

PT ORIENTAL AROMATICS

**Independent Accountants Report
On the Agreed Upon Procedures of
The Financial Statements
As of March 31, 2019
And For The Year Then Ended**

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**Independent Accountants Report
On the Agreed Upon Procedures**

Report No. 021/Y&R//2019/Y

**Shareholders, Commissioner and Directors
PT Oriental Aromatics**

We have performed the procedures agreed with you and specified below related to the preparation of statement of financial position of PT Oriental Aromatics ("the Company") as of March 31, 2019 and the statement of profit or loss and other comprehensive income, changes in capital deficiency and cash flows for the year then ended. Our engagement was undertaken based on Related Service Standards which applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in preparing the financial statements as of March 31, 2019 and for the year then ended, are summarized as follows:

- We obtained the details of all accounts based on the statement of financial position of the Company as of March 31, 2019
- We reconciled the information in the statement of financial position to the accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.).
- We obtained the details of statement of profit or loss and other comprehensive income of the Company for twelve months period from April 1, 2018 - March 31, 2019.
- We reconciled the information in statement of profit or loss and other comprehensive income to the accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.).

Our findings are presented in the statement of financial position as of March 31, 2019 and the statements of profit or loss and other comprehensive income, changes in capital deficiency and cash flows for the year then ended.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information only and is not to be used for any other purpose or to be distributed to any other parties.

KAP YONATHAN DAN REKAN**Yonathan Augustine, CPA**
Public Accountant License No. AP.1045

May 16, 2019

PT ORIENTAL AROMATICS
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019
(Expressed in Rupiah, unless otherwise stated)

	Note	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and banks	3	1,610,611,738	770,688,941
Trade receivables	4	2,034,546,817	1,243,628,770
Other receivables - related parties	5	156,684,000	151,316,000
Inventories	6	543,169,768	175,755,150
Prepaid expenses and advances		-	222,807,512
Prepaid tax	13a	-	3,898,036,097
Deposit		121,095,000	121,095,000
TOTAL CURRENT ASSETS		4,466,107,323	6,583,327,470
NON-CURRENT ASSETS			
Fixed assets - net	7	-	1,382,138,479
Deffered tax asset		-	17,235,262
TOTAL NON-CURRENT ASSETS		-	1,399,373,741
TOTAL ASSETS		4,466,107,323	7,982,701,211

PT ORIENTAL AROMATICS
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019
(Expressed in Rupiah, unless otherwise stated)

	Note	2019	2018
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade payables	8		
Related party		4,173,403,147	1,717,685,007
Third parties		12,448,135	1,179,189,662
Other payables - related party	9	-	815,760,926
Accrued expenses	10	207,905,715	363,386,705
Taxes payables	13b	1,485,037	29,663,112
Unearned revenue		-	61,992,021
Vehicle ownership payable current portion		-	175,558,212
		4,395,242,034	4,343,235,645
NON-CURRENT LIABILITIES			
Due to related party	11	15,760,987,035	15,221,015,000
Vehicle ownership payable net off current portion		-	219,448,130
Employee benefits liabilities		-	68,941,045
		15,760,987,035	15,509,404,175
TOTAL LIABILITIES		20,156,229,069	19,852,639,820
CAPITAL DEFICIENCY			
Share capital			
Authorized, issued and fully paid - 250,000 shares at par value Rp9,603 per share	12	2,506,383,000	2,506,383,000
Exchange difference on paid in capital		42,779,000	42,779,000
Deficit		(18,239,283,746)	(14,419,100,609)
		(15,690,121,746)	(11,869,938,609)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		4,466,107,323	7,982,701,211

PT ORIENTAL AROMATICS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED AS OF MARCH 31, 2019
(Expressed in Rupiah, unless otherwise stated)

	Note	2019	2018
SALES	14	13,012,220,165	3,221,364,778
COST OF SALES	15	9,411,874,789	2,623,468,482
GROSS PROFIT		3,600,345,376	597,896,296
OPERATING EXPENSES	16		
Marketing expenses		2,918,335,349	17,433,021
General and administrative expenses		1,340,611,281	2,486,192,717
TOTAL OPERATING EXPENSES		4,258,946,630	2,503,625,738
OPERATING LOSS		(658,601,254)	(1,905,729,442)
NON-OPERATING INCOME (EXPENSES)			
Interest income		1,077,688	18,597,892
Bank charges		(4,729,039)	(24,939,085)
Interest expense		(27,715,708)	(835,676,035)
Loss on foreign exchange		(49,394,906)	(472,315,852)
Loss on fixed assets disposal		(60,671,913)	-
Write off trade receivable		(225,731,691)	-
Impairment of fixed assets		(916,662,439)	-
Write off prepaid tax	13a	(3,861,026,591)	-
Other		2,000,507,978	-
TOTAL NON-OPERATING EXPENSES - net		(3,144,346,621)	(1,314.333,080)
LOSS BEFORE DEFERRED INCOME TAX BENEFITS (EXPENSE)		(3,802,947,875)	(3,220,062,522)
Deferred income tax benefits (expense)		(17,235,262)	19,571,271
NET LOSS FOR THE YEAR		(3,820,183,137)	(3,200,491,251)
OTHER COMPREHENSIVE INCOME			
Remeasurement of employee benefits obligations		-	9,344,037
Related income tax benefits		-	(2,336,009)
TOTAL OTHER COMPREHENSIVE INCOME		-	7,008,028
TOTAL COMPREHENSIVE LOSS		(3,820,183,137)	(3,193,483,223)

PT ORIENTAL AROMATICS
STATEMENT OF CAPITAL DEFICIENCY
FOR THE YEAR ENDED AS OF MARCH 31, 2019
(Expressed in Rupiah, unless otherwise stated)

	Issued and Fully Paid Shares Capital	Exchange difference on paid in capital	Deficit	Total Capital Deficiency- Net
Balance, March 31, 2017	2,400,750,000	-	(11,225,617,386)	(8,824,867,386)
Paid in capital	105,633,000	-	-	105,633,000
Total comprehensive loss as of April 1, 2017 up to March 31, 2018	-	-	(3,193,483,223)	(3,193,483,223)
Exchange difference on paid in capital	-	42,779,000	-	42,779,000
Balance, March 31, 2018	2,506,383,000	42,779,000	(14,419,100,609)	(11,869,938,609)
Total comprehensive loss as of April 1, 2018 up to March 31, 2019	-	-	(3,820,183,137)	(3,820,183,137)
Balance, March 31, 2019	2,506,383,000	42,779,000	(18,239,283,746)	(15,690,121,746)

PT ORIENTAL AROMATICS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AS OF MARCH 31, 2019
(Expressed in Rupiah, unless otherwise stated)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before deferred income tax benefits (expense)	(3,802,947,875)	(3,220,062,522)
Adjustment for:		
Write off prepaid tax	3,861,026,591	-
Impairment of fixed assets	916,662,439	-
(Gain) loss on foreign exchange	539,972,035	(2,904,000)
Write off trade receivable	225,731,691	-
Depreciation	186,872,956	141,229,771
Loss on fixed assets disposal	60,671,913	-
Write of other payable	(815,760,926)	
Employee benefits	(68,941,045)	78,285,082
Changes in working capital:		
Trade receivables	(1,016,649,737)	19,574,514,323
Other receivables	(5,368,000)	8,145,083
Inventories	(367,414,618)	(175,755,150)
Prepaid expenses and advance	222,807,512	(168,520,839)
Prepaid tax	37,009,505	(51,352,807)
Deposit	-	(121,095,000)
Trade payables	1,288,976,613	(5,929,160,222)
Taxes payables	(28,178,074)	(230,477,193)
Other payable	-	815,760,926
Unearned revenue	(61,992,021)	61,992,021
Accrued expenses	(155,480,992)	363,386,705
Net Cash Provided by Operating Activities	1,016,997,967	11,143,986,178
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(154,806,550)	(996,693,250)
Proceed from sales of fixed assets	124,030,000	-
Net Cash Used for Investing Activities	(30,776,550)	(996,693,250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related party	-	(6,159,191,000)
Short term bank loan	-	(10,470,306,000)
Vehicle ownership payable	(146,298,620)	(131,668,659)
Net Cash Used for Financing Activities	(146,298,620)	(16,761,165,659)
NET INCREASE (DECREASE) IN CASH AND BANKS	839,922,797	(6,613,871,730)
CASH AND BANKS AT BEGINNING OF YEAR	770,688,941	7,384,560,671
CASH AND BANKS AT END OF YEAR	1,610,611,738	770,688,941

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

ESTABLISHMENT OF THE COMPANY

PT Oriental Aromatics (the "Company") was established in Indonesia on March 7, 2013 based on approval from the Minister of Justice and Human Right of the Republic of Indonesia in its Decision Letter No.AHU-11366.AH.01.01.on 2013 that approves the deed of establishment in Notarial Deed No. 27 of Suwanda S.H., M.Kn. Its articles of association has been amended several times, the latest amended by Notarial Deed No. 06 of Mochamad Nova Faisal, SH., M.KN dated August 01, 2017 concerning the changes of the Board of Commissioners and Director. The Notarial Deed was acknowledged and recorded by the Minister of Law and Human Rights of Republic Indonesia in his decision letter No. AHU-AH.01.03.0164769 dated August 23, 2017.

According to Article 3 of the Company's articles of association, the Company engaged in cosmetics industry which include trading and manufacturing of flavour and fragrance.

The Company started its commercial operations in 2013.

Commissioner and Director

The composition of the Company's commissioner and board of directors as of March 31, 2019 and 2018, are as follows:

Shyamal Anil Bodani	-	Commissioner
Kalidas K. Nathani	-	President Director
Dharmil Anil Bodani	-	Director
Winisha	-	Director

2. SCOPE OF WORK

These procedures and the scope of the agreed upon procedures aims to prepare the Company's statement of financial position as of March 31, 2019 and 2018 and the statements of profit or loss and other comprehensive income, changes in capital deficiencies and cash flows for the years then ended.

The reporting currency used in the financial statements is Rupiah .

Transactions during the year in currencies other than Rupiah are recorded in the exchange rates prevailing at the transaction date. On the reporting date, monetary assets and liabilities in currencies other than Rupiah are adjusted to reflect the exchange rates prevailing at that date and the resulting gains or losses arising are credited or charged to the current year.

As of March 31, 2019 and 2018, the exchange rate used for USD1 are Rp14,244 and Rp13,756 respectively.

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

3. CASH AND BANKS

This account consists of:

	2019	2018
Cash	8,308,061	13,490,155
Bank		
Rupiah		
PT Bank Central Asia Tbk	1,033,864,597	218,094,130
USD		
Standard Chartered Bank, Indonesia	543,828,624	514,944,580
PT Bank Central Asia Tbk	24,610,456	24,160,076
Subtotal bank	1,602,303,677	757,198,786
Total	1,610,611,738	770,688,941

4. TRADE RECEIVABLES

This account consists of:

	2019	2018
UD You Clean Indonesia	604,986,376	79,644,468
PT Asia Roma Indonesia	291,478,575	-
Jourdan Mesin Laundry	207,715,750	-
CV.Saraswati	147,590,777	-
CV Global Imperium	118,260,526	655,640,590
Yahya Hasan	102,449,411	58,475,628
Others	562,065,400	449,868,084
Total	2,034,546,815	1,243,628,770

The details of trade receivables based on aging of trade receivables are as follows:

	2019	2018
Past due:		
1 - 30 days	598,365,678	277,410,222
31 - 60 days	564,551,124	33,466,500
61 - 90 days	14,871,175	9,926,625
More than 90 days	856,758,838	922,825,423
Total	2,034,546,815	1,243,628,770

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

5. OTHER RECEIVABLES-Related Parties

This account consists of:

	2019	2018
Oriental Aromatics,Ltd	155,117,160	149,802,840
Dharmil Bhodani	783,420	756,580
Shyamal Bhodani	783,420	756,580
Total	156,684,000	151,316,000

6. INVENTORIES

This account represents the Company's inventories as of March 31, 2019 and 2018 amounting to Rp543,169,768 and Rp175,755,150, respectively.

7. FIXED ASSET

This account consists of:

2019	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cost</u>				
Office equipment	111,117,250	5,344,000	116,461,250	-
Furniture	131,976,000	-	131,976,000	-
Equipments	43,500,000	149,462,550	192,962,550	-
Vehicle	526,675,000	-	526,675,000	-
Leasehold improvement	710,100,000	-	710,100,000	-
Total	1,523,368,250	154,806,550	1,678,174,800	-
<u>Accumulated Depreciation</u>				
Office equipment	13,636,677	45,688,093	59,324,770	-
Furniture	11,747,000	7,462,750	19,209,750	-
Equipments	3,171,875	19,987,216	23,159,091	-
Vehicle	38,403,386	54,861,980	93,265,366	-
Leasehold improvement	74,270,833	58,872,917	133,143,750	-
Total	141,229,771	186,872,956	328,102,727	-
Net Book Value	1,382,138,479			-

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

7. FIXED ASSET (continued)

2018	Beginning Balance	Additions	Deductions	Ending Balance
Cost				
Office equipment	-	111,117,250	-	111,117,250
Furniture	-	131,976,000	-	131,976,000
Equipments	-	43,500,000	-	43,500,000
Vehicle	-	526,675,000	-	526,675,000
Leasehold improvement	-	710,100,000	-	710,100,000
Total	-	1,523,368,250	-	1,523,368,250
Accumulated Depreciation				
Office equipment	-	13,636,677	-	13,636,677
Furniture	-	11,747,000	-	11,747,000
Equipments	-	3,171,875	-	3,171,875
Vehicle	-	38,403,386	-	38,403,386
Leasehold improvement	-	74,270,833	-	74,270,833
Total	-	141,229,771	-	141,229,771
Net Book Value	-			1,382,138,479

Depreciations are charged to:

	2019	2018
Cost of sales (Note 16)	17,892,716	3,171,875
Operating expenses (Note 17)		
General and Administration Expenses	87,669,635	138,057,896
Marketing Expenses	81,310,605	-
Total	186,872,956	141,229,771

8. TRADE PAYABLES

This account represents payables to:

	2019	2018
Related party:		
Oriental Aromatics,Ltd	4,173,403,147	1,717,685,007
Third parties:		
Jolie Parfum	4,568,135	795,383,754
PT Arung Jaya	7,880,000	-
Others	-	383,805,907
Total third parties	12,448,135	1,179,189,661
Total	4,185,851,282	2,896,874,668

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

8. TRADE PAYABLES (continued)

The details of trade payables based on currencies are follows:

	2019	2018
USD (equivalent with USD292,994 as of March 31,2019 and USD142,330 as of March 31,2018)	4,173,403,147	1,957,895,914
Rupiah	12,448,135	938,978,754
Total	4,185,851,282	2,896,874,668

9. OTHER PAYABLES

This account consist of other payables to Oriental Aromatics,Ltd which represents interest payable from due to related party (Notes 11) amounted to Rp815,760,926 (equivalents with USD59,302) as of March 31,2018.

10. ACCRUED EXPENSES

This account represents:

	2019	2018
Professional fee	74,000,000	80,000,000
Office renovation	-	279,690,000
Other	133,905,715	3,696,705
Total	207,905,715	363,386,705

11. DUE TO RELATED PARTY

This account consist of due to related party to Oriental Aromatics,Ltd amounted to Rp15,760,987,035 and Rp15,221,014,000 (equivalents with USD1,106,500 and USD1,106,500) as of March 31, 2019 and 2018, respectively.

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

12. SHARE CAPITAL

The composition of shareholders as of March 31, 2019 and 2018 are as follows:

<u>Shareholders</u>	<u>Number of Shares Issued and Fully Paid</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
Oriental Aromatics,Ltd	258,390	99.00%	2,481,319,170
Mr. Dharmil Anil Bhodani	1,305	0.50%	12,531,915
Mr. Shyamal Anil Bhodani	1,305	0.50%	12,531,915
Total	261,000	100.00%	2,506,383,000

13. TAXATION

a. Prepaid Taxes

This account consist of VAT-in amounted to 3,898,036,097 as of March 31, 2018. The Company has write off the prepaid tax in 2019 due to the low possibility of realization, the Company has recorded the write off amounting to Rp3,861,026,591 in the statement of profit or loss and other comprehensive income as of March 31, 2019.

b. Tax payable

This account consist of:

	<u>2019</u>	<u>2018</u>
Income tax:		
Art 21	1,308,837	10,794,651
Art 23	176,200	4,508,961
Art 4(2)	-	14,359,500
Total	1,485,037	29,663,112

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Rupiah, unless otherwise stated)

14. SALES

This account consist of revenue from:

	2019	2018
PT Asia Roma Indonesia	1,339,865,222	-
CV Global Imperium	1,248,834,275	596,036,900
PT Monarch Multi Industries	1,155,108,696	1,303,905,125
UD You Clean Indonesia	1,122,212,026	79,644,468
CV.Saraswati	763,387,034	-
Mahadewa	673,814,744	-
Putri Bulan	655,774,712	-
Mandiri Jaya	648,376,562	140,686,363
Toko Evi Parfum	578,435,208	-
Ismail Hasan	555,926,359	-
Inspirasi Parfum	430,437,622	73,888,500
Ami Awad	394,717,350	-
Jourdan Mesin Laundry	388,996,800	-
CV Pranatya Abadi	354,872,651	41,504,659
Yahya Hasan	293,415,875	343,099,722
Toko Raja Wangi Makassar	221,784,614	126,977,275
Others (<i>under 200 million</i>)	2,186,260,415	515,621,766
Total	13,012,220,165	3,221,364,778

15. COST OF SALES

This account consist of:

	2019	2018
Beginning balance of inventories	175,755,150	-
Purchase of goods	8,725,670,292	2,425,818,793
Ending balance of inventories	(543,169,768)	(175,755,150)
Inventories used	8,358,255,674	2,250,063,643
Overhead expenses		
Freight cost	872,305,123	326,081,174
Depreciation (Note 7)	17,892,716	3,171,875
Other	163,421,276	44,151,790
Total overhead expenses	1,053,619,115	373,404,839
Total	9,411,874,789	2,623,468,482

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

16. OPERATING EXPENSES

This account consists of:

	2019	2018
General and Administration Expenses		
Salary and allowances	382,771,688	894,719,604
Rent	484,380,000	327,919,974
Professional fee	261,929,329	381,918,923
Depreciation (Note 7)	87,669,635	138,057,896
Utilities	21,388,290	41,680,417
Employee benefits	-	78,285,082
Others	102,472,339	623,610,821
Sub total	1,340,611,281	2,486,192,717
Marketing Expenses		
Salary and allowance	1,204,706,035	-
Expedition	407,090,033	-
Commission	383,994,763	-
Tax expense	293,093,115	-
Travel and accomodation	184,005,642	-
Depreciation (Note 7)	81,310,605	-
Entertainment	32,401,383	17,433,021
Others	331,733,773	-
Sub total	2,918,335,349	17,433,021
Total	4,258,946,630	2,503,625,738

17. ADDITIONAL DISCLOSURES OF CASH FLOWS REPORT

Investment and financing activities that do not affect cash and banks consist of:

	2019	2018
Acquisition of fixed assets through vehicle ownership payable	-	526,675,000
Paid in capital through Other receivables- related parties	-	105,633,000
Vehicle ownership payable payment through sales of fixed assets	248,707,721	-

