

PEARL GLOBAL VIETNAM CO., LTD.
(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2021



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STATEMENT OF THE GENERAL DIRECTOR

The General Director of Pearl Global Vietnam Co., Ltd. (the "Company") presents this report together with the Company's financial statements for the year ended 31 March 2021.

THE GENERAL DIRECTOR

The General Director of the Company who held office during the year and to the date of this report is as follows:

Mr. Gurusankar Gurumoorthy General Director

GENERAL DIRECTOR'S STATEMENT OF RESPONSIBILITY

The General Director of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.

The General Director is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The General Director confirms that the Company has complied with the above requirements in preparing these financial statements.

Gurusankar Gurumoorthy
General Director

21 May 2021

No.: 1218 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

To: The General Director of Pearl Global Vietnam Co., Ltd.

We have audited the accompanying financial statements of Pearl Global Vietnam Co., Ltd. (the "Company"), prepared on 21 May 2021 as set out from page 04 to page 23, which comprise the balance sheet as at 31 March 2021, the statement of income, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

General Director's Responsibility for the Financial Statements

The General Director is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the General Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. 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' judgment, including the assessment of the risks 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Pham Nam Phong
Deputy General Director
Audit Practising Registration Certificate
No. 0929-2019-001-1

DELOITTE VIETNAM COMPANY LIMITED

21 May 2021
Hanoi, S.R. Vietnam



Nguyen Tuan Anh
Auditor
Audit Practising Registration Certificate
No. 4438-2018-001-1

BALANCE SHEET

As at 31 March 2021

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		218,435,972,559	166,478,332,355
I. Cash	110		6,025,192,177	3,976,265,124
1. Cash	111	4	6,025,192,177	3,976,265,124
II. Short-term receivables	130		124,075,896,383	93,847,067,997
1. Short-term trade receivables	131	5	116,652,859,558	69,585,660,905
2. Short-term advances to suppliers	132	6	2,472,816,704	5,297,331,288
3. Other short-term receivables	136	7	4,950,220,121	18,964,075,804
III. Inventories	140	8	83,024,719,159	63,015,301,585
1. Inventories	141		90,534,084,179	63,774,374,581
2. Provision for devaluation of inventories	149		(7,509,365,020)	(759,072,996)
IV. Other short-term assets	150		5,310,164,840	5,639,697,649
1. Short-term prepayments	151	9	2,673,124,012	2,033,302,001
2. Value added tax deductibles	152		2,637,040,828	3,606,395,648
B. NON-CURRENT ASSETS	200		33,361,058,441	37,225,517,467
I. Fixed assets	220		30,913,262,383	33,815,189,715
1. Tangible fixed assets	221	10	29,762,061,234	31,122,192,714
- Cost	222		72,245,872,816	68,059,348,364
- Accumulated depreciation	223		(42,483,811,582)	(36,937,155,650)
2. Finance lease assets	224	11	-	1,581,856,937
- Cost	225		-	3,037,026,000
- Accumulated depreciation	226		-	(1,455,169,063)
3. Intangible assets	227	12	1,151,201,149	1,111,140,064
- Cost	228		2,204,131,432	2,043,201,432
- Accumulated amortisation	229		(1,052,930,283)	(932,061,368)
II. Long-term assets in progress	240		42,272,727	42,272,727
1. Long-term construction in progress	242		42,272,727	42,272,727
III. Other long-term assets	260		2,405,523,331	3,368,055,025
1. Long-term prepayments	261	9	2,405,523,331	3,368,055,025
TOTAL ASSETS (270=100+200)	270		251,797,031,000	203,703,849,822

BALANCE SHEET (Continued)

As at 31 March 2021

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		236,147,122,533	190,818,755,601
I. Current liabilities	310		204,964,209,158	162,174,155,182
1. Short-term trade payables	311	13	100,656,549,424	85,255,473,705
2. Short-term advances from customers	312		70,592,138	-
3. Taxes and amounts payable to the State budget	313	14	639,029,500	475,740,252
4. Payables to employees	314		11,464,390,188	5,739,497,459
5. Short-term accrued expenses	315		1,719,110,530	-
6. Other current payables	319		6,563,566,146	7,592,509,724
7. Short-term loans and obligations under finance leases	320	15	83,850,971,232	63,110,934,042
II. Long-term liabilities	330		31,182,913,375	28,644,600,419
1. Long-term loans and obligations under finance leases	338	16	29,093,911,040	26,488,975,946
2. Long-term provisions	342		2,089,002,335	2,155,624,473
D. EQUITY	400		15,649,908,467	12,885,094,221
I. Owner's equity	410	17	15,649,908,467	12,885,094,221
1. Owner's contributed capital	411		72,158,884,133	72,158,884,133
2. Accumulated (losses)	421		(56,508,975,666)	(59,273,789,912)
- (Losses) accumulated to the prior year end	421a		(59,273,789,912)	(60,079,575,459)
- Profit of the current year	421b		2,764,814,246	805,785,547
TOTAL RESOURCES (440=300+400)	440		251,797,031,000	203,703,849,822

Le Thi Thanh Thuy
Preparer

Aggarwal Kulbhushan
Finance Controller

Gurusankar Gurumoorthy
General Director

21 May 2021

INCOME STATEMENT

For the year ended 31 March 2021

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	19	470,874,342,931	377,349,127,253
2. Net revenue from goods sold and services rendered (10=01)	10		470,874,342,931	377,349,127,253
3. Cost of sales	11		427,231,433,380	343,521,679,121
4. Gross profit from goods sold and services rendered (20=10-11)	20		43,642,909,551	33,827,448,132
5. Financial income	21		4,462,441,968	862,346,316
6. Financial expenses	22		5,563,293,332	5,861,594,192
- In which: Interest expense	23		2,776,620,896	1,635,027,076
7. Selling expenses	25	21	24,874,749,402	7,874,818,057
8. General and administration expenses	26	21	14,906,377,539	20,642,125,564
9. Operating profit (30=20+(21-22)-(25+26))	30		2,760,931,246	311,256,635
10. Other income	31		3,883,000	729,882,268
11. Other expenses	32		-	235,353,356
12. Profit from other activities (40=31-32)	40		3,883,000	494,528,912
13. Accounting profit before tax (50=30+40)	50		2,764,814,246	805,785,547
14. Current corporate income tax expense	51	22	-	-
15. Net profit after corporate income tax (60=50-51)	60		2,764,814,246	805,785,547

Le Thi Thanh Thuy
Preparer

Aggarwal Kulbhushan
Finance Controller

Gurusankar Gurumoorthy
General Director

21 May 2021

CASH FLOW STATEMENT

For the year ended 31 March 2021

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	2,764,814,246	805,785,547
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	4,767,367,479	4,418,764,553
Provisions	03	6,683,669,886	1,246,931,356
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(1,675,799,075)	2,974,769,803
Loss/(Gain) from investing activities	05	-	13,573,025
Interest expense	06	2,776,620,896	1,635,027,076
3. Operating profit before movements in working capital	08	15,316,673,432	11,094,851,360
Increases in receivables	09	(30,233,686,417)	(60,527,572,791)
Increases in inventories	10	(26,759,709,598)	(37,209,813,940)
Increase/(decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	22,908,786,579	(1,462,120,644)
Decrease/(increase) in prepaid expenses	12	322,709,683	(754,599,889)
Interest paid	14	(2,776,620,896)	(1,635,027,076)
Net cash used in operating activities	20	(21,221,847,217)	(90,494,282,980)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,865,440,147)	(2,010,055,041)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	65,886,246
Net cash used in investing activities	30	(1,865,440,147)	(1,944,168,795)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owner's contributed capital	31	-	51,385,105,850
2. Proceeds from borrowings	33	234,570,802,699	224,870,945,663
3. Repayment of borrowings	34	(209,340,325,530)	(184,130,910,877)
4. Repayment of obligations under finance leases	35	(94,262,752)	(552,387,004)
Net cash generated by financing activities	40	25,136,214,417	91,572,753,632
Net increase/(decrease) in cash (50=20+30+40)	50	2,048,927,053	(865,698,143)
Cash at the beginning of the year	60	3,976,265,124	4,841,963,267
Cash at the end of the year (70=50+60)	70	6,025,192,177	3,976,265,124

Le Thi Thanh Thuy
Preparer

Aggarwal Kulbhushan
Finance Controller

Gurusankar Gurumoorthy
General Director
21 May 2021

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION

Structure of ownership

Pearl Global Vietnam Co., Ltd. (the "Company"), formerly known as Flexcon Vietnam Joint Venture Co., Ltd. was incorporated in Vietnam as a joint venture with foreign-owned equity for 30 years from the date of investment license as stated in Investment License No. 12/GP-BG dated 11 August 2003 issued by Bac Giang Provincial People's Committee.

According to the latest Investment Certificate dated 27 February 2020, the Company's investment capital and charter capital are USD 4,219,659 (equivalent to VND 83,285,105,850) and USD 3,522,035 (equivalent to VND 72,158,884,133), respectively.

The parent company is Vin Pearl Global Vietnam Limited (incorporated in Hongkong). The ultimate parent company of the Group is Pearl Global Industries Ltd. (incorporated in India).

The number of the Company's employees as at 31 March 2021 was 960 (31 March 2020: 953).

Operating industry and principal activities

The Company operates in the garment industry.

The principal activities of the Company are to manufacture garment products, provide garment processing services to customers, provide laundry and embroidering services and ensure more than 80% of products to be exported per the first Business Registration Certificate.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the Company's audited financial statements for the year ended 31 March 2020.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 01 April and ends on 31 March of following year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of the financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the General Director to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the General Director's best knowledge, actual results may differ from those estimates.

Cash

Cash comprises cash on hand and bank demand deposits.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue upon General Director's assessment and estimation, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories produced comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventories are accounted for using the perpetual inventory method. Cost of merchandises consists of purchase prices and other costs directly related to their purchases. Cost is calculated using the weighted average method. Raw materials are valued at actual cost of purchase; finished goods and work in progress are valued at standard cost approximating actual cost of direct materials, labour and related manufacturing overheads based on the normal operating capacity. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	(Years)
Buildings and structures	5 - 25
Machinery and equipment	5 - 10
Motor vehicles	7 - 10
Office equipment	3 - 10

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortisation

Intangible assets represent land use rights, land compensation expenses, site clearance expenses and software that are stated at cost less accumulated amortisation. Land use rights, land compensation and site clearance expenses are amortised using the straight-line method over the Company's operating duration of thirty years. Software is amortised using the straight-line method over the period of five years.

Prepayments

Prepayments are expenses which have already been paid but relate to result of operations of multiple accounting periods. Prepayments comprise costs of tool and dies, insurance, maintenance and repair, operating lease, and other prepayments, which are considered to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the General Director's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Other borrowing costs for supplementary working capital are recognized into income statement in the financial year.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the income statement.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tax losses are subject to the review and approval of local tax authorities and can be carried forward to offset against the Company's taxable profits of subsequent years up to five years from the year tax loss is incurred. No deferred tax asset has been recognized due to the uncertainty of its realization.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	20,706,500	2,576,000
Bank demand deposits	6,004,485,677	3,973,689,124
	<u>6,025,192,177</u>	<u>3,976,265,124</u>

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Short-term trade receivables		
Pearl Global Industries Company Limited	63,238,910,887	3,935,115,085
Pearl Grass Creation Company Limited	36,919,545,948	31,715,880,641
Priscilla Investment (Mtius) Limited	7,356,800,000	15,986,800,000
Pearl Global HK Company Limited	5,002,193,090	14,259,177,054
Brothers and Friends (BAF Woman) GMBH	58,097,203	2,423,673,172
Others	4,077,312,430	1,265,014,954
	<u>116,652,859,558</u>	<u>69,585,660,905</u>

In which:

Short-term trade receivables from related parties

(Details stated in Note 23)

	<u>108,294,441,728</u>	<u>49,910,172,780</u>
	<u>108,294,441,728</u>	<u>49,910,172,780</u>

6. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Adept thread & accessories Co., Ltd	324,353,905	-
Ching Fung Apparel Accessories com.	287,832,041	-
Edicate Button & Garment Accs MFY	281,741,760	-
Pantex Manifattura Tessuti SRL	-	669,377,315
Morito Scovill HK Co., Ltd.	-	650,427,430
Roomtextiles Hongkong Co., Ltd	-	513,581,602
Others	1,578,888,998	3,463,944,941
	<u>2,472,816,704</u>	<u>5,297,331,288</u>

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payment on behalf of related parties	586,941,533	17,914,043,967
Advances	76,500,000	144,927,275
Other receivables	4,286,778,588	905,104,562
	<u>4,950,220,121</u>	<u>18,964,075,804</u>
In which:		
Receivables from related parties (Details stated in Note 23)	1,510,967,001	17,914,043,967
	<u>1,510,967,001</u>	<u>17,914,043,967</u>

8. INVENTORIES

	Closing balance		Opening balance	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	12,305,452,535	-	8,300,313,519	-
Raw materials	38,823,011,976	2,022,420,448	34,798,601,797	-
Tools and supplies	120,562,822	30,310,305	165,609,064	-
Work in progress	25,282,631,531	4,791,168,468	13,658,144,660	-
Finished goods	14,002,425,315	665,465,798	6,851,705,541	759,072,996
	<u>90,534,084,179</u>	<u>7,509,365,020</u>	<u>63,774,374,581</u>	<u>759,072,996</u>

During the year, the Company made provision for devaluation of inventories with the amount of VND 7,509,365,020 (previous year: VND 759,072,996) because the net realizable value of finished goods was lower than its cost.

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Insurance expenses	735,292,540	697,891,384
Operating lease expenses	429,739,933	317,225,469
Others	1,508,091,539	1,018,185,148
	<u>2,673,124,012</u>	<u>2,033,302,001</u>
b. Non-current		
Tools and dies	1,685,885,505	1,563,308,350
Maintenance and repair expenses	303,761,402	1,114,681,072
Others	415,876,424	690,065,603
	<u>2,405,523,331</u>	<u>3,368,055,025</u>

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	26,614,870,737	35,334,099,202	3,620,063,206	2,490,315,219	68,059,348,364
Purchases	355,235,720	579,444,427	769,830,000	-	1,704,510,147
Transfer from finance lease assets	-	3,037,026,000	-	-	3,037,026,000
Disposals	-	(555,011,695)	-	-	(555,011,695)
Closing balance	<u>26,970,106,457</u>	<u>38,395,557,934</u>	<u>4,389,893,206</u>	<u>2,490,315,219</u>	<u>72,245,872,816</u>
ACCUMULATED DEPRECIATION					
Opening balance	12,783,021,616	21,328,217,158	1,875,250,618	950,666,258	36,937,155,650
Charge for the year	1,589,860,019	2,417,489,276	374,725,467	264,423,801	4,646,498,564
Transfer from finance lease assets	-	1,455,169,063	-	-	1,455,169,063
Disposals	-	(555,011,695)	-	-	(555,011,695)
Closing balance	<u>14,372,881,635</u>	<u>24,645,863,802</u>	<u>2,249,976,085</u>	<u>1,215,090,059</u>	<u>42,483,811,582</u>
NET BOOK VALUE					
Opening balance	<u>13,831,849,121</u>	<u>14,005,882,044</u>	<u>1,744,812,588</u>	<u>1,539,648,961</u>	<u>31,122,192,714</u>
Closing balance	<u>12,597,224,822</u>	<u>13,749,694,132</u>	<u>2,139,917,121</u>	<u>1,275,225,160</u>	<u>29,762,061,234</u>

As at 31 March 2021, the cost of the Company's tangible fixed assets includes VND 20,528,879,714 (31 March 2020: VND 20,967,100,419) of tangible fixed assets which have been fully depreciated but are still in use.

As described in Note 15 and Note 16, the Company has pledged some tangible fixed assets with the carrying value as at 31 March 2021 of VND 13,119,617,909 (31 March 2020: VND 20,615,831,349), and other assets formed in the future in accordance with provisions of the mortgage contracts signed with the banks to secure bank loans.

11. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Machinery and equipment VND	Total VND
COST		
Opening balance	3,037,026,000	3,037,026,000
Transferred to tangible fixed assets	(3,037,026,000)	(3,037,026,000)
Closing balance	-	-
ACCUMULATED DEPRECIATION		
Opening balance	1,455,169,063	1,455,169,063
Transferred to tangible fixed assets	(1,455,169,063)	(1,455,169,063)
Closing balance	-	-
NET BOOK VALUE		
Opening balance	1,581,856,937	1,581,856,937
Closing balance	-	-

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Land compensation expenses VND	Site clearance expenses VND	Software VND	Total VND
COST					
Opening balance	69,980,290	612,110,000	576,035,238	785,075,904	2,043,201,432
Increase during the year	-	-	-	160,930,000	160,930,000
Closing balance	69,980,290	612,110,000	576,035,238	946,005,904	2,204,131,432
ACCUMULATED AMORTISATION					
Opening balance	38,387,732	335,772,974	315,984,062	241,916,600	932,061,368
Charge for the year	2,203,570	19,274,415	18,138,483	81,252,447	120,868,915
Closing balance	40,591,302	355,047,389	334,122,545	323,169,047	1,052,930,283
NET BOOK VALUE					
Opening balance	31,592,558	276,337,026	260,051,176	543,159,304	1,111,140,064
Closing balance	29,388,988	257,062,611	241,912,693	622,836,857	1,151,201,149

As described in Note 15, the Company has pledged the land use right certificate with its term up to November 2033 in Dinh Tri Commune, Bac Giang City, Bac Giang Province under mortgage contracts signed with the banks to secure bank loans.

13. SHORT-TERM TRADE PAYABLES

		Closing balance		Opening balance
		VND		VND
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
DSSP Global Ltd.	40,664,636,403	40,664,636,403	53,181,318,770	53,181,318,770
Pearl Global Industries Company Limited	16,681,856,589	16,681,856,589	7,152,165,834	7,152,165,834
Fountain Set Limited	12,735,427,749	12,735,427,749	-	-
HUAREN LINEN (HK) Co., Ltd.	3,083,366,088	3,083,366,088	-	-
Tin Phat Padding Quilting Joint Stock Company	395,141,007	395,141,007	1,204,177,545	1,204,177,545
Zhejiang Weixing Import & Export Co., Ltd.	116,010,194	116,010,194	1,947,856,769	1,947,856,769
Others	26,980,111,394	26,980,111,394	21,769,954,787	21,769,954,787
	<u>100,656,549,424</u>	<u>100,656,549,424</u>	<u>85,255,473,705</u>	<u>85,255,473,705</u>
In which:				
Short-term trade payables to related parties				
(Details stated in Note 23)	57,346,492,992	57,346,492,992	60,333,484,604	60,333,484,604
	<u>57,346,492,992</u>	<u>57,346,492,992</u>	<u>60,333,484,604</u>	<u>60,333,484,604</u>

14. TAXES AND AMOUNT PAYABLE TO THE STATE BUDGET

	Opening balance	Payable	Net-off/Paid	Closing balance
	VND	during the year	during the year	VND
		VND	VND	
Value added tax	-	200,291,149	200,291,149	-
Personal income tax	475,740,252	1,347,610,532	1,186,099,977	637,250,807
Other taxes	-	2,328,693	550,000	1,778,693
	<u>475,740,252</u>	<u>1,550,230,374</u>	<u>1,386,941,126</u>	<u>639,029,500</u>

15. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year			Closing balance
	Amount	VND Amount able to be paid off	Increases	Decreases	VND Effect of foreign exchange	VND Amount able to be paid off
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	62,794,102,624	62,794,102,624	206,294,504,367	201,240,010,003	(1,445,077,756)	66,403,519,232
Pearl Global HK Limited Company (ii)	-	-	17,279,331,720	-	96,668,281	17,376,000,000
Current portion of long-term loans (see Note 16)	222,568,667	222,568,667	71,452,000	222,568,667	-	71,452,000
Current portion of long-term obligations under finance leases (see Note 16)	94,262,751	94,262,751	-	94,262,751	-	-
	<u>63,110,934,042</u>	<u>63,110,934,042</u>	<u>223,645,288,087</u>	<u>201,556,841,421</u>	<u>(1,348,409,476)</u>	<u>83,850,971,232</u>

- (i) Represent short-term loan from Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch under the Credit Contract with the credit limit of USD 4,500,000 to supplement working capital for production. Loan interest rate is specified in each covenant. Loan principal and interest are repayable within maximum 04 months from the date of withdrawal for each covenant. The loan is secured as per the Contract to mortgage the land use right certificate, Workshop, Warehouse and Production line of Pearl Global Vietnam Co., Ltd.
- (ii) Represent short-term loans from Pearl Global HK Limited Company (related party) according to the Loan Agreement dated 24 March 2021 with the amount of USD 750,000 to supplement working capital for the Company's business activities, loan principal is repayable within a year. Loan interest rate is fixed at 4% per annum. The loan is unsecured.

PEARL GLOBAL VIETNAM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

16. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance VND		In the year VND			Closing balance VND
	Amount	Amount able to be paid off	Increases	Decreases	Effect of foreign exchange differences	Amount Amount able to be paid off
Long-term loans						
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bac Giang Branch	136,816,667	136,816,667	-	136,816,667	-	-
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh branch (i)	157,204,000	157,204,000	-	85,752,000	-	71,452,000
Pearl Global HK Company Limited (ii)	26,417,523,946	26,417,523,946	10,996,966,613	7,806,294,860	(514,284,658)	29,093,911,040
Long-term obligations under finance leases						
Vietcombank Leasing Co., Ltd	94,262,751	94,262,751	-	94,262,751	-	-
	26,805,807,364	26,805,807,364	10,996,966,613	8,123,126,278	(514,284,658)	29,165,363,040
In which:						
Amount due for settlement within 12 months	316,831,418	316,831,418				71,452,000
Amount due for settlement after 12 months	26,488,975,946	26,488,975,946				29,093,911,040

- (i) Represent long-term loan from Vietnam Technological and Commercial Joint Stock Bank ("TCB") - Ha Thanh Branch under Credit Agreement dated 31 January 2017 with a credit limit of VND 343,000,000 to purchase automobile for travel purpose. The loan contract has a term of 48 months from the first disbursement date of 31 January 2018. The interest rate is floating rate as per withdrawal request cum covenant prepared on each withdrawal. The loan is secured by a Chevrolet car, Plate No. 98LD-004.47 and is guaranteed by Pearl Global HK Company Limited.

- (ii) Represent the unsecured and non-interest bearing long-term loans from Pearl Global HK Limited Company (related party) according to (a) the Loan Agreement dated 22 June 2017 with the amount of USD 228,000 to purchase new equipment and supplement working capital for the Company's business activities (loan principal is repayable in 5 years from June 2017); (b) the Loan Agreement dated 11 March 2020 and the Annex No.01 dated 11 March 2021 with the amount of USD 350,000 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 11 March 2026); (c) the Loan Agreement dated 16 March 2020 and the Annex No.01 dated 23 March 2021 with the amount of USD 200,000 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 23 March 2026); (d) the Loan Agreement dated 06 August 2020 with the amount of USD 350,000 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 20 December 2025). (e) the Loan Agreement dated 22 October 2020 with the amount of USD 127,780 to supplement working capital for the Company's business activities (loan principal is extended to be repaid on 20 December 2025).

Long-term loans are repayable as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
On demand or within one year	71,452,000	222,568,667
In the second year	5,282,304,000	5,463,652,000
After three years	23,811,607,040	21,025,323,946
	<u>29,165,363,040</u>	<u>26,711,544,613</u>
Less: Amount due for settlement within 12 months (shown under Short-term loans and obligations under financial leases)	71,452,000	222,568,667
Amount due for settlement after 12 months	<u>29,093,911,040</u>	<u>26,488,975,946</u>

17. OWNER'S EQUITY

Movement in owner's equity

	<u>Owner's contributed capital</u> VND	<u>Accumulated (losses)</u> VND	<u>Total</u> VND
Prior year's opening balance	20,773,778,283	(60,079,575,459)	(39,305,797,176)
Capital increase	51,385,105,850	-	51,385,105,850
Profit for the year	-	805,785,547	805,785,547
Current year's opening balance	<u>72,158,884,133</u>	<u>(59,273,789,912)</u>	<u>12,885,094,221</u>
Profit for the year	-	2,764,814,246	2,764,814,246
Current year's closing balance	<u>72,158,884,133</u>	<u>(56,508,975,666)</u>	<u>15,649,908,467</u>

Investment capital and charter capital

According to the latest Investment Certificate dated 27 February 2020, the Company's investment capital and charter capital are USD 4,219,659 (equivalent to VND 83,285,105,850) and USD 3,522,035 (equivalent to VND 72,158,884,133), respectively. The amount of capital contributed in VND on the report is converted using the actual exchange rate at the time of capital contribution in accordance with accounting regulations. As at 31 March 2021, the charter capital was fully contributed by the owner as follows:

Owner	Contributed capital			
	Closing balance		Opening balance	
	USD	VND equivalent	USD	VND equivalent
Vin Pearl Global Vietnam Company Limited	3,522,035	72,158,884,133	3,522,035	72,158,884,133
	<u>3,522,035</u>	<u>72,158,884,133</u>	<u>3,522,035</u>	<u>72,158,884,133</u>

18. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
United States Dollar (USD)	237,718	115,804

19. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Sales of merchandise and services		
Revenue from sales and processing of exported goods	466,583,305,857	365,073,049,706
Revenue from processing of domestic goods	1,766,600,658	12,276,077,547
Revenue from samples	33,266,047	-
Others	2,491,170,369	-
	<u>470,874,342,931</u>	<u>377,349,127,253</u>
In which:		
Revenue from related parties (See Note 23)	449,492,163,923	343,465,394,025
	<u>449,492,163,923</u>	<u>343,465,394,025</u>

20. PRODUCTION COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	323,818,431,208	222,109,598,219
Labour	120,022,093,143	125,826,298,116
Depreciation and amortisation	4,767,367,479	4,418,764,553
Other monetary expenses	37,179,875,136	22,424,150,044
	<u>485,787,766,966</u>	<u>374,778,810,932</u>

21. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses		
Salary expense	10,232,411,512	13,808,722,806
Others	4,673,966,027	6,833,402,758
	14,906,377,539	20,642,125,564
Selling expenses		
Salary expense	6,628,381,304	1,318,150,400
Export fee and carriage outwards	4,549,667,809	3,533,987,688
Transportation cost	2,384,406,101	2,722,931,408
Others	11,312,294,188	299,748,561
	24,874,749,402	7,874,818,057

22. CORPORATE INCOME TAX

	Current year VND	Prior year VND
Profit before tax	2,764,814,246	805,785,547
Adjustments for taxable profit		
Add back: non-deductible expenses	132,962,161	658,723,577
Loss carry-forward	(2,897,776,407)	(1,464,509,124)
Taxable profit	-	-
Taxable profit at incentive tax rate of 10%	-	-
Corporate income tax expense based on taxable profit in the current year	-	-

As at 31 March 2021, the Company has unused tax losses of VND 30,824,895,773 (31 March 2020: VND 33,589,710,020) available for offset against future profits.

According to Decision No. 12/GP-BG dated 11 August 2003 of the People's Committee of Bac Giang province, the Company is entitled to an annual corporate income tax incentive equal to 10% of profit earned during the project implementation period, and corporate income tax exemption for four years from the time of profit and 50% reduction for the next four years.

23. RELATED PARTY TRANSACTIONS AND BALANCES

List of related party with significant transactions and balances for the year:

<u>Related party</u>	<u>Relationship</u>
Pearl Global Industries Company Limited	Ultimate Parent Company
Vin Pearl Global Vietnam Limited	Parent Company
Pearl Global HK Limited Company	Affiliate
Pearl Grass Creation Limited Company Limited	Affiliate
DSSP Global Ltd	Affiliate
Pearl Global Fareast Company Limited	Affiliate
Pearl Global USA Limited	Affiliate

Significant transactions with the related parties during the year were as follows:

	Current year	Prior year
	VND	VND
Sale of goods and services	449,492,163,923	343,465,394,025
Pearl Grass Creation Company Limited	261,889,371,240	67,975,916,458
Pearl Global Industries Company Limited	154,838,578,494	53,703,738,184
Pearl Global HK Company Limited	29,630,422,386	129,910,036,885
Pearl Global USA, Inc.	3,133,791,803	-
Pearl Global Fareast Company Limited	-	91,204,810,691
DSSP Global Company Limited	-	670,891,807
Purchases of goods and services	181,831,392,146	155,881,606,603
DSSP Global Company Limited	170,979,964,462	148,839,288,598
Pearl Global Industries Company Limited	10,851,427,684	7,042,318,005
Payment on behalf	6,961,129,570	17,718,999,600
Pearl Grass Creation Company Limited	-	14,156,668,479
Pearl Global HK Limited Company	6,961,129,570	3,562,331,121
Related party payment on behalf	23,507,529,357	-
Pearl Grass Creation Company Limited	23,507,529,357	-

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

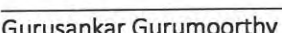
	Closing balance	Opening balance
	VND	VND
Pearl Global HK Limited Company		
Short-term trade receivables	5.002.193.090	14.259.177.054
Other short-term receivables	796.726.228	3.562.331.121
Short-term loans	17.376.000.000	21.025.323.946
Long-term loans	29.093.911.040	5.392.200.000
Pearl Grass Creation Limited Company		
Short-term trade receivables	36.919.545.948	31.715.880.641
Other short-term receivables	714.240.773	14.156.668.479
Other short-term payables	5.298.804.734	4.245.755.608
DSSP Global Company Limited		
Short-term trade payables	40.664.636.403	53.181.318.770
Pearl Global Industries Company Limited		
Short-term trade receivables	63.238.910.887	3.935.115.085
Short-term trade payables	16.681.856.589	7.152.165.834
Other short-term payables	265.734.795	-
Vin Pearl Global Vietnam Limited		
Other short-term receivables	-	195.044.367
Pearl Global Fareast Limited		
Other short-term payables	-	312.378.285
Pearl Global USA, Inc.		
Short-term trade receivables	3.133.791.803	-

24. OTHER MATTER

The 2020 novel coronavirus ("Covid-19") has spread widely across a large number of countries and Vietnam during the year, creating challenges to all industries as well as the society. The Company has assessed the overall impact of the outbreak on its operations and taken all possible measures to mitigate the negative effects on its employees and activities. The Company is paying continuous attention to the outbreak in order to respond appropriately, timely and in a proactive manner.



Le Thi Thanh Thuy
Preparer

Aggarwal Kulbhushan
Finance Controller

Gurusankar Gurumoorthy
General Director

21 May 2021