



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

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 March 2018

No.: 1104/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 18 May 2018 as set out from page 04 to page 22, which comprise the balance sheet as at 31 March 2018, 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.

Management's Responsibility for the Financial Statements

Management 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 management 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 management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As at 31 March 2018, the Company has not yet recorded goods in transit for imported raw materials for business operation. If recognized in accordance with Vietnam Accounting Standards and accounting regime for enterprises, the items "Inventories" and "Short-term trade payables" on Balance sheet would have increased by about VND 4,375,449,727.

INDEPENDENT AUDITORS' REPORT (Continued)

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, 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.

Emphasis of Matter

As presented in Note 2 of the Notes to the financial statements, the Company made a loss during the year, and as at 31 March 2018, the Company's current liabilities exceeded its current assets. These conditions indicate that material uncertainties exist which may cast substantial doubt about the Company's ability to continue as a going concern. The plan of the Company's General Director concerning this matter is also presented in Note 2 of the Notes to the financial statements.

Our opinion is not qualified in respect of this matter.

Other matter

As presented in Note 1 of the Notes to the financial statements, the comparative figures in the income statement and cash flows statement and related notes are the figures in the Company's audited financial statements for the period from 01 January 2017 to 31 March 2017 (3 months) when converting the fiscal year. Therefore, these figures are not comparable with the current year's figures due to inconsistent length of accounting period.



Tran Huy Cong
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

18 May 2018
Hanoi, S.R. Vietnam

Bui Thi Mai Huong
Auditor
Audit Practising Registration Certificate
No. 3829-2016-001-1

BALANCE SHEET

As at 31 March 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		39,329,171,947	22,567,028,278
I. Cash	110	4	1,601,500,954	1,143,056,397
1. Cash	111		1,601,500,954	1,143,056,397
II. Short-term receivables	130		20,067,051,649	6,298,639,189
1. Short-term trade receivables	131	5	17,754,862,293	6,431,926,710
2. Short-term advances to suppliers	132		945,505,444	-
3. Other short-term receivables	136		1,366,683,912	260,723,062
4. Provision for short-term doubtful debts	137		-	(394,010,583)
III. Inventories	140	6	14,911,367,964	10,777,359,541
1. Inventories	141		14,911,367,964	10,777,359,541
IV. Other short-term assets	150		2,749,251,380	4,347,973,151
1. Short-term prepayments	151	7	764,899,790	784,640,471
2. Value added tax deductibles	152		1,984,351,590	3,563,332,680
B. NON-CURRENT ASSETS	200		34,362,547,539	17,996,074,271
I. Fixed assets	220		31,439,893,854	17,790,273,346
1. Tangible fixed assets	221	8	28,451,615,092	14,381,634,000
- Cost	222		59,324,193,779	46,379,469,848
- Accumulated depreciation	223		(30,872,578,687)	(31,997,835,848)
2. Finance lease assets	224	9	2,341,065,066	2,720,669,130
- Cost	225		3,037,026,000	3,039,096,000
- Accumulated depreciation	226		(695,960,934)	(318,426,870)
3. Intangible assets	227	10	647,213,696	687,970,216
- Cost	228		1,490,836,038	1,490,836,038
- Accumulated amortisation	229		(843,622,342)	(802,865,822)
II. Other long-term assets	260		2,922,653,685	205,800,925
1. Long-term prepayments	261	7	2,922,653,685	205,800,925
TOTAL ASSETS (270=100+200)	270		73,691,719,486	40,563,102,549

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 March 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		86,153,830,096	37,533,748,701
I. Current liabilities	310		54,986,366,750	33,824,966,056
1. Short-term trade payables	311	11	13,557,609,181	8,445,935,475
2. Short-term advances from customers	312		286,222,319	7,808,437
3. Taxes and amounts payable to the State budget	313	12	221,647,420	622,237,628
4. Payables to employees	314		7,556,325,680	6,035,281,125
5. Short-term accrued expenses	315		154,566,800	356,114,292
6. Other current payables	319	13	337,978,434	4,383,386,103
7. Short-term loans and obligations under finance leases	320	14	32,872,016,916	13,974,202,996
II. Long-term liabilities	330		31,167,463,346	3,708,782,645
1. Long-term loans and obligations under finance leases	338	15	29,499,697,233	2,016,365,257
2. Long-term provisions	342		1,667,766,113	1,692,417,388
D. EQUITY	400		(12,462,110,610)	3,029,353,848
I. Owner's equity	410	16	(12,462,110,610)	3,029,353,848
1. Owner's contributed capital	411		20,773,778,283	20,773,778,283
2. Accumulated (losses)	421		(33,235,888,893)	(17,744,424,435)
- (Losses) accumulated to the prior end	421a		(17,744,424,435)	(12,972,299,771)
- (Losses) of the current year	421b		(15,491,464,458)	(4,772,124,664)
TOTAL RESOURCES (440=300+400)	440		73,691,719,486	40,563,102,549

Le Thi Thanh Thuy

Le Thi Thanh Thuy
Preparer

Jude Suresh
 Jude Suresh
 Financial Director



Vinod Kantharia
General Director

18 May 2018

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 March 2018

Unit: VND

ITEMS	Codes	Notes	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
1. Gross revenue from goods sold and services rendered	01	17	121,244,899,471	29,243,394,621
2. Net revenue from goods sold and services rendered (10=01)	10		121,244,899,471	29,243,394,621
3. Cost of sales	11	18	126,073,836,956	29,711,493,778
4. Gross (loss) from goods sold and services rendered (20=10-11)	20		(4,828,937,485)	(468,099,157)
5. Financial income	21		255,858,462	95,348,616
6. Financial expenses	22		862,638,015	144,687,800
- In which: Interest expense	23		425,261,142	144,687,800
7. Selling expenses	25	20	3,811,439,466	747,302,429
8. General and administration expenses	26	20	12,132,245,480	3,380,979,985
9. Operating (loss) (30=20+(21-22)-(25+26))	30		(21,379,401,984)	(4,645,720,755)
10. Other income	31	21	5,971,906,017	29,430,472
11. Other expenses	32		83,968,491	155,834,381
12. Profit/(Loss) from other activities (40=31-32)	40		5,887,937,526	(126,403,909)
13. Accounting (loss) before tax (50=30+40)	50		(15,491,464,458)	(4,772,124,664)
14. Current corporate income tax expense	51	22	-	-
15. Net (loss) after corporate income tax (60=50-51)	60		(15,491,464,458)	(4,772,124,664)

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Preparer

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Financial Director

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General Director

18 May 2018

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CASH FLOW STATEMENT

For the year ended 31 March 2018

Unit: VND

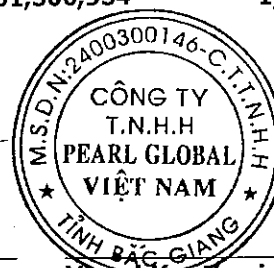
ITEMS	Codes	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. (Loss) before tax	01	(15,491,464,458)	(4,772,124,664)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	3,276,097,093	600,476,140
Provisions	03	(418,661,858)	1,101,070,613
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(7,617,590)	8,025,538
Interest expense	06	425,261,142	144,687,800
3. Operating (loss) before movements in working capital	08	(12,216,385,671)	(2,917,864,573)
Increase, decrease in receivables	09	(11,795,420,787)	(2,832,405,942)
Increase, decrease in inventories	10	(4,134,008,423)	3,858,458,235
Increase, decrease in payables	11	(2,073,051,488)	725,117,216
Increase, decrease in prepaid expenses	12	(2,699,182,079)	(245,514,529)
Interest paid	14	(425,261,142)	(144,687,800)
Net cash (used in) operating activities	20	(33,343,309,590)	(1,556,897,393)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(16,943,195,182)	(154,431,000)
Net cash (used in) investing activities	30	(16,943,195,182)	(154,431,000)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	90,107,907,856	7,908,970,000
2. Repayment of borrowings	34	(38,818,408,200)	(6,837,260,672)
3. Repayment of obligations under finance leases	35	(544,550,327)	(135,072,661)
Net cash generated by financing activities	40	50,744,949,329	936,636,667
Net increase/(decrease) in cash (50=20+30+40)	50	458,444,557	(774,691,726)
Cash at the beginning of the year/period	60	1,143,056,397	1,917,748,123
Cash at the end of the year/period (70=50+60)	70	1,601,500,954	1,143,056,397

Le Thi Thanh Thuy

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Preparer

Jude Suresh

Jude Suresh
Financial Director



Vinod Kantharia
General Director

18 May 2018

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 18 August 2017, the Company's investment capital and charter capital are USD 2,000,000 (equivalent to VND 31,900,000,000) and USD 1,302,376 (equivalent to VND 20,773,778,283), respectively. The parent company is Vin Pearl Global Vietnam Company Limited. 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 2018 was 990 (31 March 2017: 1,002).

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 prevailing Business Registration License.

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

As stated in Note 2, the Company has changed its financial year to be from 01 April to 31 March of the following year since 01 April 2017.

The accompanying financial statements are prepared for the year ended 31 March 2018. The comparative figures in the income statement, cash flows statement and related notes are the figures in the Company's audited financial statements for the period from 01 January 2017 to 31 March 2017 (3 months) when converting the fiscal year. Therefore, these figures are not comparable with the current year's figures due to inconsistent length of accounting period.

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.

Going concern assumption

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company made a loss of about VND 15.49 billion for the year ended 31 March 2018. As at 31 March 2018, the Company's accumulated losses were about VND 33.24 billion (31 March 2017: about VND 17.74 billion); concurrently, the Company's current liabilities exceeded its current assets by about VND 15.66 billion (31 March 2017: the Company's current liabilities exceeded its current assets by about VND 11.26 billion). The Company's ability to continue as a going concern is dependent upon achieving profitable operations in the future and financial support from its parent company, Vin Pearl Global Vietnam Company Limited. The parent company of the Company has confirmed that it will provide financial support to the Company as and when necessary until such time that the Company is able to generate sufficient cash to support its own operations. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 management 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 management's best knowledge, actual results may differ from those estimates.

Cash

Cash comprises cash on hand and 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 management'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. Cost of merchandise 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 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:

	<u>Current year</u> (Years)
Buildings and structures	5 - 25
Machinery and equipment	5 - 10
Motor vehicles	7 - 10
Office equipment	3 - 5

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.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below).

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	<u>Current year</u> (Years)
Machinery and equipment	5 - 10

Intangible assets and amortisation

Intangible assets represent land use rights, land compensation expenses, site clearance expenditures and software that are stated at cost less accumulated amortisation. Land use rights, land compensation and site clearance expenditures 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 small tools, supplies and spare parts issued for consumption 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 management'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.

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.

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 recognised 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 realised. 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	137,313,000	81,279,500
Bank demand deposits	1,464,187,954	1,061,776,897
	<u>1,601,500,954</u>	<u>1,143,056,397</u>

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Canda International GMGH	9,075,139,477	-
Brothers and Friends (BAF Woman) GMBH	5,946,732,727	3,847,150,319
Namyang Delta Limited Company	1,355,126,256	-
Pearl Grass Creation Limited Company	1,176,061,052	-
Flexcon Company Limited	194,048,781	14,164,075
Grandmex Co., Ltd.	5,675,000	595,575,856
Dong Tai Vietnam Ltd.,	-	737,565,400
Continent 8 Pte, Ltd (Hollit)	-	340,638,298
Pan - Pacific Co., Ltd.	-	110,591,322
MS Development and Manufacture Company	-	146,843,295
Others	2,079,000	639,398,145
Total	<u>17,754,862,293</u>	<u>6,431,926,710</u>
Receivables from related parties (See Note 23)	<u>1,176,061,052</u>	<u>14,164,075</u>

6. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	5,963,960,768	-	-	-
Tools and supplies	261,693,568	-	1,220,389,580	-
Work in progress	4,440,027,065	-	3,443,237,917	-
Finished goods	4,245,686,563	-	6,113,732,044	-
Total	14,911,367,964	-	10,777,359,541	-

7. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current	764,899,790	784,640,471
Insurance expenses	160,471,305	154,509,791
Operating lease expenses	268,412,319	24,127,273
Others	336,016,166	606,003,407
b. Non-current	2,922,653,685	205,800,925
Tools and dies	1,260,582,159	137,156,781
Maintenance and repair expenses	1,597,423,771	66,735,033
Others	64,647,755	1,909,111
Total	3,687,553,475	990,441,396

8. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	21,147,492,975	22,584,210,238	1,214,087,918	1,433,678,717	46,379,469,848
Purchases	2,083,205,814	12,037,750,842	1,871,635,263	950,603,263	16,943,195,182
Disposals	-	(3,398,025,945)	(582,967,725)	-	(3,980,993,670)
Reclassification	-	14,597,136	(12,440,237)	(2,156,899)	-
Other decreases	-	-	-	(17,477,581)	(17,477,581)
Closing balance	23,230,698,789	31,238,532,271	2,490,315,219	2,364,647,500	59,324,193,779
ACCUMULATED DEPRECIATION					
Opening balance	8,633,698,591	21,492,732,682	922,029,207	949,375,368	31,997,835,848
Charge for the year	1,275,773,396	1,212,905,362	85,084,631	281,973,120	2,855,736,509
Disposals	-	(3,398,025,945)	(582,967,725)	-	(3,980,993,670)
Reclassification	-	3,461,407	(2,327,457)	(1,133,950)	-
Closing balance	9,909,471,987	19,311,073,506	421,818,656	1,230,214,538	30,872,578,687
NET BOOK VALUE					
Opening balance	12,513,794,384	1,091,477,556	292,058,711	484,303,349	14,381,634,000
Closing balance	13,321,226,802	11,927,458,765	2,068,496,563	1,134,432,962	28,451,615,092

As at 31 March 2018, the cost of the Company's tangible fixed assets includes VND 19,880,651,871 (31 March 2017: VND 22,839,062,755) of tangible fixed assets which have been fully depreciated but are still in use.

As described in Note 14 and Note 15, the Company has pledged some tangible fixed assets with the net book value as at 31 March 2018 of VND 13,043,899,864 (31 March 2017: VND 8,223,722,765), and other assets formed in the future in accordance with provisions of the mortgage contracts signed with the banks to secure bank loans.

9. INCREASES, DECREASES IN FINANCIAL LEASE ASSETS

	Machinery and Equipment VND	Total VND
COSTS		
Opening balance	3,039,096,000	3,039,096,000
Other decrease	(2,070,000)	(2,070,000)
Closing balance	3,037,026,000	3,037,026,000
ACCUMULATED DEPRECIATION		
Opening balance	318,426,870	318,426,870
Charge for the year	379,604,064	379,604,064
Other decrease	(2,070,000)	(2,070,000)
Closing balance	695,960,934	695,960,934
NET BOOK VALUE		
Opening balance	2,720,669,130	2,720,669,130
Closing balance	2,341,065,066	2,341,065,066

10. 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	232,710,510	1,490,836,038
Closing balance	69,980,290	612,110,000	576,035,238	232,710,510	1,490,836,038
ACCUMULATED AMORTISATION					
Opening balance	31,777,021	277,949,728	261,568,608	231,570,465	802,865,822
Charge for the year	2,203,571	19,274,416	18,138,488	1,140,045	40,756,520
Closing balance	33,980,592	297,224,144	279,707,096	232,710,510	843,622,342
NET BOOK VALUE					
Opening balance	38,203,269	334,160,272	314,466,630	1,140,045	687,970,216
Closing balance	35,999,698	314,885,856	296,328,142	-	647,213,696



11. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
DSSP Global Ltd.	4,526,268,323	4,526,268,323	-	-
ARKSUN - Vietnam Joint Stock Company	1,750,869,724	1,750,869,724	-	-
ABC Bac Ninh Joint Stock Company	1,525,297,195	1,525,297,195	-	-
Hanoi Paper and Bag Company Limited	676,653,750	676,653,750	676,653,750	676,653,750
Thanh Dung One member Company	624,760,582	624,760,582	1,246,804,622	1,246,804,622
Flexcon Company Limited	-	-	1,364,222,109	1,364,222,109
Trung Dung Trading and Production Company Limited	-	-	1,006,211,149	1,006,211,149
Minh Ngoc Trading and Transportation Joint Stock Company	-	-	573,669,301	573,669,301
Others	4,453,759,607	4,453,759,607	3,578,374,544	3,578,374,544
	13,557,609,181	13,557,609,181	8,445,935,475	8,445,935,475
Trade payables to related parties (See Note 23)	4,526,268,323	4,526,268,323	1,364,222,109	1,364,222,109

12. TAXES AND OTHER PAYABLES TO STATE BUDGET

Items	Opening balance	Movement in year		Closing balance
		Amount payable	Amount paid	
	VND	VND	VND	VND
Payables				
Value added tax	-	2,231,236,150	2,231,236,150	-
Other taxes	622,237,628	965,084,121	1,365,674,329	221,647,420
Personal income tax	552,594,491	617,115,152	948,062,223	221,647,420
Other taxes	69,643,137	347,968,969	417,612,106	-
Total	622,237,628	3,196,320,271	3,596,910,479	221,647,420

13. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Social insurance and trade union fee	337,978,434	4,299,835,059
Others	-	83,551,044
	337,978,434	4,383,386,103

14. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		Movement in the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans	12,320,731,043	12,320,731,043	60,712,555,200	41,908,102,043	31,125,184,200	31,125,184,200
Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh Branch (i)	7,964,545,200	7,964,545,200	45,489,621,000	37,551,916,200	15,902,250,000	15,902,250,000
Flexcon Company Limited	4,356,185,843	4,356,185,843	-	4,356,185,843	-	-
Pearl Global HK Limited Company (ii)	-	-	15,222,934,200	-	15,222,934,200	15,222,934,200
Current portion of long-term loans (see Note 15)	1,108,000,000	1,108,000,000	1,344,400,000	1,252,200,000	1,200,200,000	1,200,200,000
Current portion of long-term obligations under finance leases (see Note 15)	545,471,953	545,471,953	545,711,090	544,550,327	546,632,716	546,632,716
Total	13,974,202,996	13,974,202,996	62,602,666,290	43,704,852,370	32,872,016,916	32,872,016,916

(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 VND 16,000,000,000 to supplement working capital for production. Loan interest rate is specified in each debenture. Loan principal and interest are repayable within maximum 03 months from the date of withdrawal for each covenant. The loan is secured under Mortgage Contract by the assets which were formed on or will be formed on the land and the land use rights with the area of 26,350 m², of which the land use term is up to November 2033 in Dinh Tri Commune, Bac Giang City, Bac Giang Province under Land use right Certificate No. Y949801 and secured by Pearl Global HK Company Limited.

(ii) Represent the unsecured and non-interest bearing short-term loans from Pearl Global HK Limited Company according to (i) the Loan Agreement dated 12 February 2018 with the amount of USD 250,000 for worker salary payment (loan principal is repayable after 1 year from February 2018); (ii) Loan Agreement dated 05 June 2017 with the amount of USD 434,000 for purchase of machinery and equipment (loan principal is repayable after 1 year from June 2017).

15. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		Movement in the year		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Long-term loans						
<i>Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bac Giang Branch (i)</i>	1,941,211,294	1,941,211,294	1,020,216,667	1,252,200,000	1,709,227,961	1,709,227,961
<i>Vietnam Technological and Commercial Joint Stock Bank - Ha Thanh branch (ii)</i>	-	-	343,000,000	14,292,000	328,708,000	328,708,000
<i>Pearl Global HK Limited Company (iii)</i>	-	-	28,032,135,989	-	28,032,135,989	28,032,135,989
Long-term obligations under finance leases						
<i>Vietcombank Leasing Co., Ltd. (iv)</i>	1,728,625,916	1,728,625,916	-	552,167,917	1,176,457,999	1,176,457,999
Total	3,669,837,210	3,669,837,210	29,395,352,656	1,818,659,917	31,246,529,949	31,246,529,949

In which:

Amount due for settlement within 12 months 1,653,471,953

Amount due for settlement after 12 months 2,016,365,257

(i) Represent long-term loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam ("VCB") - Bac Giang Branch under Credit Contract with a credit limit of VND 2,400,000,000 to finance the project of upgrading, renewing supporting system of production factory of the Company in Dinh Tri Commune, Bac Giang City, Bac Giang Province. The loan term is 36 months from the date of the first disbursement which falls on 11 December 2015. Loan interest rate is fixed at 8.8% per annum for the first 24 months from the first disbursement date. Loan interest rate for the following 12 months is medium-term rate applicable to economic entities which will be stated by VCB and be adjustable every 3 months. Loan interest is payable on the 26th of every month. Principal is repayable every 3 months in 11 installments. The loan is secured by some machines, pipes under Mortgage Contracts.

(ii) Represent long-term loan from Vietnam Technological and Commercial Joint Stock Bank ("TCB") - Ha Thanh Branch under Credit Agreement dated 31 January 2018 with the amount 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 secured by Pearl Global HK Company Limited.

(iii) Represent unsecured and non-interest bearing long-term loan from Pearl Global HK Limited Company according to Loan agreements signed in 2018 with the term of more than 12 months from the first disbursement date.

- (iv) Represent the financial lease agreement signed with Vietcombank Leasing Company Limited on 18 December 2015, with the lease amount of USD 95,655, and the lease term of 48 months from the date on which the lessor disburses the first amount to the supplier or import entrustee. The grace period for principal is one month, the principal repayment period is 47 months and principal and interest are repayable on a monthly basis. Interest rate on due payments is applied from the date on which the lessor disburses the first amount to the supplier or the import entrustee and is adjustable every 6 months. At the time of the first disbursement and adjustment, the lease interest rate is calculated by 12-month USD savings interest rate for individuals with interest paid in arrears announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam - Main Operation Center plus a margin of 3.7% per annum. After fulfilling the obligations under this Agreement, the lessee is entitled to repurchase the leased property at a nominal price of USD 200 or VND 4,000,000 for all properties.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	1,200,200,000	1,108,000,000
In the second to fifth year inclusive	28,869,871,950	833,211,294
	<u>30,070,071,950</u>	<u>1,941,211,294</u>
Less: amount due for settlement within 12 months	1,200,200,000	1,108,000,000
<i>(shown under Short-term loans and obligations under financial leases)</i>		
Amount due for settlement after 12 months	<u>28,869,871,950</u>	<u>833,211,294</u>

Long-term obligations under finance leases are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	546,632,716	545,471,953
In the second year	546,632,716	545,232,816
In the third to fifth year inclusive	83,192,567	637,921,147
	<u>1,176,457,999</u>	<u>1,728,625,916</u>
Less: amount due for settlement within 12 months	546,632,716	545,471,953
<i>(shown under Short-term loans and obligations under financial leases)</i>		
Amount due for settlement after 12 months	<u>629,825,283</u>	<u>1,183,153,963</u>

16. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital	Accumulated (losses)	Total
	VND	VND	VND
Prior period's opening balance	20,773,778,283	(12,972,299,771)	7,801,478,512
(Loss) for the period	-	(4,772,124,664)	(4,772,124,664)
Current year's opening balance	20,773,778,283	(17,744,424,435)	3,029,353,848
(Loss) for the year	-	(15,491,464,458)	(15,491,464,458)
Current year's closing balance	<u>20,773,778,283</u>	<u>(33,235,888,893)</u>	<u>(12,462,110,610)</u>

Investment capital and charter capital

According to the latest Investment Certificate dated 18 August 2017, the Company's investment capital and charter capital are USD 2,000,000 (equivalent to VND 31,900,000,000) and USD 1,302,376 (equivalent to VND 20,773,778,283), respectively. As at 31 March 2018, the charter capital was fully contributed by the owner as follows:

Owner	Contributed capital Closing balance		Contributed capital Opening balance	
	USD	VND equivalent (i)	USD	VND equivalent (i)
Flexcon Company Limited	-	-	1,302,376	20,773,778,283
Vin Pearl Global Vietnam Company Limited	1,302,376	20,773,778,283	-	-
	1,302,376	20,773,778,283	1,302,376	20,773,778,283

(i) The exchange rate used to convert contributed capital from USD to VND was the actual exchange rate of commercial bank at the contribution date.

17. REVENUE

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
Revenue from processing of exported goods	93,338,819,391	27,140,415,797
Revenue from processing of domestic goods	27,906,080,080	2,102,978,824
	121,244,899,471	29,243,394,621
Revenue from related parties (See Note 23)	4,667,194,588	740,200,620

18. COST OF SALES

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
Cost of processing service	126,073,836,956	29,711,493,778
	126,073,836,956	29,711,493,778

19. PRODUCTION COSTS BY NATURE

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
Raw materials and consumables	10,178,592,260	2,560,126,809
Labour	103,080,850,304	22,138,479,616
Depreciation and amortisation	3,276,097,093	600,476,140
Other monetary expenses	24,610,725,912	5,556,895,209
	141,146,265,569	30,855,977,774

20. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
General and administration expenses incurred in the year		
Salary expense	9,288,631,273	2,118,952,933
Management fee	-	112,650,000
Others	2,843,614,207	1,149,377,052
	12,132,245,480	3,380,979,985
Selling expenses incurred in the year		
Salary expense	591,829,448	132,963,525
Export fee and carriage outwards	1,606,257,176	326,147,510
Transportation cost	1,465,590,546	250,692,000
Others	147,762,296	37,499,394
	3,811,439,466	747,302,429

21. OTHER INCOME

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
Income from payable written off (i)	5,827,156,017	-
Others	144,750,000	29,430,472
	5,971,906,017	29,430,472

(i) According to reconciliation minute dated 30 April 2017, the Company and Flexcon Company Limited (former parent company) agreed to write off payables (including loans and accruals) as at the date of the minute.

22. CORPORATE INCOME TAX

The Company was not obliged to pay corporate income tax expense as there was no taxable profit in the year.

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 HK Limited Company	Affiliate
Pearl Grass Creation Limited Company	Affiliate
DSSP Global Ltd	Affiliate

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

	From 01 April 2017 to 31 March 2018	From 01 January 2017 to 31 March 2017
	VND	VND
Sales to Pearl Grass Creation Limited Company	4,667,194,588	-
Management fee charged by Flexcon Company Limited	-	112,650,000
Sales to Flexcon Company Limited (i)	-	740,200,620

(i) Since the beginning of the financial year, Flexcon Company Limited has not been a related party of the Company. However, the Company still discloses the prior period amount to ensure comparability.

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




	Closing balance	Opening balance
	VND	VND
Pearl Global HK Limited Company	43,255,070,189	-
Short-term loans	15,222,934,200	-
Long-term loans	28,032,135,989	-
Pearl Grass Creation Limited Company	1,176,061,052	-
Trade receivables	1,176,061,052	-
DSSP Global Ltd	4,526,268,323	-
Trade payables	4,526,268,323	-
Flexcon Company Limited (i)		
Trade payables	-	1,364,222,109
Trade receivables	-	14,164,075
Short-term loans	-	4,356,185,843

(i) Since the beginning of the financial year, Flexcon Company Limited has not been a related party of the Company. However, the Company still discloses the opening balance to ensure comparability.

24. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Repayment of borrowings during the year exclude an amount of VND 4,356,185,843 representing loan payables to Flexcon Company Limited which was written off. Consequently, changes in accounts payable have been adjusted by the same amount.

 <hr/> Le Thi Thanh Thuy Preparer	 <hr/> Jude Suresh Financial Director	 <hr/> Vinod Katharia General Director 18 May 2018
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