
JAHJA GUNAWAN, S.E.,AK.,CA,CPA

Registered Public Accountant

PT FIVE STAR TEXTILE INDONESIA

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED DECEMBER 31, 2019 AND 2018**



BANDUNG - INDONESIA



PT. Five Star Textile Indonesia

(Dalam Likuidasi)

MANAGEMENT'S STATEMENT

REGARDING THE RESPONSIBILITY FOR FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019 AND FOR THE YEARS THEN ENDED
PT FIVE STAR TEXTILE INDONESIA

We, the undersigned:

- | | |
|----------------|--|
| 1. Name | : Debashis Poddar |
| Office address | : Jl. Dewata Prana No. 16 Komplek Singgasana Pradana Bandung |
| Phone number | : 62 22 54413803 |
| Title | : President Director |

Declare that:

1. We are responsible for the presentation of PT Five Star Textile Indonesia financial statements;
2. a. All information in PT Five Star Textile Indonesia financial statements has been disclosed in a complete and truthful manner;
b. PT Five Star Textile Indonesia financial statements do not contain any incorrect information or material fact, nor do they omit any information or material fact;
3. We are responsible for PT Five Star Textile Indonesia's internal control system.

Thus, this statement is made truthfully.

For and on behalf of the Board of Management:

February 17, 2020



Debashis Poddar

JAHJA GUNAWAN, S.E.,AK.,CA,CPA

Registered Public Accountant

KEP - 788/KM 2017

INDEPENDENT AUDITORS' REPORT

Report No. 00003A/00.788/AU.2/10/0470-2/1/II/2020

The Board of Directors and Stockholders

PT FIVE STAR TEXTILE INDONESIA

We have audited the balance sheets of PT Five Star Textile Indonesia as of December 31, 2019 and 2018, and the related statements of income, changes in Capital Deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesia 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 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 audit opinion.

Jl. Sunda No. 1 - RT : 009 RW : 004

Phone & Fax : 022- 4205619

Email address : kap.jahjagunawan@gmail.com

Bandung 40261

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of PT Five Star Textile Indonesia as of December 31, 2019 and 2018 and the results of its operations changes in stockholders' equity and its cash flows for the years then ended in conformity with statements of Financial Accounting Standards for Entities Without Public Accountabilities.

JAJA GUNAWAN S.E., A.K, C.A, C.P.A
Registered Public Accountant

 

Jaja Gunawan, S.E, A.k, C.A, C.P.A
Public Accountant Registration No. AP. 0470
Certified Public Accountant Firm License KEP-788/KM.2017

February 17, 2020

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 Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

PT FIVE STAR TEXTILE INDONESIA
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2,3	2,817,187,312	4,920,067,625
Accounts receivable - Others	2,4	28,802,497,417	28,902,396,002
Total Current Assets		31,619,684,729	33,822,463,627
NON - CURRENT ASSETS			
Deferred charges		23,935,780,778	24,242,982,278
Total Non - Current Assets		23,935,780,778	24,242,982,278
TOTAL ASSETS		55,555,465,507	58,065,445,905
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Taxes payable	5	6,561,125	106,617,614
Accrued expenses	6	1,821,385,812	1,821,385,812
Total Current Liabilities		1,827,946,937	1,928,003,426
STOCKHOLDERS' EQUITY			
Capital Stock			
A Shares - 415,000 (USD 1,000) par value			
Authorized, subscribed and fully paid - 5,542 shares	1,7	2,299,930,000	2,299,930,000
B Shares - 10,473,000 (USD 1,000) par value			
Authorized, subscribed and fully paid - 1,000 shares		10,473,000,000	10,473,000,000
C Shares - 15,000,000 (USD 1,000) par value		423,000,000,000	423,000,000,000
Authorized, subscribed and fully paid - 28,209 shares			
Capital paid-in excess of rupiah par value		32,293,902,500	32,293,902,500
Promoters' funds		10,336,616,094	10,336,616,094
Appraisal increment in property, plant and equipment - December 7, 2006			
Appropriated retained earnings		200,000	200,000
Deficit		424,676,130,024	422,266,206,115
Total Stockholders' Equity		53,727,518,570	56,137,442,479
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		55,555,465,507	58,065,445,905

Bandung, February 17, 2020

Debach Podda

Debach Podda
President Director

*See accompanying Notes to Financial Statements
which are an integral part of the financial statements.*

PT FIVE STAR TEXTILE INDONESIA
STATEMENTS OF INCOME
DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

	Notes	2019	2018
NET SALES	8	-	239,909,042
COST OF GOODS SOLD	9	-	877,328,518
GROSS LOSS		-	637,419,476
OPERATING EXPENSES	10	2,597,697,667	3,120,884,975
LOSS FROM OPERATIONS		2,597,697,667	3,758,304,451
OTHER INCOME (CHARGES)			
Gain on sales of fixed asset		-	185,234,662,619
Other Income		-	80,194,337
Loss on foreign exchange		-	202,888,286,742
Interest expense - Net		187,773,760	10,530,950,943
Other Tax expense		-	4,858,523,250
Other Charges - Net		187,773,760	32,962,903,979
Depreciation		-	413,658,948
LOSS BEFORE INCOME TAX		2,409,923,907	37,134,867,378
CORPORATE INCOME TAX		-	-
NET LOSS		2,409,923,907	37,134,867,378

Bandung, February 17, 2020

Debashis Poddar

Debashis Poddar
President Director

*See accompanying Notes to Financial Statements
which are an integral part of the financial statements.*

PT FIVE STAR TEXTILE INDONESIA
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)
DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

	Capital Stock	Capital Paid in Excess of Rupiah Par Value	Promoters' Funds	Appraisal Increment In Property, Plant and Equipment	Retained Earnings	Appropriated	Deficit	Stockholder's' Equity (Capital Deficiency) Net
Balance December 31, 2017	12,772,930,000	32,293,902,500	10,336,616,094	112,450,588,439	200,000	-	385,131,338,739	217,277,101,706
Conversion of long term debt to issued and fully paid	423,000,000,000	-	-	-	-	-	-	423,000,000,000
Deletion of appraisal increment	-	-	-	112,450,588,439	-	-	-	-112,450,588,439
Net loss 2018	-	-	-	-	-	-	37,134,867,378	37,134,867,378
Balance December 31, 2018	435,772,930,000	32,293,902,500	10,336,616,094	-	200,000	-	422,266,206,117	56,137,442,477
Net loss 2019	-	-	-	-	-	-	2,409,923,907	2,409,923,907
Balance December 31, 2019	435,772,930,000	32,293,902,500	10,336,616,094	-	200,000	-	424,676,130,024	53,727,518,570

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PT FIVE STAR TEXTILE INDONESIA
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	- 2,409,923,907	- 37,134,867,378
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	99,898,583	225,027,557
Inventories	-	219,178,541
Advances and prepayments	-	3,855,009,280
Deferred charges	307,201,500	-
Increase (decrease) in:		
Accounts payable	-	-
Taxes payable	- 100,056,489	- 117,836,298
Accrued expenses	-	2,249,040,299
	- 2,102,880,313	- 35,202,528,597
Net Cash Used in Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Deletion of appraisal increment		
in property, plant and equipment - December 7, 2018	-	- 112,450,588,439
Sales of property, plant and equipment	-	125,480,514,770
	-	13,029,926,331
Net Cash Provided by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Conversion of long term debt to issued and fully paid	-	423,000,000,000
Proceeds of long-term loan	-	253,047,923,169
Loan from promoters	-	144,009,357,475
	-	25,942,719,356
Net Cash Provided by Operating Activities		
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	- 2,102,880,313	3,770,117,090
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4,920,067,625	1,149,950,535
CASH ON HAND AND IN BANKS AT END OF YEAR	2,817,187,312	4,920,067,625

*See accompanying Notes to Financial Statements
which are an integral part of the financial statements.*

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

1. GENERAL

PT Five Star Industries Limited ("The Company") was incorporated on March 21, 1979 based on the notarial deed No. 202 of Kartini Muljadi, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. Y.A.5/461/16 dated November 17, 1979 and was published in the State Gazette No. 202 dated November 27, 1979. Its articles of association has been amended several times, the latest amendment of which is covered by the Notarial Deed No. 07 dated November 19, 2018 of Namira S.H.,M.Kn., concerning change in the members of the boards of Commissioners and Directors and the changes of composition paid in capital (see Note 7).

The stockholders approved the amendment in Article 1 of the Company's Articles of Association in connection with the change in the Company's location, which was previously located in Jl Rancaekek Km 23 Kabupaten Sumedang to Komplek Singgasana Pradana, Jl Dewata Prana No 16 Cibaduyut Wetan, Bojongloa Kidul. The amendments had been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No AHU-0155916.AH.01.11 Year 2018.

According to Article 2 of the Company's articles of association, the scope of activities of the Company consists of the manufacture and sale of yarn, cloth and other textile products. The Company started its commercial operations on March 1, 1981.

As of December 31, 2019, and 2018, the members of the Company's Board of Commissioners and Directors are as follows:

2019 and 2018	
Commissioners	Directors
-	1. Debashis Poddar President Director

As of December 31, 2019, and 2018, the company has no permanent employees, and the obligation to pay severance pay for permanent employees has been paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Basis of Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles and practices in Indonesia which are the Statements of Financial Accounting Standards for Entities without Accountabilities.

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

Statements of cash flows present historical changes of information of cash on hand and in banks of the entity during a given period and classify into operating, investing and financing activities. The cash flows from operating activities are reported using the indirect method.

Deferred charges

This account represents deferred spinning division charges.

Revenue and Expense Recognition

Revenue from export sales is recognized when goods are shipped ex-factory. Revenue from domestic sales is recognized when goods are delivered to customers. Expenses are recognized when these are incurred.

Reporting Foreign Currency Transactions and Balances

The financial statements are presented in "Rupiah" which is the Company's functional and reporting currency. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, assets and liabilities denominated in foreign currency are adjusted to reflect the rates of exchange prevailing at such date, and any resulting gains or losses are credited or charged to operations of the current year.

3. CASH ON HAND AND IN BANKS

This account consists of the following:

	2019	2018
Cash on hand	7,828,300	3,986,800
Cash in banks	1,309,359,012	4,916,080,825
Deposit	1,500,000,000	-
Total	<u>2,817,187,312</u>	<u>4,920,067,625</u>

4. ACCOUNTS RECEIVABLE

The detail of account receivables are as follow:

	2019	2018
Local customers	-	-
Others receivable	28,802,497,417	28,902,396,002
Total	<u>28,802,497,417</u>	<u>28,902,396,002</u>

This account primarily represents receivables due from others sundry debtor amounting to 28,802,497,419 and 28,801,747,419 in 2019 and 2018 respectively

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

5. TAXES PAYABLE

This account consists of the following:

	2019	2018
Income Tax Article 21	6,561,125	96,212,781
Income Tax Article 23	-	10,404,833
Total	6,561,125	106,617,614

6. ACCRUED EXPENSES

Major portion of this account comprise reserve for employees' benefits, which are subsequently paid in the next following year. Since 2003, the Company has been consistently following the cash basis for the payment to commissioners and accounted in the books only when the payment is made.

7. CAPITAL STOCK

The Company's stockholders as of December 31, 2019 and 2018 are as follows:

2019 and 2018			
Name of Stockholders	Number of Shares Subscribed and Fully Paid	Percentage of Ownership	Amount in Rupiah
A Shares			
The Bombay Dyeing & Manufacturing Co., Ltd., India	5,126	14.75	2,127,290,000
Restpoint Investments Limited, British Virgin Islands	416	1.20	172,640,000
Total A Shares	5,542	15.95	2,299,930,000
B Shares			
The Bombay Dyeing & Manufacturing Co., Ltd., India	500	1.44	5,236,500,000
Restpoint Investments Limited, British Virgin Islands ("Restpoint")	500	1.44	5,236,500,000
Total B Shares	1,000	2.88	10,473,000,000
C Shares			
The Bombay Dyeing & Manufacturing Co., Ltd., India	28,200	81.17	423,000,000,000
Total C Shares	28,200	81.17	423,000,000,000

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

7. CAPITAL STOCK (Continued)

Based on the Extraordinary General Meeting of Stockholders', as notarized in the Notarial Deed No. 7 dated November 19, 2018 of Namira SH., M.Kn., The stockholders approved the increase of the Company's authorized and paid up capital by converting the loan from The Bombay Dyeing & Manufacturing Co., Ltd amounting to US\$ 28.200.000 into 423,000,000,000. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia in its decision letter No AHU-0026278.AH.01.02-year 2018.

Accordingly, the Company's authorized and paid up capital since that date consist of :

- A Shares : Rp 2,299,930,000 consisting of 5,542 shares with par value of Rp 415,000 per shares
- B Shares : Rp 10,473,000,000 consisting of 1,000 shares with par value of Rp 10,473,000 per shares
- C Shares : Rp 423,000,000,000 consisting of 28,200 shares with par value of Rp 15,000,000 per shares

On January 18, 2002 the Stockholders have resolved the conversion of loan from Rest point and Dragon amounted to USD 4,000,000 into the Company's capital, USD 1,000,000 of which was converted into 1000 shares and the differences of USD 3,000,000 is presented as part of "Capital paid in excess of rupiah par value" under Stockholders' Equity section of the balance sheet. The above resolution was notarized under Deed No. 14 dated April 4, 2002 of Singgih Susilo, S.H.

8. NET SALES

This account consists of the following:

	2019	2018
Export	-	-
Local	-	239,909,042
Total	-	239,909,042

Sales are within limit sanctioned by "Badan Koordinasi Penanaman Modal" (BKPM).

9. COST OF GOODS SOLD

The details of this account are as follows:

	2019	2018
Raw materials used	-	20,504,875
Indirect raw materials	-	259,029,856
Total raw materials	-	279,534,731
Direct labor	-	404,741,119

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

9. COST OF GOODS SOLD (Continued)

	2019	2018
Fixed cost:		
Selling expenses	-	1,386,018
Insurance	-	7,454,150
Electricity and office expenses	-	-
Total fixed cost	-	8,840,168
Finished goods:		
Decrease in Stock	-	184,212,500
Cost of goods sold	-	877,328,518

10. OPERATING EXPENSES

The details of this account are as follows:

	2019	2018
Professional Fee	1,692,131,829	1,520,957,676
Salaries	688,445,364	784,669,148
Rates, taxes, visas and permits	63,432,884	476,793,171
Vehicle repairs and maintenance	20,243,200	88,850,718
Travelling	20,590,800	62,434,100
Bank charges and related expenses	1,301,240	38,583,385
Postage, Telex and Telephone	11,058,900	29,330,774
Printing and stationery	5,229,200	15,120,100
Others	95,264,250	104,145,903
Total operating expenses	2,597,697,667	3,120,884,975

11. STATUS OF VOLUNTARY LIQUIDATION

On December 17, 2018 the Shareholders of the Company passed the resolution for the voluntary liquidation of the Company, the notarial deed for the same was completed on December 21, 2018 and as per the law the notice for closure of the Company has been published in the local newspaper on December 31, 2018.

Subsequently as per the procedure, in 2019 the Company surrendered most of business and operating licenses and by August 1, 2019 also obtained the de-registration of its 3 Branch Tax Identification numbers. Subsequently on August 7, 2019, the Company applied for the de-registration of the main Tax identification number with Tax Office Jakarta.

PT FIVE STAR TEXTILE INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Presented in Rupiah)

12. SUBSEQUENT EVENT

On January 24, 2020 the Company received the SPKB (Letter on Tax Payment dated January 14, 2020 with due date of February 13, 2020) for the year 2015 with a total Tax liability amounting to Rp. 5,336,302,089. Presently the Company does not have either liquid funds or assets which can be sold to meet this tax liability. The Company is presently exploring various options like suspension of Tax Liability, provision for relieving taxpayers from tax liability in case of liquidation, settlement of the tax liability at a lower rate and/or deferment of payment etc.

13. THE COMPLETION DATE OF THE FINANCIAL STATEMENT PREPARATION

The Management is responsible for the presentation and disclosure of the financial statement for the year ended December 31, 2019 which is completed on February 17, 2020.

14. RECLASSIFICATION OF ACCOUNT

Certain accounts in the 2018 financial statements have reclassified to conform to the presentation of accounts in the 2019 financial statement.