			
Deferred Tax Assets	196,977	(8,374)	188,603
Liabilities			
Liabilities for Employee Benefits	167,533	(32,422)	135,111
Equity			
Retained Earnings	2,744,155	24,047	2,768,202

21. Financial Risk Management

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

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

22. Critical Accounting Estimates and Assumptions

Estimates and judgments 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Employee benefits
The Company 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 Company 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.
- Income taxes
The Company 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 Company recognises provision for income tax based on self assessment. Where the final tax outcome as a result of

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2016 and 2015

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.

- Fair value estimation

The Company determines that the face values less any estimated credit adjustments for loans and receivables with a maturity of less than one year are assumed to approximate their fair values.

a. Accounts and Other Receivables

The fair values of accounts receivables and other receivables are as follows:

	2016 USD	2015 USD
Accounts Receivable	2,292,565	3,964,127
Other Receivables	44,888	28,391
Other Financial Receivables - Refundable Deposits	133,858	133,858
Total	2,471,311	4,126,376

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or goods directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The fair values are based on discounted cash flows using a rate based on the borrowings rate of 10%.

The nominal value less estimated credit adjustments of trade receivables are assumed to approximate their fair values.

There are no concentrations of credit risk with respect to trade receivables, as the Company has a number of customers, internationally dispersed.

There is no impairment losses of trade receivables was recognized for the period ended March 31, 2016 and 2015.

b. Bank Loan

The carrying amount of short-term bank loan approximates their fair value.

c. Accounts and Other Payables

The carrying amount of accounts and other payables approximates their fair value which is based on an estimate of the recoverable amount. Recoverable amount is determined by calculating the present value of expected future cash outflows.

23. Management Responsibility and Authority of the Financial Statements

Standards and interpretations issued not yet adopted

Standard and improvements to standards effective for periods beginning on or after January 1, 2016, with early application permitted as are follows:

Standard

PSAK No. 110 (Revised 2015) "Accounting for Sukuk"

Adjustment

- PSAK No.5 "Operating Segments"
- PSAK No.7 "Related Party Disclosures"
- PSAK No.16 "Property, Plant, and Equipment"
- PSAK No.19 "Intangible Assets"
- PSAK No.22 "Business Combination"
- PSAK No.25 "Accounting Policies, Changes in Accounting Estimates and Errors"
- PSAK No.52 "Share-based Payments"
- PSAK No.68 "Fair Value Measurement"

PT PINNACLE APPARELS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Years Ended

March 31, 2016 and 2015

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with retrospective application are as follows:

- PSAK No. 4 "Separate Financial Statements about Equity Method in Separate Financial Statements"
- PSAK No. 15 "Investment in Associates and Joint Venture about Investment Entities: Applying the Consolidation Exception"
- PSAK No. 24 "Employee Benefits about Defined Benefit Plans: Employee Contributions"
- PSAK No. 65 "Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception"
- PSAK No. 67 "Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception"
- ISAK No. 30 "Levies"

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with prospective application are as follows:

- PSAK No. 16 "Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization"
- PSAK No. 19 "Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization"
- PSAK No. 66 "Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation"

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are amendments to PSAK No. 1 "Presentation of Financial Statements about Disclosure Initiative" and ISAK No. 31 "Scope Interpretation of PSAK 13: Investment Property".

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are PSAK No. 69 "Agriculture" and amendments to PSAK No. 16 "Property, Plant and Equipment about Agriculture: Bearer Plants".

24. Management Responsibility and Authority of the Financial Statements

The management of the Company is responsible for preparing and disclosure the financial statements which were authorized for issuance on April 22, 2016.