

PT PINNACLE APPARELS

**Financial Statements
For the Years Ended
March 31, 2019 and 2018**

PT PINNACLE APPARELS

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For the Years Ended
March 31, 2019 and 2018**

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**DIRECTOR'S STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
MARCH 31, 2019**

PT PINNCALE 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 Sadewa No. 4 RT.001/RW.011, Bukit Sari |
| Card/Paspor | : | Semarang 50261 - 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 25, 2019

Director			Finance Manager
(Amit Kumar)			(Ajay Pareek)

**RSM**

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

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

Number : 00572/2.1030/AU.1/04/1154-1/1/IV/2019

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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, 2019, and the statements of profit or loss and other comprehensive income, changes in equity, and 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 auditors 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, 2019 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan



Dewi Novita Sari

Public Accountant License Number: AP.1154

Jakarta, April 25, 2019

PT PINNACLE APPARELS
STATEMENTS OF FINANCIAL POSITION
March 31, 2019 and 2018
(In US Dollar)

	Notes	2019 USD	2018*) USD
ASSETS			
Current Assets			
Cash on Hand and in Banks	3	281,208	489,554
Accounts Receivable	4, 20	5,671,451	4,833,723
Other Receivables	5	18,381	9,684
Inventories	6	2,928,409	762,359
Advance to Suppliers	7	393,756	449,531
Prepaid Taxes	13.a	204,499	117,793
Prepaid Expenses	8	601,537	182,862
Total Current Assets		<u>10,099,241</u>	<u>6,845,506</u>
Non-Current Assets			
Deferred Tax Assets	13.d	150,354	117,667
Property, Plant and Equipment - Net	9	2,872,470	1,746,451
Refundable Deposits	10	147,798	173,692
Total Non-Current Assets		<u>3,170,622</u>	<u>2,037,810</u>
TOTAL ASSETS		<u>13,269,863</u>	<u>8,883,316</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Bank Loan	11	3,957,605	719,461
Accounts Payable	12	560,448	300,877
Other Payables		19,313	9,951
Taxes Payable	13.b	35,666	41,049
Accrued Expenses	14	1,115,918	866,557
Total Current Liabilities		<u>5,688,950</u>	<u>1,937,895</u>
Non-Current Liabilities			
Employee Benefits Liabilities	15	594,630	467,706
Total Non-Current Liabilities		<u>594,630</u>	<u>467,706</u>
Total Liabilities		<u>6,283,580</u>	<u>2,405,601</u>
Equity			
Share Capital - Par Value USD10 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		4,993,182	4,484,614
Other Equity Component			
Revaluation Surplus on Property, Plant and Equipment		489,141	489,141
Total Equity		<u>6,986,283</u>	<u>6,477,715</u>
TOTAL LIABILITIES AND EQUITY		<u>13,269,863</u>	<u>8,883,316</u>

*) Restated, see Note 21

PT PINNACLE APPARELS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended March 31, 2019 and 2018
(In US Dollar)

	Notes	2019 USD	2018*) USD
REVENUES	17	22,219,150	21,991,181
COST OF GOODS SOLD	18	(17,582,874)	(17,933,385)
GROSS PROFIT		<u>4,636,276</u>	<u>4,057,796</u>
Gain on Sale of Property, Plant and Equipment	9	8,444	19,031
General and Administrative Expenses	19	(3,766,071)	(3,122,250)
Selling Expenses	19	(116,453)	(124,742)
Gain (Loss) on Foreign Exchange - Net		(70,982)	3,154
Other Income (Expenses) - Net		(8,875)	1,995
		<u>(3,953,937)</u>	<u>(3,222,812)</u>
PROFIT BEFORE TAX		<u>682,339</u>	<u>834,984</u>
INCOME TAX EXPENSES			
Current Tax	13.c	(212,626)	(212,042)
Deferred Tax	13.d	34,228	(9,575)
Total Income Tax Expenses - Net		<u>(178,398)</u>	<u>(221,617)</u>
NET PROFIT FOR THE YEAR		<u>503,941</u>	<u>613,367</u>
Item that will not be Reclassified Subsequently to Profit or Loss :			
Remeasurement of Defined Benefits Plan		6,169	(62,318)
Related Taxes		(1,542)	15,579
Other Comprehensive Income (Loss) for the Year After Tax		<u>4,627</u>	<u>(46,738)</u>
Total Comprehensive Income for the Year		<u>508,568</u>	<u>566,629</u>

*) Restated, see Note 21

PT PINNACLE APPARELS
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2019 and 2018
(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, 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
Profit for the Year	--	--	--	503,941	503,941
Other Comprehensive Income for the Year	--	--	--	4,627	4,627
Balance as of March 31, 2019	1,501,980	1,980	489,141	4,993,182	6,986,283

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2019 and 2018
(In US Dollar)

	Notes	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		682,339	834,984
Adjustments for:			
Depreciation Expenses		406,139	287,775
Interest Expenses and Bank Charges		147,027	58,418
Gain on Sale of Property, Plant, and Equipment		(8,444)	(19,031)
Employee Benefits Obligation		135,966	115,570
Operating Income Before Changes in Working Capital		1,363,027	1,277,716
Changes in Assets and Liabilities:			
Accounts and Other Receivables		(846,425)	(890,245)
Inventories		(2,166,050)	(61,355)
Advance to Suppliers		55,775	35,268
Prepaid Expense		(418,675)	71,420
Other Current Assets		(93,499)	(21,550)
Accounts and Other Payables		46,993	(842,007)
Accrued Expenses		249,361	141,129
Taxes Payable		(2,036)	(3,559)
Cash Used in Operations		(1,811,529)	(293,183)
Interest Paid	19	(147,027)	(58,418)
Income Tax Paid		(215,973)	(297,493)
Employee Benefits Obligations Paid		(2,873)	(12,439)
Net Cash Flows Used in Operating Activities		(2,177,402)	(661,533)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	9	(1,335,144)	(227,251)
Proceeds from Sale of Property, Plant, and Equipment		8,593	21,496
Refund from Construction in Progress		57,463	--
Net Cash Flows Used in Investing Activities		(1,269,088)	(205,755)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed From Bank Loans - Net	11	3,238,144	719,461
Net Cash Flows Provided by Financing Activities		3,238,144	719,461
NET DECREASE IN CASH ON HAND AND IN BANKS		(208,346)	(147,827)
CASH ON HAND AND IN BANKS - AT THE BEGINNING OF THE YEAR		489,554	637,381
CASH ON HAND AND IN BANKS - AT THE END OF THE YEAR		281,208	489,554
Cash on Hand and in Banks Consist of:			
Cash on Hand	3	36,520	21,806
Cash in Banks		244,688	467,748
TOTAL		281,208	489,554

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, 2019 and 2018
(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. The parent entity of the Company is DSSP Global Limited and the ultimate parent entity is Pearl Global Industries Limited.

As of March 31, 2019 and 2018, the Company has 2,864 and 2,100 employees, respectively (unaudited).

1.b. The Company's Management

The Company's managements as of March 31, 2019 and 2018 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. Statement of Compliance

The financial statements were prepared and presented in accordance with Indonesian Financial Accounting Standards which include the Statement of Financial Accounting Standards (PSAK) and Interpretation of Financial Accounting Standards (ISAK) issued by the Financial Accounting Standard Board – Indonesian Institute of Accountant (DSAK – IAI).

2.b. Basis of Measurement and Preparation of Financial Statements

The financial statements, except for the statements of cash flows are prepared under the accrual basis of accounting. The measurement basis used is the historical costs, except for certain accounts which are measured on the basis described in the related accounting policies of each account.

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

PT PINNACLE APPARELS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Years Ended
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The presentation currency used in the preparation of the financial statements is the US Dollar, which is also the Company's functional currency.

2.c. New and Revised Statements and Interpretation of Financial Accounting Standards Effective in the Current Year

The following are revision, amendments and adjustments of standards and interpretation of standard issued by DSAK - IAI and effectively applied for the year starting on or after January 1, 2018, are as follows:

- PSAK 16 (Amendment 2015): "Property, Plant and Equipment"
- PSAK 69: "Agriculture"
- PSAK 2 (Amendment 2016): "Statements of Cash Flows regarding Disclosure Initiative"
- PSAK 46 (Amendment 2016): "Income Tax regarding Deferred Tax Assets Recognition for Unrealised Loss"
- PSAK 13 (Amendment 2017): "Investment Property"
- PSAK 53 (Amendment 2017): "Share Based Payment"
- PSAK 15 (Improvement 2017): "Investment in Associates and Joint Ventures"
- PSAK 67 (Improvement 2017): "Disclosure of Interests in Other Entities"
- PSAK 111: "Wa'd Accounting".

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

2.d. 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 profit or loss and other 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, 2019 and 2018:

<u>Currencies</u>	<u>2019 USD</u>	<u>2018 USD</u>
IDR	0.000070	0.000073
EUR	1.12	1.03
HKD	0.13	0.12
SGD	0.74	0.69
GBP	1.31	1.21

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

2.e. 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;

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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- 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.

All significant transactions and balances with related parties are disclosed in Notes 20.

2.f. Financial Instrument

Initial recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures all financial assets and financial liabilities at its fair value. In the case of a financial asset or financial liability not at fair value through profit or loss, it is measured at fair value plus or minus the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

Subsequent Measurement of Financial Assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following four categories:

(i) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

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

(ii) 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 are intended to be sold 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 are 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.

(iii) Held-to-Maturity (HTM) Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

After initial recognition, HTM investments are measured at amortized cost using the effective interest method.

(iv) Available-for-Sale (AFS) Financial Assets

AFS financial assets are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

After initial recognition, AFS financial assets are measured at fair value. Gains or losses arising from a change in the fair value is recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial assets is derecognized. At that time, the cumulative gains or losses previously recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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Investment in equity instruments that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured are measured at cost.

Subsequent Measurement of Financial Liabilities

Subsequent measurement of financial liabilities depends on their classification on initial recognition. The Company classifies financial liabilities into one of the following categories:

(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 designated as at fair value through profit or loss. A financial liability is 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 fair value. Gains or losses arising from a change in the fair value are recognized in profit or loss.

(ii) Other Financial Liabilities

Financial liabilities that are not classified as financial liabilities at FVTPL are Companyed in this category and are measured at amortized cost using the effective interest method.

Derecognition of Financial Assets and Liabilities

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or the Company transfers the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, the Company derecognizes the financial asset and recognizes separately as asset or liabilities any rights and obligations created or retained in the transfer. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and has retained control, the Company continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. If the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the financial asset.

The Company removes a financial liability from its statement of financial position when, and only when, it is extinguished, ie when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or Company of financial assets is impaired and impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (loss event), and that loss event has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated.

The following are objective evidence that a financial asset or Company of financial assets is impaired:

- (a) Significant financial difficulty of the issuer or obligor;
- (b) A breach of contract, such as default or delinquency in interest or principal payments;
- (c) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- (d) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a Company of financial assets since the initial recognition, such as adverse changes in the payment status of borrowers or economic condition that correlate with defaults.

For investment in equity instrument, a significant and prolonged decline in the fair value of the equity instrument below its cost is an objective evidence of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivable or held-to-maturity investments carried at amortized cost, the amount of impairment loss is measured as

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial assets has not been derecognized. The amount of the cumulative loss that is reclassified are the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, for example, prepayment, call and similar option, but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Reclassification

The Company shall not reclassify a derivative out of the fair value through profit or loss category while it is held or issued and not reclassify any financial instrument out of the fair value through profit or loss category if upon initial recognition it was designated by the Company as at fair value through profit or loss. The Company may reclassify that financial asset out of the fair value through profit or loss category if a financial asset is no longer held for the purpose of selling or repurchasing it in the near term. The Company shall not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

If, as a result of a change in Company's intention or ability, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and remeasured at fair value. Whenever sales or reclassification of more than an insignificant amount of held-to-maturity investments, any remaining held-to-maturity investments shall be reclassified as available for sale, other than sales or reclassification that are so close to maturity or the financial asset's call date, occur after all the financial asset's original principal has been collected substantially through scheduled payments or prepayments, or are attributable to an isolated event that is beyond control, non-recurring, and could not have been reasonably anticipated.

Offsetting a Financial Asset and a Financial Liability

A financial asset and financial liability shall be offset when and only when, the Company currently has a legally enforceable right to set off the recognized amount; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date (Level 1)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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(In US Dollar)

- (ii) Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly (Level 2)
- (iii) Unobservable inputs for the assets or liabilities (Level 3)

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, the Company uses valuation techniques appropriate in the circumstances and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

2.g. Inventories

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

2.h. Prepaid Expenses

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

2.i. 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.

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.

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2.j. Impairment Of Assets Non-Financial

At the end of each reporting period, the Company assess whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. Recoverable amount is determined for an individual asset, if its is not possible, the Company determines the recoverable amount of the asset's cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and its value in use. Value in use is the present value of the estimated future cash flows of the asset or cash generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset or unit whose impairment is being measured.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. The reduction is an impairment loss and is recognized immediately in profit or loss.

An impairment loss recognized in prior period for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

2.k. 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.l. 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.m. 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.

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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.

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.n. Critical Accounting Estimate and Judgement

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:

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- 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.

3. Cash on Hand and in Banks

	2019 USD	2018 USD
Cash on Hand		
Rupiah	31,581	14,036
USD	4,409	7,136
HKD	368	210
Poundsterling	143	210
SGD	20	215
Sub Total	<u>36,520</u>	<u>21,806</u>
Cash in Banks		
Rupiah	224,004	451,058
USD	20,684	16,690
Sub Total	<u>244,688</u>	<u>467,748</u>
Total	<u><u>281,208</u></u>	<u><u>489,554</u></u>

As of March 31, 2019 and 2018, the Company has money insurance that covered transit loss due to fire and fraud by employee amounted to Rp16,400,000,000 and Rp18,500,000,000 equivalent with USD1,151,362 and USD1,371,540

4. Accounts Receivable

As of March 31, 2019 and 2018, accounts receivable represents receivable from Pearl Global Fareast Limited amounting to USD5,671,451 and USD4,833,723, respectively.

Accounts receivable by the end of 2019 are partially used as collateral to The Hongkong and Shanghai Banking Corporation Bank for technical document acceptance facility (Note 11).

5. Other Receivables

Other receivables 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. As of March 31, 2019 and 2018, other receivables are amounted to USD18,381 and USD9,684, respectively.

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6. Inventories

This account represents inventory in working process as of March 31, 2019 and 2018 amounted to USD2,928,409 and USD762,359, 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 USD3,517,500 and USD3,122,500 as of March 31, 2019 and 2018.

Inventories by the end of 2019 are partially used as collateral to The Hongkong and Shanghai Banking Corporation Bank for technical document acceptance facility (Note 11).

7. Advance to Suppliers

	2019 USD	2018 USD
Textbank Limited	138,320	186,534
Ann Taylor	28,700	--
Suzhou Rainbow Textile Co. Ltd	28,454	--
Luckytex Company	28,064	--
Samtex	20,956	--
Silverred Holding Limited	19,322	24,336
Top One Down & Feather Co., Ltd	16,646	--
Wujiang Evergreen EX/IM Co., Ltd	15,315	--
Alvanon HK., Ltd	12,944	--
De Licacy Industrial Co., Ltd	10,752	--
Mastex Inc.	--	133,255
Sher Plastics (FE) Ltd	--	36,370
BR	--	28,134
Others (each below USD 10,000)	74,285	40,902
Total	393,756	449,531

8. Prepaid Expenses

	2019 USD	2018 USD
Factory Rent	549,321	73,864
Factory Supplies	23,238	93,457
Work Permit	12,000	14,700
Office Rent	5,370	--
Others (below USD1,000)	2,432	841
Total	601,537	182,862

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, 2018, the Company has renewed rental agreement of factory (unit 2 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 3 years until September 30, 2021.

On February 18, 2018, the Company has rental agreement of factory (unit 3 factory) in Bawean, Unggaran, Central Java from Iwan Sutardi Sidharta, for 5 years until February 28, 2023.

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9. Property, Plant, and Equipment

	2019			
	Beginning Balance USD	Additions USD	Disposals or Deductions USD	Ending Balance USD
Direct Ownership				
Cost				
Land Titles	182,932	--	--	182,932
Infrastructures	283,340	254,627	--	537,967
Machineries	2,801,907	1,093,407	194,593	3,700,720
Furniture and Fixtures	156,977	76,944	--	233,921
Vehicles	369,103	73,111	23,061	419,153
Tools and Equipment	501,201	91,681	--	592,882
Subtotal	4,295,460	1,335,144	217,654	5,667,575
Construction in Progress	762,838	--	57,463	705,375
Total	5,058,298	1,335,144	275,117	6,372,950
Accumulated Depreciation				
Infrastructures	283,220	30,323	--	313,543
Machineries	2,236,842	265,193	194,571	2,307,464
Furniture and Fixtures	156,521	6,933	--	163,454
Vehicles	181,782	72,390	22,935	231,237
Tools and Equipment	453,482	31,300	--	484,782
Total	3,311,847	406,139	217,505	3,500,480
Carrying Value	1,746,451			2,872,470
	2018			
	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	2,691,498	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				
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

Depreciation expenses were allocated to the following:

	2019 USD	2018 USD
Cost of Goods Sold (Note 18)	265,193	190,791
General and Administrative Expense (Note 19)	140,946	96,984
Total	406,139	287,775

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

Construction in progress as of March 31, 2019 amounted to USD705,375 and March 31, 2018 amounted to USD762,838 regarding to the purchase of office space at Holland Village which located on Cempaka Putih Timur Road No. 10, Central of Jakarta. Based on the letter from the developer dated May 24, 2018, they will continue the construction and it is estimated to be completed by March 2020.

In 2019, the Company receive refund from the developer related to delay on progress of construction office space at Holland Village which located on Cempaka Putih Timur Road No. 10, Central of Jakarta.

The calculation of gain on sale of property and equipment in the statements of profit or loss are as follows:

	2019 USD	2018 USD
Selling Price of Fixed Assets	8,593	21,496
Carrying Value	149	2,465
Gain on Sale of Fixed Asset	8,444	19,031

Property, plant and equipment by the end of 2019 are partially used as collateral to The Hongkong and Shanghai Banking Corporation Bank for technical document acceptance facility (Note 11).

Property, plant and equipment are covered by insurance against losses from fire and other risks under several blanket policies amounted to Rp4,726,150,000 and Rp3,010,205,468 as of March 31, 2019 and 2018. Management believes that sum of insured is adequate to cover possible losses from fire and other risks of related assets.

10. Refundable Deposits

	2019 USD	2018 USD
Plants	115,493	141,387
Warehouses	19,159	19,159
Office	7,992	7,992
Electricity	4,114	4,114
Others	1,040	1,040
Total	147,798	173,692

11. Bank Loan

This account represents loan to The Hongkong and Shanghai Banking Corporation Bank for technical document acceptance facility on March 31, 2019 and 2018 amounted to USD3,957,605 and USD719,461, 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 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/18041/U/180712 dated July 18, 2018 with combined maximum limit amounted to USD7,000,000.

The facilities are secured by the followings:

- Fiduciary transfer over Machinery and Equipment (Note 9) of USD2,100,000;
- Fiduciary transfer over Inventories (Note 6) of USD2,000,000;
- Fiduciary transfer over Accounts Receivable (Note 4) of USD2,000,000;
- Letter of awareness from Pearl Global Industries Limited for the amount of USD4,000,000
- Personal Guarantee in the name of Mr. Deepak Seth under Hongkong Law for the amount of USD4,000,000.

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Total draw down for the year ended amounted to USD26,764,259 while its total payment for the year ended March 31, 2019 is USD22,806,654. The outstanding balance as of March 31, 2019 of this facility is amounted USD3,957,605. Interest expense on this facility for the year is amounted to USD121,823.

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, 2019 and March 31, 2018, the Company has fulfilled these covenants.

12. Accounts Payable

	2019 USD	2018 USD
Lamicitra Nusantara	72,326	71,765
H Wear Limited	46,306	24,193
PT Coats Rejo Indonesia	43,300	28,614
Brother Machinery (Asia) Limited	41,325	--
PT Paxar Indonesia	30,817	--
PT Widya Waskita Wijaya	30,478	--
Endang Wardani Plitting	29,720	--
YKK - Indonesia	21,938	--
Obor International Pte Ltd.	20,780	--
PCC Asia LLC	20,763	--
Soochow Reliance International Trad	1,418	35,923
Others (each below USD20,000)	201,277	140,382
Total	560,448	300,877

13. Taxation

a. Prepaid Taxes

Prepaid Taxes represent Value Added Tax – Net amounted to USD204,499 and USD117,793 as of March 31, 2019 and 2018, respectively.

b. Taxes Payable

	2019 USD	2018 USD
Income Tax Article 21	17,725	13,910
Income Tax Article 25	16,140	18,736
Income Tax Article 4 (2)	1,088	7,013
Income Tax Article 23	382	308
Corporate Income Tax Article 29	331	1,082
Total	35,666	41,049

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c. Income Tax Benefit (Expenses)

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

	2019 USD	2018 USD
Profit before Tax	682,339	834,984
Temporary Differences:		
Depreciation	3,823	(140,974)
Employee Benefits	135,966	115,570
Post Employee Benefits Payment	(2,873)	(12,439)
	136,916	(37,843)
Permanent Differences:		
Interest Income already Subjected to Final Tax	(3,311)	(1,431)
Profit on Sales of Vehicles-Commercial	(4,237)	(19,179)
Profit on Sales of Vehicles-Fiscal	4,241	19,071
Non Deductible Expenses		
Depreciation Expenses	21,472	41,376
Motor Vehicle Maintenance	6,145	4,821
Mobile Phone	3,188	3,418
Guest House	3,752	2,953
	31,250	51,030
Taxable Income	850,505	848,171
Income Tax at Tax Rate of 25%	212,626	212,042
Total Income Tax Expense	212,626	212,042
Credit Taxes:		
Income Tax Article 22	6,615	6,411
Income Tax Article 23	48	--
Income Tax Article 25	205,632	204,549
Total Credit Taxes	212,295	210,960
Underpayment of Corporate Income Tax	331	1,082

d. Deferred Tax Assets

	2017 USD	Credited (Charged) to Profit or Loss USD	Credited (Charged) to Other Comprehensive Income USD	2018 USD	Credited (Charged) to Profit or Loss USD	Credited (Charged) to Other Comprehensive Income USD	2019 USD
Property, Plant and Equipment	35,984	(35,243)	--	740	956	--	1,696
Employee Benefits Obligations	75,680	25,668	15,579	116,927	33,273	(1,542)	148,658
Total	111,664	(9,575)	15,579	117,667	34,228	(1,542)	150,354

14. Accrued Expenses

	2019 USD	2018 USD
Salaries and Wages	717,504	536,686
Bonus	334,827	289,811
BPJS Payable	42,734	35,528
Employee Expense	13,313	--
Legal and Professional Fee	7,540	4,532
Total	1,115,918	866,557

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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, 2019, 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, 2019 reporting, in their report dated March 18, 2019, with No.141/KIS/LA/PS/03/2019.

The principal assumptions used in determining employee benefits obligation as of March 31, 2019 and 2018, are as follows:

	2019 USD	2018 USD
Discount Rate	8.70%	8.00%
Future Salary	0.00%	3.00%
Number of Employees	2,864	2,100
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 for the years ended of March 31, 2019 and 2018 are as follows:

	2019 USD	2018 USD
Beginning of the Year	637,626	575,197
Unrecognized Actuarial Loss Accumulation	(42,996)	(107,491)
Liability Recognized in Statement of Financial Position	594,630	467,706

Amount of employee benefits expense recognized in the statements of profit or loss are as follow:

	2019 USD	2018 USD
Current Service Cost	89,950	77,452
Interest Cost	46,016	38,118
Total	135,966	115,570

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

	2019 USD	2018 USD
Beginning of the Year	467,706	302,257
Employee Benefits Expenses Recognized in Current Year	135,966	115,570
Other Comprehensive (Income) Loss	(6,169)	62,318
Actual Benefit Payment	(2,873)	(12,439)
End of the Year	594,630	467,706

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Movements of Other Comprehensive Loss are as follows:

	2019 USD	2018 USD
Beginning of the Year	74,951	137,268
Other Comprehensive (Expense) Income	6,169	(62,318)
End of the Year	81,120	74,951

16. Share Capital

The compositions of shareholders' as of March 31, 2019 and 2018 is as follows:

Shareholders	2019 and 2018		Issued and Paid-up Capital USD
	Shares Issued		
	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

17. Revenues

	2019 USD	2018 USD
Export Sales - Related Parties	21,983,579	21,876,979
Export Sales - Third Parties	235,571	114,202
Total	22,219,150	21,991,181

This account represents export sales of 284,172 and 251,346 dozens for the year ended March 31, 2019 and 2018, respectively.

18. Cost of Goods Sold

	2019 USD	2018 USD
Material	10,043,688	11,543,866
Labor	6,247,193	5,451,559
Overhead Costs:		
Factory Rent	395,894	278,972
Power and Fuel	257,360	201,937
Depreciation (Note 9)	265,193	190,791
Freight Cost	187,024	122,237
Spare Parts	144,288	111,723
Maintenance	42,234	32,300
Total	17,582,874	17,933,385

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 year.

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19. General and Administrative and Selling Expenses

	2019 USD	2018 USD
General and Administrative Expenses		
Salary	2,003,385	1,657,929
Bonus and Allowance	505,604	435,242
Telecommunication	202,193	221,887
Import and Export	190,879	157,750
Bank Interest and Bank Charges	147,027	58,418
Depreciation (Note 9)	140,946	96,984
Employee Benefits (Note 15)	135,966	115,570
Transportation	84,875	65,736
Rent Office and Machine	68,820	66,215
Inspection Charges	39,218	31,089
Insurance	34,942	32,223
Employee Welfare	30,990	21,948
Tax and Duties	28,989	26,513
Printing and Stationary	28,275	22,967
Work Permit	27,878	30,759
Office Maintenance	21,622	21,193
Legal and Professional Fee	20,401	16,786
Travelling	18,610	14,593
Water	15,479	17,857
Office Consumable	7,952	5,956
Others	12,020	4,635
Sub Total	3,766,071	3,122,250
Selling Expenses		
Made Sample Expenses	59,353	66,418
Travelling Overseas	30,151	34,824
Entertainment	11,057	10,409
Others	15,892	13,091
Sub Total	116,453	124,742
Total	3,882,524	3,246,992

20. Related Party Transaction

Related Parties	Nature of Relationship	Transaction
Pearl Global Fareast Limited	Same Ultimate Parent Entity	Sales and Account Receivables
		2019 USD
Accounts Receivable		2018 USD
- Pearl Global Fareast Limited		5,671,451
% to Total Asset		43%
		4,833,723
		54%
Revenues		
- Pearl Global Fareast Limited		21,983,579
% to Total Revenue		99%
		21,876,979
		99%

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21. Restatement of Financial Statements

Certain accounts in the financial statements for the year ended March 31, 2018 have been reclassified to conform with the presentation of the financial statements for the year ended March 31, 2019, are as follow:

	Before Restated	After Restated
March 31, 2018		
Accounts Receivable		
Third Parties		
- Ann Taylor	2,545,850	--
- Talbots	1,132,615	--
- Banana Republic	1,155,258	--
Related Party		
- Pearl Global Fareast Limited	--	4,833,723
Total Accounts Receivable	4,833,723	4,833,723
Sales		
Third Parties		
- Ann Taylor	9,778,740	--
- Talbots	5,916,208	--
- Banana Republic	6,198,879	--
- Others	97,354	114,202
Related Party		
- Pearl Global Fareast Limited	--	21,876,979
Total Sales	21,991,181	21,991,181

22. Non-Cash Transaction

There is no non-cash transaction arising from financing activities for the year ended March 31, 2019.

23. Financial Instruments and Financial Risks Management

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (which includes currency risk and interest risk), liquidity risk and credit risk. The Directors carried out their financial risks management in accordance with established policies and procedures.

(i) Market Risk

a. Currency Risk

The Company has an exposure to currency risk as its trade accounts receivable is denominated both US Dollar and Indonesian Rupiah. Below is the detail of accounts which is denominated in USD, as follows:

	2019 USD	2018 USD
USD		
Assets		
Cash and Cash Equivalents	281,208	489,554
Accounts Receivable	5,671,451	4,833,723
Liabilities		
Accounts Payable	560,448	300,877

Following is the sensitivity to a 100 basis point change in exchange rate of functional currency of US Dollar against significant outstanding non-functional currency as of March 31, 2019 and 2018

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with other variables held constant, of the Company after tax. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 100 basis point change in foreign currency rate:

	Change in Currency Rate	Effect on Profit after Tax	
		2019	2018
		USD	USD
USD	+ 100 bp	13,188	11,773

b. Interest Rate Risk

Interest on the cash flow risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company exposure to interest rate is considered low when viewed from the side of the balance sheet, but continue to monitor these companies to minimize the negative impact on the company. Borrowings issued at variable interest rates expose the company to cash flows from interest rate risk.

	2019			
	Floating Interest Rate		Non Interest Bearing	Total
	Current	Non Current		
Liability				
Bank Loan	3,957,605	--	--	3,957,605
Accounts Payable	--	--	560,448	560,448
Accrued Expense	--	--	1,115,918	1,115,918
Other Payable	--	--	19,313	19,313
Total Financial Liability	3,957,605	--	1,695,679	5,653,284

	2018			
	Floating Interest Rate		Non Interest Bearing	Total
	Current	Non Current		
Liability				
Bank Loan	719,461	--	--	719,461
Accounts Payable	--	--	300,877	300,877
Accrued Expense	--	--	866,557	866,557
Other Payable	--	--	9,951	9,951
Total Financial Liability	719,461	--	1,177,385	1,896,846

(ii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, by continuous forecast and cash flows and matching the maturity profiles of financial assets and liabilities.

The following table represents the liquidity analysis of financial instruments as March 31, 2019 and 2018 based on exposure on due date on undiscounted contractual maturities for all non-derivative financial assets and liabilities. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	2019	
	Within One Year Rupiah	Over One Year Rupiah
Financial Liabilities		
Bank Loan	3,957,605	--
Accounts Payables	560,448	--
Accrued Expenses	1,115,918	--
Others Payable from Third Parties	19,313	--
Total	5,653,284	--

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	2018	
	Within One Year Rupiah	Over One Year Rupiah
Financial Liabilities		
Bank Loan	719,461	--
Accounts Payables	300,877	--
Accrued Expenses	866,557	--
Others Payable from Third Parties	9,951	--
Total	1,896,846	--

(iii) Credit Risk

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables.

Financial instruments of the Company which are potentially exposed to credit risk are cash in banks and trade accounts receivables. The maximum exposure to credit risk is equal to its carrying value.

The fair values of financial assets, together with the carrying amounts, are as follow:

	2019	
	Carrying Value USD	Fair Value USD
Financial Assets		
Cash and Cash Equivalents	281,208	281,208
Accounts Receivable to Related Parties	5,671,451	5,671,451
Other Receivables	18,381	18,381
Refundable Deposit	147,798	147,798
Total	6,118,838	6,118,838

	2018	
	Carrying Value USD	Fair Value USD
Financial Assets		
Cash and Cash Equivalents	489,554	489,554
Accounts Receivable to Related Parties	4,833,723	4,833,723
Other Receivables	9,684	9,684
Refundable Deposit	173,692	173,692
Total	5,506,653	5,506,653

24. 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 period 2019. The following are new standard, amendment and improvement of standards effective for period beginning on or after January 1, 2019:

- PSAK No. 71: "Financial Instrument";
- PSAK No. 72: "Revenue from Contract with Customer"
- PSAK No. 73: "Lease"
- 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.

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25. 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 25, 2019.