

PT ORIENTAL AROMATICS

**Independent Accountants Report
On the Agreed Upon Procedures of
The Financial Statements
As of March 31, 2020
And For The Year Then Ended**

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Table of Contents	Page
Independent Accountants Report on the Agreed Upon Procedures	1
Statements of Financial Position	2
Statements of Profit or Loss and Other Comprehensive Income	3
Statements of Capital Deficiency	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-12



Yonathan & Rekan

Registered Public Accountants

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Independent Accountants Report On the Agreed Upon Procedures

No. 035/Y&R/VII/2020/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, 2020 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, 2020 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, 2020
- 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, 2019 - March 31, 2020.
- 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, 2020 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

June 26, 2020

PT ORIENTAL AROMATICS
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	Note	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and banks	3	1,061,696,059	1,610,611,738
Trade receivables	4	-	2,034,546,817
Other receivables	5		
Related parties		180,037,000	156,684,000
Third party		60,547,501	-
Inventories	6	-	543,169,768
Deposit		121,095,000	121,095,000
TOTAL ASSETS		1,423,375,560	4,466,107,323
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade payables	7		
Related party		1,972,120,076	4,173,403,147
Third parties		-	12,448,135
Accrued expenses	8	55,709,600	207,905,715
Taxes payables	11b	-	1,485,037
Other payables		3,100,000	-
TOTAL CURRENT LIABILITIES		2,030,929,676	4,395,242,034
NON-CURRENT LIABILITIES			
Due to related party	9	-	15,760,987,035
TOTAL LIABILITIES		2,030,929,676	20,156,229,069
CAPITAL DEFICIENCY			
Share capital - par value Rp9,603 for serie A share and Rp14.025 for Serie B share			
Authorized issued and fully paid -261,000 serie A and 1.105.000 serie B shares in 2019 and 261,000 serie A shares in 2018	10	18,004,008,000	2,506,383,000
Exchange difference on paid in capital		(58,881,000)	42,779,000
Deficit		(18,552,681,116)	(18,239,283,746)
TOTAL CAPITAL DEFICIENCY		(607,554,116)	(15,690,121,746)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		1,423,375,560	4,466,107,323

PT ORIENTAL AROMATICS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED AS OF MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	Note	2020	2019
SALES	12	1,762,522,462	13,012,220,165
COST OF SALES	13	1,511,684,144	9,411,874,789
GROSS PROFIT		250,838,318	3,600,345,376
OPERATING EXPENSES	14		
General and administrative expenses		755,141,200	1,340,611,281
Marketing expenses		290,189,636	2,918,335,349
TOTAL OPERATING EXPENSES		1,045,330,836	4,258,946,630
OPERATING LOSS		(794,492,518)	(658,601,254)
NON-OPERATING INCOME (EXPENSES)			
Gain (loss) on foreign exchange		559,447,950	(49,394,906)
Rent income		181,642,500	-
Write off due to related party		16,367,000	-
Interest income		4,356,268	1,077,688
Interest expense		-	(27,715,708)
Loss on fixed assets disposal		-	(60,671,913)
Impairment of fixed assets		-	(916,662,439)
Write off prepaid tax	11a	-	(3,861,026,591)
Bank charges		(4,736,670)	(4,729,039)
Write off trade receivable	4	(583,496,364)	(225,731,691)
Other		307,514,464	2,000,507,978
TOTAL NON-OPERATING INCOME (EXPENSES) - net		481,095,148	(3,144,346,621)
LOSS BEFORE DEFERRED INCOME TAX BENEFITS (EXPENSE)		(313,397,370)	(3,802,947,875)
Deferred income tax benefits (expense)		-	(17,235,262)
NET LOSS FOR THE YEAR		(313,397,370)	(3,820,183,137)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS		(313,397,370)	(3,820,183,137)

PT ORIENTAL AROMATICS
STATEMENT OF CAPITAL DEFICIENCY
FOR THE YEAR ENDED AS OF MARCH 31, 2020
(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, 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)
Additional paid in capital	15,497,625,000	-	-	15,497,625,000
Exchange difference on paid in capital	-	(101,660,000)	-	(101,660,000)
Total comprehensive loss as of April 1, 2019 up to March 31, 2020	-	-	(313,397,370)	(313,397,370)
Balance, March 31, 2020	18,004,008,000	(58,881,000)	(18,552,681,116)	(607,554,116)

PT ORIENTAL AROMATICS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AS OF MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before deferred income tax benefits (expense)	(313,397,370)	(3,802,947,875)
Adjustment for:		
Write off prepaid tax	-	3,861,026,591
Impairment of fixed assets	-	916,662,439
Depreciation	-	186,872,956
Loss on fixed assets disposal	-	60,671,913
Write off other payable	-	(815,760,926)
Employee benefits	-	(68,941,045)
Write off trade receivable	583,496,364	225,731,691
(Gain) loss on foreign exchange	(273,402,535)	539,972,035
Write off due to related party	(16,367,000)	-
Changes in working capital:		
Trade receivables	1,451,050,451	(1,016,649,737)
Other receivables	(159,153,001)	(5,368,000)
Inventories	543,169,768	(367,414,618)
Prepaid expenses and advance	-	222,807,512
Prepaid tax	-	37,009,505
Trade payables	(2,213,731,207)	1,288,976,613
Taxes payables	(1,485,037)	(28,178,074)
Other payable	3,100,000	-
Unearned revenue	-	(61,992,021)
Accrued expenses	(152,196,113)	(155,480,992)
Net Cash Provided by (Used in) Operating Activities	(548,915,679)	1,016,997,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(154,806,550)
Proceed from sales of fixed assets	-	124,030,000
Net Cash Used for Investing Activities	-	(30,776,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Vehicle ownership payable	-	(146,298,620)
NET INCREASE (DECREASE) IN CASH AND BANKS	(548,915,679)	839,922,797
CASH AND BANKS AT BEGINNING OF YEAR	1,610,611,738	770,688,941
CASH AND BANKS AT END OF YEAR	1,061,696,059	1,610,611,738

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 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. 9 of Irenrera, SH., M.KN dated December 20, 2019 about increase in authorized issued, paid in capital converted from loans, and change Board of Director, as well as change the composition of the Company's shareholder that has been approved by the Minister of Justice. The Notarial Deed was received and recorded by the Minister of Law and Human Rights of Republic Indonesia in his decision letter No. No. AHU-AH.01.03-0377137 dated December 23, 2019.

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, 2020 and 2019, are as follows:

March 31,2020			
Commissioner		Director	
Shyamal Anil Bodani	- Commissioner	Dharmil Anil Bodani	- President Director
March 31,2019			
Commissioner		Director	
Shyamal Anil Bodani	- Commissioner	Kalidas K. Nathani	- President Director
		Dharmil Anil Bodani	- Director
		Winisha	- Director

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

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, 2020 and 2019 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, 2020 and 2019, the exchange rate used for USD1 are Rp16,367 and Rp14,244 respectively.

3. CASH AND BANKS

This account consists of:

	2020	2019
Cash	-	8,308,061
Bank		
Rupiah		
PT Bank Central Asia Tbk	400,062,048	1,033,864,597
USD		
Standard Chartered Bank, Indonesia	611,662,450	543,828,624
PT Bank Central Asia Tbk	49,971,561	24,610,456
Subtotal bank	1,061,696,059	1,602,303,677
Total	1,061,696,059	1,610,611,738

4. TRADE RECEIVABLES

This account consist of trade receivable amounting to Rp2,034,546,817 as of March 31, 2019.

The Company write off some of trade receivable amounting to Rp583,496,364 and Rp225,731,691 as of March 31,2020 and 2019, respectively.

Based on the review of the status of the account receivable at the end of the year, the management believes that no provision for impairment loss is required as of March 31,2019.

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

5. OTHER RECEIVABLES

This account consists of:

	2020	2019
Related parties		
Oriental Aromatics, Ltd	178,236,630	155,117,160
Dharmil Bhodani	900,185	783,420
Shyamal Bhodani	900,185	783,420
Total related parties	180,037,000	156,684,000
Third party		
PT Jolie Parfum	60,547,501	-
Total	240,584,501	156,684,000

6. INVENTORIES

This account represents the Company's inventories as of March 31, 2019 amounting to Rp543,169,768.

7. TRADE PAYABLES

This account represents payables to:

	2020	2019
Related party:		
Oriental Aromatics, Ltd	1,972,120,076	4,173,403,147
Third parties:		
PT Jolie Parfum	-	4,568,135
PT Arung Jaya	-	7,880,000
Total third parties	-	12,448,135
Total	1,972,120,076	4,185,851,282

The details of trade payables based on currencies are follows:

	2020	2019
USD (equivalent with USD120,494 as of March 31,2020 and USD292,994 as of March 31,2019)	1,972,120,076	4,173,403,147
Rupiah	-	12,448,135
Total	1,972,120,076	4,185,851,282

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

8. ACCRUED EXPENSES

This account represents:

	2020	2019
Professional fee	27,500,000	74,000,000
Other	28,209,600	133,905,715
Total	55,709,600	207,905,715

9. DUE TO RELATED PARTY

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

The Company converted part of due to Oriental Aromatics Limited dated December 20,2019, amounting to Rp15,497,625,000 become as additional paid in capital (Notes 10), and The Company has recorded the write off amounting to Rp16,367,000, in the statement of profit or loss and other income as of March 31, 2020.

10. SHARE CAPITAL

The composition of shareholders as of March 31, 2020 and 2019 are as follows:

Based on Notarial Deed No. 09 of Irenrera Putri, S.H., M.Kn. dated Desember 20, 2019 regarding changes in the composition of the Company's shareholder that has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0377137 Tahun 2019 dated December 23, 2019.The Company convert part of it's due to Oriental Aromatics Limited becomes additional paid in capital. After the conversion the composition of the Company's shareholders as of March 31, 2020 becomes as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
Serie A			
Oriental Aromatics,Ltd	258,390	13.78%	2,481,319,170
Mr. Dharmil Anil Bhodani	1,305	0.07%	12,531,915
Mr. Shyamal Anil Bhodani	1,305	0.07%	12,531,915
Serie B			
Oriental Aromatics,Ltd	1,105,000	86.08%	15,497,625,000
Total	1,366,000	100.00%	18,004,008,000

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

10. SHARE CAPITAL (continued)

The composition of shareholders as of March 31, 2019 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

11. 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>2020</u>	<u>2019</u>
Income tax:		
Art 21	-	1,308,837
Art 23	-	176,200
Total	-	1,485,037

12. SALES

This account consist of sales of the Company's amounted to Rp1,762,522,462 and Rp13,012,220,165 as of March 31, 2020 and 2019, respectively.

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

13. COST OF SALES

This account consist of:

	2020	2019
Beginning balance of inventories	543,169,768	175,755,150
Purchase of goods	793,103,239	8,725,670,292
Ending balance of inventories	-	(543,169,768)
Inventories used	1,336,273,007	8,358,255,674
Overhead expenses		
Freight cost	174,831,137	872,305,123
Other	580,000	181,313,992
Total overhead expenses	175,411,137	1,053,619,115
Total	1,511,684,144	9,411,874,789

14. OPERATING EXPENSES

This account consists of:

	2020	2019
General and Administration Expenses		
Rent	484,380,000	484,380,000
Salary and allowances	121,010,200	382,771,688
Professional fee	91,985,000	261,929,329
Others	57,766,000	211,530,264
Sub total	755,141,200	1,340,611,281
Marketing Expenses		
Commission	25,986,588	383,994,763
Tax expense	64,061,072	293,093,115
Salary and allowance	44,495,000	1,204,706,035
Expedition	26,116,780	407,090,033
Travel and accomodation	11,878,000	184,005,642
Others	117,652,196	445,445,761
Sub total	290,189,636	2,918,335,349
Total	1,045,330,836	4,258,946,630

PT ORIENTAL AROMATICS
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED
(Expressed in Rupiah, unless otherwise stated)

15. ADDITIONAL DISCLOSURES OF CASH FLOWS REPORT

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

	2019	2018
Vehicle ownership payable payment through sales of fixed assets	-	248,707,721