PT PINNACLE APPARELS

Financial Statements
For the Years Ended
March 31, 2017 and 2016

PT PINNACLE APPARELS

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For the Years Ended
March 31, 2017 and 2016

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PT. PINNACLE APPARELS

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DIRECTOR'S STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS MARCH 31, 2017

PT PINNACLE APPARELS

We, the undersigned:

1.	Name	:	Amit Kumar
	Office Address	:	Tanjung Emas Export Processing Zone Jl. Coaster 8 Blok A.15-15a Semarang 50174
	Domicile as stated in ID Card/Paspor	:	Jl. Bukit Arjuna No. 4 Bukit Sari – Semarang 50261
	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 Card/Paspor	:	Menara Kelapa Gading Kondominium Tower E 605 Kelapa Gading – Jakarta Utara
	Phone Number	:	+6221- 65314680
	Position	:	Finance Manager

state that:

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

This statement letter is made truthfully.

Jakarta, April 20, 2017

Director | Finance Manager

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ENAM RIBU RUPIAH

PT. PINNACLE APPARELS

(Amit Kumar) | **(Ajay Pareek)**

RSM

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

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

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Number : R/332.AGA/Iji.3/2017

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, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Pinnacle Apparels as of March 31, 2017 and its financial performance and cash flows for year then ended, in accordance with Indonesian Financial Accounting Standards.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Leknor Joni
Public Accountant License Number: AP.0797

Jakarta, April 20, 2017

PT PINNACLE APPARELS
STATEMENTS OF FINANCIAL POSITION
March 31, 2017 and 2016
(In US Dollar)

	Notes	2017 USD	2016 USD
ASSETS			
Current Assets			
Cash on Hand and in Banks	3	637,381	597,513
Accounts Receivable from Third Parties	4	3,979,620	2,292,565
Other Receivables	5	31,840	44,888
Inventories	6	701,004	785,652
Advance to Suppliers	7	484,799	429,421
Prepaid Taxes	12.a	189,213	247,814
Prepaid Expenses	8	95,895	86,283
Total Current Assets		6,119,752	4,484,136
Non Current Assets			
Deferred Tax Assets	12.d	111,664	110,899
Property, Plant and Equipment - Net	9	1,809,440	1,410,860
Refundable Deposits	10	173,692	133,858
Total Non Current Assets		2,094,796	1,655,617
TOTAL ASSETS		**8,214,548**	**6,139,753**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable	11	1,018,034	331,093
Other Payables		134,801	5,747
Taxes Payable	12.b	122,941	74,069
Accrued Expenses	13	725,428	763,875
Total Current Liabilities		2,001,204	1,174,784
Non Current Liabilities			
Employee Benefits Liabilities	14	302,257	210,458
Total Non Current Liabilities		302,257	210,458
Total Liabilities		**2,303,461**	**1,385,242**
Equity			
Share Capital - Par Value USD 10 per Share			
Authorized - 200,000 Shares,			
Issued and Paid Up - 150,198 Shares	15	1,501,980	1,501,980
Additional Paid-in Capital		1,980	1,980
Retained Earnings		3,917,986	3,250,551
Other Equity Component			
Revaluation Surplus on Property, Plant and Equipment		489,141	--
Total Equity		5,911,087	4,754,511
TOTAL LIABILITIES AND EQUITY		**8,214,548**	**6,139,753**

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended March 31, 2017 and 2016
(In US Dollar)

	Notes	2017 USD	2016 USD
REVENUES	16	23,034,373	22,047,060
COST OF GOODS SOLD	17	(19,061,243)	(18,250,195)
GROSS PROFIT		3,973,130	3,796,865
Gain on Sale of Propery, Plant and Equipment		6,449	8,096
General and Administrative Expenses	18	(2,991,233)	(2,803,632)
Selling Expenses	18	(142,189)	(251,887)
Loss on Foreign Exchange - Net		52,315	(83,734)
Other Income (Expenses) - Net		(6,818)	(6,050)
		(3,081,476)	(3,137,207)
PROFIT BEFORE TAX		891,654	659,658
INCOME TAX EXPENSES			
Current Tax	12.c	(232,674)	(150,131)
Deferred Tax	12.d	2,687	(21,164)
Total Income Tax Expenses - Net		(229,987)	(171,295)
NET PROFIT FOR THE YEAR		**661,667**	**488,363**
Item that will not be Reclassified Subsequently to Profit or Loss :			
Remeasurement of Defined Benefits Plan		7,690	17,680
Related Taxes		(1,923)	(4,681)
Revaluation Surplus on Property, Plant and Equipment		504,314	--
Related Taxes		(15,173)	--
Other Comprehensive Income for the Year After Tax		**494,909**	**12,999**
Total Comprehensive Income for the Year		**1,156,576**	**501,362**

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2017 and 2016
(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, 2015	**1,501,980**	**1,980**	**--**	**3,219,189**	**4,723,149**
Profit for the Year	--	--	--	488,363	488,363
Cash Dividend	--	--	--	(470,000)	(470,000)
Other Comprehensive Income for the Year	--	--	--	12,999	12,999
Balance as of March 31, 2016	**1,501,980**	**1,980**	**--**	**3,250,551**	**4,754,511**
Profit for the Year	--	--	--	661,667	661,667
Other Comprehensive Income for the Year	--	--	489,141	5,768	494,909
Balance as of March 31, 2017	**1,501,980**	**1,980**	**489,141**	**3,917,986**	**5,911,087**

The accompanying notes form an integral part
of these financial statements

PT PINNACLE APPARELS
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2017 and 2016
(In US Dollar)

	Notes	2017 USD	2016 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Income Tax		891,654	659,658
Adjustments for:			
Depreciation Expenses		268,403	187,585
Interest Expenses and Bank Charges		44,832	81,002
Gain on Sale of Property, Plant, and Equipment		(6,449)	(8,096)
Employee Benefits Obligation		99,953	69,725
Operating Income Before Changes in Working Capital		1,298,393	989,874
Changes in Assets and Liabilities:			
Accounts and Other Receivables		(1,674,007)	1,655,065
Inventories		84,648	(47,160)
Advance to Suppliers		(55,378)	(170,200)
Prepaid Expense		58,601	(40,420)
Other Current Assets		8,390	--
Accounts and Other Payables		540,654	(236,987)
Accrued Expenses		(38,447)	216,966
Other Payables and Tax Payable		48,872	--
Cash Generated from Operations		271,726	2,367,138
Interest Paid	19	(44,832)	(81,002)
Income Tax Paid		(30,343)	(111,242)
Employee Benefits Obligations Paid		(464)	(1,043)
Net Cash Flows Provided by Operating Activities		196,087	2,173,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	9	(162,669)	(575,552)
Proceeds from Sale of Property, Plant, and Equipment		6,451	8,096
Net Cash Flows Used in Investing Activities		(156,218)	(567,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed From Bank Loans - Net	11	--	(747,678)
Cash Dividend Payment	16.b	--	(470,000)
Net Cash Flows Used in Financing Activities		--	(1,217,678)
NET INCREASE IN CASH ON HAND AND IN BANKS		39,869	388,717
CASH ON HAND AND IN BANKS - AT THE BEGINNING OF THE YEAR		597,513	208,796
CASH ON HAND AND IN BANKS - AT THE END OF THE YEAR		**637,382**	**597,513**
Cash on Hand and in Banks Consist of:	3		
Cash on Hand		11,283	17,827
Cash in Banks		626,098	579,686
TOTAL		**637,381**	**597,513**

The accompanying notes form an integral part
of these financial statements

(In US Dollar)

1. General

1.a. Background

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

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

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

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

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

As of March 31, 2017 and 2016, the Company has 2,063 and 2,090 employees, respectively (unaudited).

1.b. The Company's Management

The Company's managements as of March 31, 2017 and 2016 are as follows:

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

2. Summary of Significant Accounting Policies

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

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

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

2.b. The following are amendment and improvement of standards and new interpretaion of standard issued by DSAK - IAI and effectively applied for the period starting on or after January 1, 2016, as follows:

- PSAK No. 5 (Improvement 2015):" Operating Segments"
- PSAK No. 7 (Improvement 2015): "Related Party Disclosure"
- PSAK No. 13 (Improvement 2015): "Investment Property"
- PSAK No. 16 (Improvement 2015): "Property, Plant and Equipment"
- PSAK No. 19 (Improvement 2015): "Intangible Assets"

(In US Dollar)

- PSAK No. 22 (Improvement 2015): "Business Combination"
- PSAK No. 25 (Improvement 2015): "Accounting Policies, Changes in Accounting Estimates and Errors"
- PSAK No. 53 (Improvement 2015): "Share-Based Payment".
- PSAK No. 68 (Improvement 2015): "Fair Value Measurement".
- Amendment of PSAK No. 4: "Separate Financial Statements" about Equity Method in Separate Financial Statements".
- Amendment of PSAK No. 15: "Investment in Associates and Joint Ventures" about Investment Entity: Applying the Consolidation Exception".
- Amendment of PSAK No. 16:" Property, Plant and Equipment" about Clarification of Acceptable Methods of Depreciation and Amortization".
- Amendment of PSAK No. 19: "Intangible Asset" about Clarification of Acceptable Methods of Depreciation and Amortization".
- Amendment of PSAK No. 24: "Employee Benefits" about Defined Benefit Plan: Employee Contributions".
- Amendment of PSAK No. 65: "Consolidated Financial Statements" about Investment Entity: Applying the Consolidation Exception".
- Amendment of PSAK No. 66: "Joint Arrangements" about Accounting for Acquisitions of Interests in Joint Operations".
- Amendment of PSAK No. 67: "Disclosures of Interest in Other Entities" about Investment Entities: Applying the Consolidation Exception".
- ISAK No. 30: "Levies".

The adoption of this standard had no material effect to the financial statements.

2.c. Foreign Currency Transactions and Balances

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

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

Exchange rates used as of March 31, 2017 and 2016:

Currencies	2017 USD	2016 USD
IDR	0.000075	0.000075
EUR	1.06	1.09
HKD	0.13	0.13
SGD	0.71	0.71
GBP	1.25	1.39

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

2.d. Transaction with Related Parties

a) A person or a close member of that person's family is related to a reporting entity if that person:
   i. Has control or joint control over the reporting entity;
   ii. Has significant influence over the reporting entity; or
   iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to the reporting entity if it meets one of the following:
   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of member of a group which the other entity is a member);
   iii. Both entities are joint ventures of the same third party;

iv. One entity is a joint venture of a third entity and the other entity and the other entity is an associate of the third entity;
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity 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 of parent of the entity).
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.e. Financial Asset and Financial Liabilities
Financial Asset
The Company classifies its financial assets into loans and receivables.

This classification depends on the purpose of acquisition of financial assets. Management determines the classification of financial assets at its initial recognition.
(i) Loans and Receivables.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(a) those that intends to sell immediately or in the near term and upon initial recognition designated as at fair value through profit or loss;
(b) those that upon initial recognition designated as available for sale; or
(c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

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

<u>Provision for Impairment Loss of the Financial Assets</u>
The Company assessed individually if there is objective evidence regarding impairment of financial assets. If there is objective evidence of financial assets impairment individually, the impairment assessed is calculated using discounted cash flows method and/or fair value of the collateral.

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

Financial Liabilities
The Company classifies its financial liabilities in categories (i) financial liabilities measured at fair value through profit and loss and (ii) financial liabilities measured using amortized cost.
(i) Financial liabilities are measured using amortized cost.
Financial liabilities which are not classified as financial liabilities measured at fair value through profit and loss are categorized and measured using amortized cost.

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

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

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

2.h. Property, Plant, and Equipment

Property, plant and equipment 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 materiality 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 lives of the assets as follows:

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

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

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

2.i. Impairment of Assets

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

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

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

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

2.j. Employee Benefits

Short-term Employee Benefits

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

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

Post-employment Benefits

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

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

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

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

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

2.k. Revenues and Expenses Recognition

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

Expense is recognized when incurred.

2.l. Income Tax

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

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

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

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:
a. the initial recognition of goodwill; or
b. the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

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

The Company offset current tax assets and current tax liabilities if, and only if, the Company:
a. has legally enforceable right to set off the recognized amounts, and
b. intends either to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

2.m. Critical Accounting Estimate and Judgement

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

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

(In US Dollar)

Post Employment Benefit

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

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

3. Cash on Hand and in Banks

	2017 USD	2016 USD
Cash on Hand		
Rupiah	8,317	14,872
USD	2,520	2,612
SGD	225	16
Poundsterling	210	210
HKD	11	117
Sub Total	11,283	17,827
Cash in Banks		
USD	527,023	414,947
Rupiah	99,075	164,739
Sub Total	626,098	579,686
Total	**637,381**	**597,513**

As of March 31, 2017, the Company has money insurance amounting to Rp18,500,000,000 equivalent with USD1,371,540 that covered transit loss due to fire and fraud by employee.

4. Accounts Receivable from Third Parties

	2017 USD	2016 USD
Banana Republic (PGL)	1,812,929	775,563
Ann Taylor	1,247,164	383,101
Talbots	919,176	1,113,515
S.Oliver Bernd Freier GMBH & Co.Kg	352	20,386
Total	**3,979,620**	**2,292,565**

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

5. Other Receivables

Other receivables to the related parties mainly represents employee loan and advances which is given by the Company to support the household needs and Corporate Social Responsibility (CSR). The employee loan repayment shall be deducted from the monthly salaries. On March 31, 2017 and 2016, other receivables were amounting to USD31,840 and USD44,888, respectively.

(In US Dollar)

6. Inventories

This account represents inventory in working process as of March 31, 2017 and 2016 amounting to USD701,004 and USD785,652, repectively.

Based on a review of inventories, the Company's management believes there is no impairment on inventories, thus management does not provide allowance for inventories obsolescence accounts. Inventories are covered by insurance against losses from fire and other risks under several blanket policies amounting to USD3,122,500 as of March 31, 2017 and 2016.

7. Advance to Suppliers

	2017 USD	2016 USD
Textbank Limited	294,789	159,629
Shanghai Brisk International	66,402	--
BR	51,841	--
Mandarin Enterprises Ltd	19,729	--
PT Indotaichen Textile	12,614	--
Silverred Holding Limited	--	93,238
High Fashion Silk (Zhejiang) Co. Ltd	--	56,948
Mastex Inc.	--	29,767
New Bond Textiles Ltd	--	28,725
Silver Team Textiles Ltd	--	25,422
China Dyeing Holding Ltd	--	--
Others (each below USD 10,000)	39,424	35,692
Total	**484,799**	**429,421**

8. Prepaid Expenses

	2017 USD	2016 USD
Factory Rent	71,276	64,008
Factory Supplies	14,870	12,730
Work Permit	9,000	7,600
Office Rent	--	845
Others (below USD1,000)	749	1,100
Total	**95,895**	**86,283**

Factory rent represents two factories space rental in Semarang, Central Java. On January 25, 2017, the Company has renewed rental agreement of factory (unit 1 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 3 years until January 24, 2020. On October 1, 2013, the Company has renewed rental agreement of factory (unit 2 factory) in Semarang, Central Java, from PT Lamicitra Nusantara Tbk, the third party, for 5 years until September 30, 2018.

(In US Dollar)

9. Property, Plant, and Equipment

	2017				
	Beginning Balance USD	**Additions USD**	**Disposals USD**	**Surplus Revaluation USD**	**Ending Balance USD**
Direct Ownership					
Cost					
Land Titles	182,932	--	--	--	182,932
Infrastructures	283,340	--	--	--	283,340
Machineries	2,239,956	99,895	152,667	504,314	2,691,498
Furniture and Fixtures	156,348	629	--	--	156,977
Vehicles	358,580	39,314	21,298	--	376,597
Tools and Equipment	458,958	22,831	--	--	481,789
Subtotal	3,680,114	162,669	173,965	504,314	4,173,132
Construction in Progress	762,838	--	--	--	762,838
Total	4,442,952	162,669	173,965	504,314	4,935,971
Accumulated Depreciation					
Infrastructures	282,106	605	--	--	282,711
Machineries	2,032,915	165,803	152,667	--	2,046,051
Furniture and Fixtures	156,321	73	--	--	156,394
Vehicles	160,170	71,557	21,297	--	210,430
Tools and Equipment	400,580	30,365	--	--	430,945
Total	3,032,092	268,403	173,964	--	3,126,531
Carrying Value	**1,410,860**				**1,809,440**

	2016				
	Beginning Balance USD	**Additions USD**	**Disposals USD**	**Surplus Revaluation USD**	**Ending Balance USD**
Direct Ownership					
Cost					
Land Titles	182,932	--	--	--	182,932
Infrastructures	283,340	--	--	--	283,340
Machineries	2,160,701	91,255	12,000	--	2,239,956
Furniture and Fixtures	156,348	--	--	--	156,348
Vehicles	286,446	143,137	71,003	--	358,580
Tools and Equipment	445,761	13,197	--	--	458,958
Subtotal	3,515,528	247,589	83,003	--	3,680,114
Construction in Progress	434,875	327,963	--	--	762,838
Total	3,950,403	575,552	83,003	--	4,442,952
Accumulated Depreciation					
Infrastructures	280,579	1,527	--	--	282,106
Machineries	1,954,624	90,291	12,000	--	2,032,915
Furniture and Fixtures	156,028	293	--	--	156,321
Vehicles	166,932	64,241	71,003	--	160,170
Tools and Equipment	369,346	31,234	--	--	400,580
Total	2,927,509	187,586	83,003	--	3,032,092
Carrying Value	**1,022,894**				**1,410,860**

Depreciation expenses were allocated to the following:

	2017 USD	**2016 USD**
Cost of Goods Sold (Note 17)	165,803	90,291
General and Administrative Expense (Note 18)	102,600	97,294
Total	**268,403**	**187,585**

Start from this year, the Company applied revaluation method fixed assets of machineries (Note 2.h). Based on the assets revaluation from independent appraisal reports Public Appraisal Service Firm (KJPP) Mushofah Mono Igfirly & Rekan, No. 009/MMI-JKTM/PA/VI/2016 dated June 29, 2016, the fair value of fixed assets of machineries Rp11,389,811,000 equivalent with USD836,545. The company has recorded the differences on assets revaluation amounted to USD15,172 as final tax.

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

(In US Dollar)

Property, plant and equipment are covered by insurance against losses from fire and other risks under several blanket policies amounting to Rp3,010,205,468 and USD2,126,000 as of March 31, 2017 and 2016. Management believes that sum of insured is adequate to cover possible losses from fire and other risks of related assets.

10. Refundable Deposits

	2017 USD	2016 USD
Plants	141,387	101,553
Warehouses	19,159	19,159
Office	7,992	7,992
Electricity	4,114	4,114
Others	1,040	1,040
Total	**173,692**	**133,858**

11. Accounts Payable

	2017 USD	2016 USD
H Wear Limited	190,059	15,448
Mastex Inc	148,908	--
Silverred Holdings Limited	128,760	--
Freudenberg & Vilene	70,785	--
Lamicitra Nusantara	68,993	62,920
Baeksan Co., Ltd	66,589	--
New Bond Textiles Ltd	53,238	--
Luckytex Company	47,495	--
PT Coats Rejo Indonesia	18,248	35,793
Kufner Hongkong Limited	17,000	21,551
Sai Apparel Industries	7,992	4,664
Precision Custom Coatings Asia LLC Indonesia	--	20,443
Inti Duta Dwitama Transin	--	10,463
Others (each below USD20,000)	199,967	159,811
Total	**1,018,034**	**331,093**

12. Taxation

a. Prepaid Taxes

	2017 USD	2016 USD
Value Added Tax - Net	189,213	233,092
Income Tax Article 19	--	14,722
Total	**189,213**	**247,814**

b. Taxes Payable

	2017 USD	2016 USD
Income Tax Article 21	13,463	14,576
Income Tax Article 23	417	665
Income Tax Article 25	11,974	7,850
Income Tax Article 4 (2)	3,792	--
Corporate Income Tax Article 29	93,295	50,978
Total	**122,941**	**74,069**

(In US Dollar)

c. Income Tax Benefit (Expenses)

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

	2017 USD	2016 USD
Profit Other Income before Income Tax	891,654	659,658
Temporary Differences:		
Depreciation	(89,204)	(154,378)
Employee Benefits	99,953	69,725
Post Employe Benefits Payment	(464)	(1,043)
	10,285	(85,696)
Permanent Differences:		
Interest Income already Subjected to Final Tax	(896)	(1,411)
Profit on Sales of Vehicles-Commercial	(6,449)	(8,096)
Profit on Sales of Vehicles-Fiscal	2,595	947
Non Deductible Expenses		
Depreciation Expenses	21,277	24,812
Motor Vehicle Maintenance	5,760	4,549
Mobile Phone	3,569	1,683
Guest House	2,902	2,844
Entertainment	--	1,238
	28,758	26,566
Taxable Income	**930,697**	**600,528**
Income Tax at Tax Rate of 25%	232,674	150,131
Total Income Tax Expense	**232,674**	**150,131**
Credit Taxes:		
Income Tax Article 22	7,839	6,444
Income Tax Article 25	131,540	92,709
Total Credit Taxes	139,379	99,153
Corporate Income Tax Payable	**93,295**	**50,978**

d. Deferred Tax Assets

	2015 USD	Credited (Charged) to Profit or Loss USD	Credited (Charge) to Other Comprehensive Income USD	2016 USD	Credited (Charged) to Profit or Loss USD	Credited (Charge) to Other Comprehensive Income USD	2017 USD
Property, Plant and Equipment	96,880	(38,595)	--	58,285	(22,301)	--	35,984
Employee Benefits Obligations	39,864	17,431	(4,681)	52,614	24,988	(1,923)	75,680
Total	**136,744**	**(21,164)**	**(4,681)**	**110,899**	**2,687**	**(1,923)**	**111,664**

e. Administration

Based on letter No. 33/PA-JKT/XII/2016 on December 31, 2015, the Company apply for property, plant and equipment revaluation for tax purposes in 2015 based on Regulation of Minister of Finance No. 191/PMK.010/2015 on October 15, 2015. The Company has made payment for Final Income Tax Article 19 of property, plant and equipment revaluation amounted to Rp206,898,844 (USD15,173) (based on Surat Setoran Pajak).

(In US Dollar)

13. Accrued Expenses

	2017 USD	2016 USD
Salaries and Wages	433,695	508,585
Bonus	250,854	224,156
BPJS Payable	34,489	27,485
Legal and Professional Fee	6,390	3,649
Total	**725,428**	**763,875**

14. 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 unfounded.

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, 2017, 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, 2017 reporting, in their report dated April 3, 2017, with No.129/KIS/LA/PS/04/2017.

The principal assumptions used in determining employee benefits obligation as of March 31, 2017 and 2016, are as follows:

	2017 USD	2016 USD
Discount Rate	8.50%	9.40%
Future Salary	3.00%	3.00%
Number of Employees	2,063	2,090
Normal Retirement Age	55 Years	55 Years
Valuation Cost Method	Projected Unit Credit	Projected Unit Credit

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

Past service cost – non-vested:
- Amortization method: straight line.
- Amortization periods: remaining service years of each employee.

The amount recognized in statements of financial position and profit or loss for the years ended of March 31, 2017 and 2016 are as follows:

	2017 USD	2016 USD
Present Value Obligaton	302,257	210,458
Liability in the Statement of financial Position	**302,257**	**210,458**
Unrecognized Service Cost:		
Current Service Cost	65,216	42,283
Interest Cost	34,737	27,442
Net Expense Charged in the Statement of Profit or Loss and Other Comprehensive Income	**99,953**	**69,725**

(In US Dollar)

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

	2017 USD	2016 USD
Beginning of the Year	210,458	159,456
Employee Benefits Expenses Recognized in Current Year	99,953	69,725
Other Comprehensive Expense	(7,690)	(17,680)
Actual Benefit Payment	(464)	(1,043)
End of the Year	**302,257**	**210,458**

15. Share Capital and Cash Dividend

The compositions of shareholders' as of March 31, 2017 and 2016 is as follows:

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

16. Revenues

	2017 USD	2016 USD
Export Sales - Third Parties	23,034,373	22,047,060
Total	**23,034,373**	**22,047,060**

This account represents export sales of 259,704 and 187,635 dozens for the period ended March 31, 2017 and 2016, respectively.

17. Cost of Goods Sold

	2017 USD	2016 USD
Material	12,792,721	12,689,459
Labor	5,289,111	4,529,741
Overhead Costs:		
Factory Rent	253,946	256,803
Spare Parts	136,156	221,018
Power and Fuel	201,649	206,643
Freight Cost	187,412	201,547
Depreciation (Note 9)	165,803	90,291
Maintenance	34,445	54,693
Total	**19,061,243**	**18,250,195**

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

(In US Dollar)

18. General and Administrative and Selling Expenses

	2017 USD	2016 USD
General and Administrative Expenses		
Salary	1,591,358	1,402,269
Bonus and Allowance	399,283	378,702
Telecommunication	189,809	176,760
Import and Export	141,971	200,783
Depreciation (Note 9)	102,600	97,294
Bank Interest and Bank Charges	44,832	81,002
Employee Benefits (Note 14)	99,953	69,725
Rent Office & Machine	71,731	58,127
Transportation	61,328	57,958
Employee Welfare	44,069	48,743
Insurance	34,241	36,099
Office Maintenance	21,703	33,876
Work Permit	31,110	32,255
Inspection Charges	33,226	27,320
Printing and Stationary	24,138	21,962
Water	26,209	21,334
Tax and Duties	32,918	20,169
Legal and Professional Fee	17,224	14,722
Travelling	12,174	12,579
Office Consumable	6,158	5,649
Others	5,198	6,304
Sub Total	**2,991,233**	**2,803,632**
Selling Expenses		
Made Sample Expenses	76,643	194,714
Travelling Overseas	46,955	32,529
Entertainment	15,094	11,733
Others	3,497	12,911
Sub Total	**142,189**	**251,887**
Total	**3,133,422**	**3,055,519**

19. Financial Risk Management

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

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

20. Critical Accounting Estimates and Assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(In US Dollar)

- 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.

  a. Accounts and Other Receivables
     The fair values of accounts receivables and other receivables are as follows:

	2017 USD	2016 USD
Accounts Receivable	3,979,620	2,292,565
Other Receivables	31,840	44,888
Other Financial Receivables - Refundable Deposits	173,692	133,858
Total	**4,185,152**	**2,471,311**

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

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

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

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

There is no impairment losses of trade receivables was recognized for the period ended March 31, 2017 and 2016.

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

21. New Accounting Standards Not Yet Effective for Year 2016

Standards and interpretations issued not yet adopted

Amendment, the following interpretations and standards effective for periods beginning on or after January 1, 2017, with earlier application permitted, are as follows:

- Amendments to PSAK No. 1: Presentation of Financial Statements;
- ISAK No. 31: Interpretation of the Scope of PSAK No. 13: Investment Property;
- PSAK No. 3 (Revised 2016): Interim Financial Reporting;PSAK No.19 "Intangible Assets"
- PSAK No. 24 (Revised 2016): Employee Benefits;PSAK No.25 "Accounting Policies, Changes in Accounting Estimates and Errors"
- PSAK No. 58 (Revised 2016): Non-current Assets Held for Sale and Discontinued Operations;PSAK No.68 "Fair Value Measurement"
- PSAK No. 60 (Revised 2016): Financial Instruments: Disclosures

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

22. 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 20, 2017.