

PT PINNACLE APPARELS

**Financial Statements
For the Years Ended
March 31, 2018 and 2017**

PT PINNACLE APPARELS

Table of Contents

Page

Directors' Statement Letter

Independent Auditor's Report

Financial Statements For the Years Ended March 31, 2018 and 2017

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
March 31, 2018**

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 Victorian No 15 RT.08/XI Ngesrep Banyumanik |
| Card/Paspor | : | Semarang – Jawa tengah |
| Phone Number | : | +6224-3516585 |
| Position | : | Director |
| 2. Name | : | Ajay Pareek |
| Office Address | : | Graha Kirana Lt. 1 Suite 103, Jl. Yos Sudarso Kav. 88 |
| Domicile as stated in ID | : | Apart Tmn. Kemayoran Cond.Tower Ebony #8/807 |
| Card/Paspor | : | Kemayoran – Jakarta Pusat |
| 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 18, 2018

Director

Finance Manager

(Amit Kumar)

(Ajay Pareek)



**RSM**

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

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

Number : R/359.AGA/Iji.4/2018

RSM Indonesia
Plaza ASIA, Level 10
Jl. Jend. Sudirman Kav. 59
Jakarta 12190 Indonesia

T +62 21 5140 1340

F +62 21 5140 1350

www.rsm.id

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, 2018, 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 consider 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

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, 2018 and its financial performance and cash flows for year then ended, in accordance with Indonesian Financial Accounting Standards.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan



Leknor Joni

Public Accountant License Number: AP.0797

Jakarta, April 18, 2018

PT PINNACLE APPARELS
STATEMENTS OF FINANCIAL POSITION
March 31, 2018 and 2017
(In US Dollar)

	Notes	2018 USD	2017 USD
ASSETS			
Current Assets			
Cash on Hand and in Banks	3	489,554	637,381
Accounts Receivable from Third Parties	4	4,833,723	3,979,620
Other Receivables	5	9,684	31,840
Inventories	6	762,359	701,004
Advance to Suppliers	7	449,531	484,799
Prepaid Taxes	13.a	117,793	189,213
Prepaid Expenses	8	182,862	95,895
Total Current Assets		<u>6,845,506</u>	<u>6,119,752</u>
Non-Current Assets			
Deferred Tax Assets	13.d	117,667	111,664
Property, Plant and Equipment - Net	9	1,746,451	1,809,440
Refundable Deposits	10	173,692	173,692
Total Non-Current Assets		<u>2,037,810</u>	<u>2,094,796</u>
TOTAL ASSETS		<u>8,883,316</u>	<u>8,214,548</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Bank Loans	11	719,461	--
Accounts Payable	12	300,877	1,018,035
Other Payables		9,951	134,801
Taxes Payable	13.b	41,049	122,941
Accrued Expenses	14	866,557	725,428
Total Current Liabilities		<u>1,937,895</u>	<u>2,001,204</u>
Non-Current Liabilities			
Employee Benefits Liabilities	15	467,706	302,257
Total Non-Current Liabilities		<u>467,706</u>	<u>302,257</u>
Total Liabilities		<u>2,405,601</u>	<u>2,303,461</u>
Equity			
Share Capital - Par Value USD 10 per Share			
Authorized - 200,000 Shares,			
Issued and Paid Up - 150,198 Shares	16	1,501,980	1,501,980
Additional Paid-in Capital		1,980	1,980
Retained Earnings		4,484,614	3,917,986
Other Equity Component			
Revaluation Surplus on Property, Plant and Equipment		489,141	489,141
Total Equity		<u>6,477,715</u>	<u>5,911,087</u>
TOTAL LIABILITIES AND EQUITY		<u>8,883,316</u>	<u>8,214,548</u>

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, 2018 and 2017

(In US Dollar)

	Notes	2018 USD	2017 USD
REVENUES	17	21,991,181	23,034,373
COST OF GOODS SOLD	18	(17,933,385)	(19,061,243)
GROSS PROFIT		<u>4,057,796</u>	<u>3,973,130</u>
Gain on Sale of Property, Plant and Equipment		19,031	6,449
General and Administrative Expenses	19	(3,122,250)	(2,991,233)
Selling Expenses	19	(124,742)	(142,189)
Gain on Foreign Exchange - Net		3,154	52,315
Other Income (Expenses) - Net		<u>1,995</u>	<u>(6,818)</u>
		(3,222,812)	(3,081,476)
PROFIT BEFORE TAX		<u>834,984</u>	<u>891,654</u>
INCOME TAX EXPENSES			
Current Tax	13.c	(212,042)	(232,674)
Deferred Tax	13.d	<u>(9,575)</u>	<u>2,687</u>
Total Income Tax Expenses - Net		<u>(221,617)</u>	<u>(229,987)</u>
NET PROFIT FOR THE YEAR		<u>613,367</u>	<u>661,667</u>
Item that will not be Reclassified Subsequently to Profit or Loss :			
Remeasurement of Defined Benefits Plan		(62,318)	7,690
Related Taxes		15,579	(1,923)
Revaluation Surplus on Property, Plant and Equipment		--	504,314
Related Taxes		<u>--</u>	<u>(15,173)</u>
Other Comprehensive Income (Loss) for the Year After Tax		<u>(46,738)</u>	<u>494,908</u>
Total Comprehensive Income for the Year		<u>566,629</u>	<u>1,156,575</u>

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2018 and 2017
(In US Dollar)

	Share Capital USD	Additional Paid-in Capital USD	Revaluation Surplus on Property Plant, and Equipment USD	Retained Earnings USD	Total Equity USD
Balance as of March 31, 2016	1,501,980	1,980	--	3,250,551	4,754,511
Profit for the Year	--	--	--	661,667	661,667
Other Comprehensive Income for the Year	--	--	489,141	5,768	494,909
Balance as of March 31, 2017	1,501,980	1,980	489,141	3,917,986	5,911,087
Profit for the Year	--	--	--	613,367	613,367
Other Comprehensive Loss for the Year	--	--	--	(46,738)	(46,738)
Balance as of March 31, 2018	1,501,980	1,980	489,141	4,484,614	6,477,715

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2018 and 2017
(In US Dollar)

	Notes	2018 USD	2017 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		834,984	891,654
Adjustments for:			
Depreciation Expenses		287,775	268,403
Interest Expenses and Bank Charges		58,418	44,832
Gain on Sale of Property, Plant, and Equipment		(19,031)	(6,449)
Employee Benefits Obligation		66,215	99,953
Operating Income Before Changes in Working Capital		1,228,361	1,298,393
Changes in Assets and Liabilities:			
Accounts and Other Receivables		(1,159,275)	(1,674,007)
Inventories		(61,355)	84,648
Advance to Suppliers		35,268	(55,378)
Prepaid Expense		71,420	58,601
Other Current Assets		(21,550)	8,390
Accounts and Other Payables		(842,007)	540,654
Accrued Expenses		141,129	(38,447)
Other Payables and Tax Payable		(81,892)	48,872
Cash Generated from (Used in) Operations		(689,901)	271,726
Interest Paid	19	(58,418)	(44,832)
Income Tax Paid		99,226	(30,344)
Employee Benefits Obligations Paid		(12,439)	(464)
Net Cash Flows Provided (Used in) by Operating Activities		(661,532)	196,087
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	9	(227,251)	(162,669)
Proceeds from Sale of Property, Plant, and Equipment		21,496	6,451
Net Cash Flows Used in Investing Activities		(205,756)	(156,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed From Bank Loans - Net	11	719,461	--
Net Cash Flows Provided by Financing Activities		719,461	--
NET INCREASE IN CASH ON HAND AND IN BANKS		(147,827)	39,868
CASH ON HAND AND IN BANKS - AT THE BEGINNING OF THE YEAR		637,381	597,513
CASH ON HAND AND IN BANKS - AT THE END OF THE YEAR		489,554	637,381

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, 2018 and 2017
(In US Dollar)

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, S.H., 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/I/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, S.H., 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, 2018 and 2017, the Company has 2,100 and 2,063 employees, respectively (unaudited).

1.b. The Company's Management

The Company's managements as of March 31, 2018 and 2017 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. New and Revised Statements and Interpretation of Financial Accounting Standards Effective in the Current Year

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, 2017, as follows:

- ISAK No. 31: "Interpretation of the Scope of PSAK No. 13: Investment Property"
- PSAK No. 3 (Improvement 2016): "Interim Financial Reporting"
- PSAK No. 24 (Improvement 2016): "Employee Benefits"

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

- PSAK No. 58 (Improvement 2016): "Non-current Assets Held for Sale and Discontinued Operations"
- PSAK No. 60 (Improvement 2016): "Financial Instruments: Disclosures"
- Amendments to PSAK No. 1 (Amendment 2015): "Presentation of Financial Statements".

The implementation of the above standards had no significant effect on the amounts reported for the current or prior financial years.

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, 2018 and 2017:

<u>Currencies</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
IDR	0.000073	0.000075
EUR	1.03	1.06
HKD	0.12	0.13
SGD	0.69	0.71
GBP	1.21	1.25

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 related party is a person or an entity that is related to the reporting entity:

- 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 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 reporting entity, or an entity related to the reporting entity. If the reporting entity in 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); or
 - 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 a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.e. Financial Asset and Financial Liabilities

Financial Asset

The Company classifies its financial assets into loans and receivables.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

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 receivables are measured at amortized cost using the effective interest method.

Loans and receivables include cash on hand and in banks, account receivables 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 at Fair Value Through Profit or Loss (FVTPL)**

Financial liabilities at FVTPL are financial liabilities held for trading or upon initial recognition it is designated as at fair value through profit or loss. Financial liabilities classified as held for trading if it is acquired or incurred principally for the purpose of selling and repurchasing it in the near term, or it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or it is a derivative, except for a derivative that is a designated and effective hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at its fair value. Gains or losses arising from a change in the fair value are recognized in profit or loss.

(ii) **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 except for machineries after initial recognition, are measured based on cost method and stated at cost less accumulated depreciation and provision for impairment.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

Machineries are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any revaluation increase arising on the revaluation of machineries is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus, except to the extent that it reverses a revaluation decrease, for the same asset which was previously recognized in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such machineries is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of such machineries.

The revaluation surplus in respect of machineries is directly transferred to retained earnings when the asset is derecognized.

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

	Useful life	% 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 life, 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 exists or may have decreased. If such indication exists, the recoverable amount is estimated. A

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

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.

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 determined 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.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

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.

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 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 Life

The Company reviews on useful life 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.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

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

	2018 USD	2017 USD
Cash on Hand		
Rupiah	14,036	8,317
USD	7,136	2,520
SGD	215	225
Poundsterling	210	210
HKD	210	11
Sub Total	<u>21,806</u>	<u>11,283</u>
Cash in Banks		
Rupiah	451,058	99,075
USD	16,690	527,023
Sub Total	<u>467,748</u>	<u>626,098</u>
Total	<u>489,554</u>	<u>637,381</u>

As of March 31, 2018, the Company has money insurance amounted to Rp18,500,000,000 equivalent with USD1,371,540 that covered transit loss due to fire and fraud by employee.

4. Accounts Receivable from Third Parties

	2018 USD	2017 USD
Ann Taylor	2,545,850	1,247,164
Banana Republic (PGL)	1,155,258	1,812,929
Talbots	1,132,615	919,176
S.Oliver Bernd Freier GMBH & Co.Kg	--	352
Total	<u>4,833,723</u>	<u>3,979,620</u>

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 and advances which is given by the Company to support the household needs and Corporate Social Responsibility (CSR). The employee loan repayment shall be deducted from the monthly salaries. On March 31, 2018 and 2017, other receivables were amounted to USD9,684 and USD31,840, respectively.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

6. Inventories

This account represents inventory in working process as of March 31, 2018 and 2017 amounted to USD762,359 and USD701,004, 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 amounted to USD3,122,500 as of March 31, 2018 and 2017.

7. Advance to Suppliers

	2018 USD	2017 USD
Textbank Limited	186,534	294,789
Mastex Inc.	133,255	--
Sher Plastics (FE) Ltd	36,370	--
BR	28,134	51,841
Silverred Holding Limited	24,336	--
Shanghai Brisk International	--	66,402
Mandarin Enterprises Ltd	--	19,729
PT Indotaichen Textile	--	12,614
Others (each below USD 10,000)	40,902	39,424
Total	449,531	484,799

8. Prepaid Expenses

	2018 USD	2017 USD
Factory Supplies	93,457	14,870
Factory Rent	73,864	71,276
Work Permit	14,700	9,000
Office Rent	--	--
Others (below USD1,000)	841	749
Total	182,862	95,895

Factory rent represents two factories space rental in Semarang, Central Java. On January 25, 2017, the Company has renewed rental agreement of factory (unit 1 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 3 years until January 24, 2020. 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.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

9. Property, Plant, and Equipment

	2018			
	Beginning	Additions	Disposals	Ending
	Balance USD	USD	USD	Balance USD
Direct Ownership				
Cost				
Land Titles	182,932	--	--	182,932
Infrastructures	283,340	--	--	283,340
Machineries	2,691,498	110,409	--	2,801,907
Furniture and Fixtures	156,977	--	--	156,977
Vehicles	376,598	97,430	104,925	369,103
Tools and Equipment	481,789	19,412	--	501,201
Subtotal	4,173,134	227,251	104,925	4,295,460
Construction in Progress	762,838	--	--	762,838
Total	4,935,972	227,251	104,925	5,058,298
Accumulated Depreciation				
Infrastructures	282,711	509	--	283,220
Machineries	2,046,051	190,791	--	2,236,842
Furniture and Fixtures	156,394	127	--	156,521
Vehicles	210,431	73,811	102,460	181,782
Tools and Equipment	430,945	22,537	--	453,482
Total	3,126,532	287,775	102,460	3,311,847
Carrying Value	1,809,440			1,746,451
	2017			
	Beginning	Additions	Disposals	Ending
	Balance USD	USD	USD	Balance USD
Direct Ownership				
Cost				
Land Titles	182,932	--	--	182,932
Infrastructures	283,340	--	--	283,340
Machineries	2,239,956	99,895	152,667	2,691,498
Furniture and Fixtures	156,348	629	--	156,977
Vehicles	358,580	39,314	21,297	376,598
Tools and Equipment	458,958	22,831	--	481,789
Subtotal	3,680,114	162,669	173,964	4,173,134
Construction in Progress	762,838	--	--	762,838
Total	4,442,952	162,669	173,964	4,935,972
Accumulated Depreciation				
Infrastructures	282,106	605	--	282,711
Machineries	2,032,915	165,803	152,667	2,046,051
Furniture and Fixtures	156,321	73	--	156,394
Vehicles	160,170	71,557	21,297	210,431
Tools and Equipment	400,580	30,365	--	430,945
Total	3,032,092	268,403	173,964	3,126,532
Carrying Value	1,410,860			1,809,440

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

Depreciation expenses were allocated to the following:

	2018 USD	2017 USD
Cost of Goods Sold (Note 18)	190,791	165,803
General and Administrative Expense (Note 19)	96,984	102,600
Total	287,775	268,403

Land titles represent building usage rights of Taman Pasadenia Apartment at Jakarta.

Property, plant and equipment are covered by insurance against losses from fire and other risks under several blanket policies amounted to Rp3,010,205,468 and USD2,126,000 as of March 31, 2018 and 2017. Management believes that sum of insured is adequate to cover possible losses from fire and other risks of related assets.

10. Refundable Deposits

	2018 USD	2017 USD
Plants	141,387	141,387
Warehouses	19,159	19,159
Office	7,992	7,992
Electricity	4,114	4,114
Others	1,040	1,040
Total	173,692	173,692

11. Bank Loan

This account represents loan to The Hongkong and Shanghai Banking Corporation Bank for technical document acceptance facility on December 31, 2017 amounted to USD1,176,729.

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 amounted to USD4,000,000 and subject to review any event. The agreement has been amended several times and most recently by amendment No. JAK/161071/U/141029 dated September 21, 2015 with combined maximum limit amounted to USD4,000,000.

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;
- 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 draw down for the period ended amounted to USD6,636,931 while its total payment for the period ended March 31, 2018 is USD5,917,470. The outstanding balance as of March 31, 2018 of this facility is amounted USD719,461. Interest expense on this facility for the year is amounted to USD34,061.

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, 2018 and March 31, 2017, the Company has fulfilled these covenants.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

12. Accounts Payable

	2018 USD	2017 USD
Lamicitra Nusantara	71,765	68,993
Soochow Reliance International Trad	35,923	--
PT Coats Rejo Indonesia	28,614	18,248
H Wear Limited	24,193	190,059
Mastex Inc	--	148,908
Silverred Holdings Limited	--	128,760
Freudenberg & Vilene	--	70,785
Baeksan Co., Ltd	--	66,589
New Bond Textiles Ltd	--	53,238
Luckytex Company	--	47,495
Kufner Hongkong Limited	--	17,000
Sai Apparel Industries	--	7,992
Others (each below USD20,000)	140,382	199,968
Total	300,877	1,018,035

13. Taxation

a. Prepaid Taxes

	2018 USD	2017 USD
Value Added Tax - Net	117,793	189,213
Total	117,793	189,213

b. Taxes Payable

	2018 USD	2017 USD
Income Tax Article 25	18,736	11,974
Income Tax Article 21	13,910	13,463
Income Tax Article 4 (2)	7,013	3,792
Income Tax Article 23	308	417
Corporate Income Tax Article 29	1,082	93,295
Total	41,049	122,941

c. Income Tax Benefit (Expenses)

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

	2018 USD	2017 USD
Profit before Tax	834,984	891,654
Temporary Differences:		
Depreciation	(140,974)	(89,204)
Employee Benefits	115,570	99,953
Post Employe Benefits Payment	(12,439)	(464)
	(37,843)	10,285

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

	2018 USD	2017 USD
Permanent Differences:		
Interest Income already Subjected to Final Tax	(1,431)	(896)
Profit on Sales of Vehicles-Commercial	(19,179)	(6,449)
Profit on Sales of Vehicles-Fiscal	19,071	2,595
Non Deductible Expenses		
Depreciation Expenses	41,376	21,277
Motor Vehicle Maintenance	4,821	5,760
Mobile Phone	3,418	3,569
Guest House	2,953	2,902
	<u>51,030</u>	<u>28,758</u>
Taxable Income	848,171	930,697
Income Tax at Tax Rate of 25%	<u>212,042</u>	<u>232,674</u>
Total Income Tax Expense	212,042	232,674
Credit Taxes:		
Income Tax Article 22	6,411	7,839
Income Tax Article 25	204,549	131,540
Total Credit Taxes	<u>210,960</u>	<u>139,379</u>
Underpayment of Corporate Income Tax	1,082	93,295

d. Deferred Tax Assets

	2016 USD	Credited (Charged) to Profit or Loss USD	Credited (Charged) to Other Comprehensive Income USD	2017 USD	Credited (Charged) to Profit or Loss USD	Credited (Charged) to Other Comprehensive Income USD	2018 USD
Property, Plant and Equipment	58,285	(22,301)	--	35,984	(35,243)	--	740
Employee Benefits Obligations	52,614	24,988	(1,923)	75,680	25,668	15,579	116,927
Total	<u>110,899</u>	<u>2,687</u>	<u>(1,923)</u>	<u>111,664</u>	<u>(9,575)</u>	<u>15,579</u>	<u>117,667</u>

14. Accrued Expenses

	2018 USD	2017 USD
Salaries and Wages	536,686	433,695
Bonus	289,811	250,854
BPJS Payable	35,528	34,489
Legal and Professional Fee	4,532	6,390
Total	866,557	725,428

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, based The Constitution of No.13 in 2003 about The Employment.

As of March 31, 2018, 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, 2018 reporting, in their report dated March 5, 2018, with No.085/KIS/LA/PS/04/2018.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

The principal assumptions used in determining employee benefits obligation as of March 31, 2018 and 2017, are as follows:

	2018 USD	2017 USD
Discount Rate	8.00%	8.50%
Future Salary	3.00%	3.00%
Number of Employees	2,100	2,063
Normal Retirement Age	55 Years	55 Years
Valuation Cost Method	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, 2018 and 2017 are as follows:

	2018 USD	2017 USD
Present Value Obligation	467,706	302,257
Liability in the Statement of financial Position	467,706	302,257
Unrecognized Service Cost:		
Current Service Cost	77,452	65,216
Interest Cost	38,118	34,737
Net Expense Charged in the Statement of Profit or Loss and Other Comprehensive Income	115,570	99,953

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

	2018 USD	2017 USD
Beginning of the Year	302,257	210,458
Employee Benefits Expenses Recognized in Current Year	115,570	99,953
Other Comprehensive (Expense) Income	62,318	(7,690)
Actual Benefit Payment	(12,439)	(464)
End of the Year	467,706	302,257

16. Share Capital and Cash Dividend

The compositions of shareholders' as of March 31, 2018 and 2017 is as follows:

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
	150,198	100	1,501,980

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

17. Revenues

	2018 USD	2017 USD
Export Sales - Third Parties	21,991,181	23,034,373
Total	21,991,181	23,034,373

This account represents export sales of 251,346 and 259,704 dozens for the period ended March 31, 2018 and 2017, respectively.

18. Cost of Goods Sold

	2018 USD	2017 USD
Material	11,543,866	12,792,721
Labor	5,451,559	5,289,111
Overhead Costs:		
Factory Rent	278,972	253,946
Power and Fuel	201,937	201,649
Depreciation (Note 9)	190,791	165,803
Freight Cost	122,237	187,412
Spare Parts	111,723	136,156
Maintenance	32,300	34,445
Total	17,933,385	19,061,243

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.

19. General and Administrative and Selling Expenses

	2018 USD	2017 USD
General and Administrative Expenses		
Salary	1,657,929	1,591,358
Bonus and Allowance	435,242	399,283
Telecommunication	221,887	189,809
Import and Export	157,750	141,971
Employee Benefits (Note 15)	115,570	99,953
Depreciation (Note 9)	96,984	102,600
Rent Office and Machine	66,215	71,731
Transportation	65,736	61,328
Bank Interest and Bank Charges	58,418	44,832
Insurance	32,223	34,241
Inspection Charges	31,089	33,226
Work Permit	30,759	31,110
Tax and Duties	26,513	32,918
Printing and Stationary	22,967	24,138
Employee Welfare	21,948	44,069
Office Maintenance	21,193	21,703
Water	17,857	26,209
Legal and Professional Fee	16,786	17,224
Travelling	14,593	12,174
Office Consumable	5,956	6,158
Others	4,635	5,198
Sub Total	3,122,250	2,991,233

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

	2018 USD	2017 USD
Selling Expenses		
Made Sample Expenses	66,418	76,643
Travelling Overseas	34,824	46,955
Entertainment	10,409	15,094
Others	13,091	3,497
Sub Total	124,742	142,189
Total	3,246,992	3,133,422

20. 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.

21. 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 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.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

a. Accounts and Other Receivables

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

	2018 USD	2017 USD
Account Receivables	4,833,723	3,979,620
Other Receivables	9,684	31,840
Other Financial Receivables - Refundable Deposits	173,692	173,692
Total	5,017,099	4,185,152

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 recognized for the period ended March 31, 2018 and 2017.

b. 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.

22. New Accounting Standards Pronouncement

DSAK-IAI has issued the following new standards, amendments and adjustments of standards and interpretations, but not yet effective for the financial year 2017. The following are new standard, amendment and improvement of standards effective for period beginning on or after January 1, 2018:

- PSAK No. 16 (Amendment 2015): "Property, Plant and Equipment"
- PSAK No. 69: "Agriculture"
- PSAK No. 2 (Amendment 2016): "Statements of Cash Flows"
- PSAK No. 46 (Amendment 2016): "Income Tax regarding Deferred Tax Assets Recognition for Unrealised Loss"
- PSAK No. 13 (Amendment 2017): "Investment Property"
- PSAK No. 53 (Amendment 2017): "Share Based Payment"
- PSAK No. 15 (Improvement 2017): "Investment in Associates and Joint Ventures"
- PSAK No. 67 (Improvement 2017): "Disclosure of Interests in Other Entities".

The following is new standards and amendment of standards effective for periods beginning on or after January 1, 2019 with early adoption is permitted:

- PSAK 71 "Financial Instruments".
- PSAK 72 "Revenue from Contracts with Customers".
- PSAK 73 "Rent".
- PSAK No. 62 (Amendment 2017): "Insurance Contract".
- PSAK No. 15 (Amendment 2017): "Investment in Associates and Joint Ventures".

As at the date of the financial statements being authorized, the Company is still evaluating the potential impact of the adoption of new standards and amendments of these standards.

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
March 31, 2018 and 2017
(In US Dollar)

23. 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 18, 2018.