

Sapphire International ApS

Søgade 15 1.th., DK-6000 Kolding
CVR.nr. 40 74 53 35

Annual Report 2019/20

for the period 27 August 2019 - 30 June 2020

The annual report has been presented ot and approved by the
annual general meeting of the shareholders on 17 August 2020

Chairman of the meeting:



Nadeem Abdullah

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Statement by the management

The Executive board discussed and approved the annual report of Sapphire International ApS for the financial year 27 August 2019 - 30 June 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

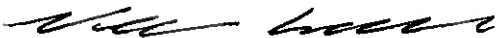
In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30 June 2020 and the results of the Company's operations for the financial year 27 August 2019 - 30 June 2020.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

I recommend the annual report be approved at the annual general meeting.

Kolding, 17 August 2020

Executive Board:



Nadeem Abdullah

The independent auditor's reports

To the shareholder of Sapphire International ApS

Opinion

We have audited the financial Statements of Sapphire International ApS for the financial year 27 August 2019 - 30 June 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 June 2020 and of the results of the company's operations for the financial year 27 August 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards of Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act 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.

In preparing the financial statements, Management is responsible for the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or cease operations, or has no realistic alternatives but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

The independent auditor's reports

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall representation, structure and contents of the financial statements, including the not disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or to our knowledge obtained during our audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information under the Danish Financial Statements Act.

Based on our procedures, we concluded that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 17 August 2020

Beierholm Statsautoriseret Revisionspartnerselskab

CVR.nr. 32 89 54 68

Peder Pedersen
state authorized public accountant,
mne30183

Management's review

Activities

Sapphire International ApS is engaged in selling textiles.

Development in activities and financial matters

The Company had a profit of 17,293 USD in its first accounting year, which is considered satisfactory.

Outlook

The company expects a positive result in the next financial year.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement 27 August 2019 - 30 June 2020

	<u>Note</u>	<u>2019/20</u> USD
Net sales		7.666.402
Cost of goods sold		-7.589.747
External expenses		<u>-51.153</u>
Gross profit		25.502
Financial income		1.133
Financial expenses		<u>-4.512</u>
Profit before tax		22.123
Taxation		<u>-4.830</u>
Net result		<u><u>17.293</u></u>
Proposed appropriation of profit		
Retained earnings		0
Dividends		<u>17.293</u>
		<u><u>17.293</u></u>

Balance sheet 30 June

	<u>Note</u>	<u>2020</u> USD
Assets		
Current assets		
Receivables		3.411.671
Trade receivables		500
Other receivables		<u>3.412.171</u>
Total receivables		<u>3.412.171</u>
Cash in bank		<u>231.915</u>
Total current assets		<u>3.644.086</u>
Total assets		<u><u>3.644.086</u></u>
 Equity and liabilities		
Shareholder's equity		
Share capital	2	100.000
Retained earnings		0
Proposed dividends		<u>17.293</u>
		<u>117.293</u>
 Liabilities		
Short term liabilities		
Trade payables to affiliated company		3.521.863
Prepayments from customers		100
Corporate tax payable		<u>4.830</u>
Total short term liabilities		<u>3.526.793</u>
Total equity and liabilities		<u><u>3.644.086</u></u>

Statement of changes in shareholder's equity

Note	Share capital USD	Retained earnings USD	Proposed dividends USD	Total USD
Capital injection 27 August 2019	100.000	0	0	100.000
Proposed appropriation of profit	0	0	17.293	17.293
Paid dividend	0	0	0	0
Total Shareholder's equity	100.000	0	17.293	117.293

Notes

1 Accounting principles

The Annual Report for Sapphire International ApS for 2019/20 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act, with application of provisions for a higher reporting class.

The financial statements are prepared in USD.

Generally about recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will be deducted company and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

Certain financial assets and liabilities are measured at amortized cost, thereby recognizing a constant effective interest rate over the term. Amortized cost is calculated as the original cost less deduction any repayments and additions / deductions of the accumulated amortization of the difference between cost and nominal amount.

Recognition and measurement takes into account the gains, losses and risks that arise before the annual report is presented and that confirm or deny conditions that existed at the balance sheet date.

Revenue is recognized in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Furthermore, expenses are recognized as incurred to obtain the year's earnings, including depreciation, write-downs and provisions and chargebacks as a result of changed accounting estimates of amounts previously recognized in the income statement.

Foreign currency translation

The DKK/USD exchange rate is 666 as at 30 June 2020 and 671 as at 26 August 2019.

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income Statement

Net sales

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured excluding VAT and duties charged on behalf of third party. All kinds of discounts allowed are recognized/deducted in the revenue.

Notes

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost, including write-downs to the extent that these do not exceed normal write-downs.

External expenses

Other external expenses comprise costs for administration, credit insurance and other fees.

Financial income and expenses

Financial income and expenses comprise interest income and expenses from financial receivables and liabilities as well as exchange rate gains and losses on receivables, payables and transactions denominated in foreign currencies.

Taxation

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Cash

Cash includes deposits in bank accounts.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity.

Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Prepayments from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Notes

2 Share capital

The share capital consists of 673,780 shares of nominal value of 1 DKK each, corresponding to a share capital of 100,000 USD.

Changes in share capital since 27 August 2019:

	<u>USD</u>	<u>DKK</u>
Capital injection 27 August 2019	100.000	673.780
Share capital 30 June 2020	<u>100.000</u>	<u>673.780</u>

3 Staff matters

	<u>2020</u>
Number of employees	<u>1</u>

The only employee is the Executive Board, who received no remuneration during the year.

4 Related parties

The following shareholder holds the entire share capital:

Sapphire Textile Mills Limited
212 Cotton Exchange Building 1.1 Chundrigar Road
Karachi
Pakistan